

BELMONT LIGHT
Financial Statements
December 31, 2025 and 2024

BELMONT LIGHT
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DECEMBER 31, 2025 AND 2024

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GOULET, SALVIDIO
& ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Belmont Municipal Light Board
Belmont Light
Belmont, Massachusetts 02478

Opinion

We have audited the accompanying financial statements of Belmont Light, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Belmont Light as of December 31, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Belmont Light and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Belmont Light's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Belmont Light's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Belmont Light's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements present only Belmont Light and do not purport to, and do not, present fairly the financial position of the Town of Belmont, Massachusetts, as of December 31, 2025 and 2024, the changes in financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Other Postemployment Benefits information, and Net Pension Liability information on pages four through ten and pages 40 through 43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Belmont Light's basic financial statements. The Schedules of Sales of Electricity and Schedules of Operations and Maintenance Expenses presented on pages 44 and 45 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Goulet, Salvidio & Associates, P.C.

Goulet, Salvidio & Associates, P.C.

Worcester, Massachusetts

May 6, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Belmont Light's financial activities for the fiscal years ended December 31, 2025 and 2024. Belmont Light purchases and distributes electricity to the residents, businesses and the Town of Belmont. Because Belmont Light is owned by the Town and not by investors, our net profit is returned to our customers in the way of stable rates, better service and increased assets. As management of Belmont Light, we offer readers of the basic financial statements this narrative overview and analysis of the financial activities of Belmont Light.

Overview of the Financial Statements

The basic financial statements include (1) The Statements of Net Position (2) The Statements of Revenues, Expenses and Changes in Net Position (3) The Cash Flow Statements and (4) Notes to the Financial Statements. The Statements of Net Position are designed to indicate our financial position as of a specific point in time. At December 31, 2025, it shows our net position increased by 5.2% to \$34,743,814 from \$33,038,282 compared to the year ended December 31, 2024. Increases and decreases in net position may serve as a useful indicator of whether the financial position of Belmont Light is improving or declining.

The Statements of Revenues, Expenses and Changes in Net Position summarize our operating results. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As discussed in more detail below, our net income for December 31, 2025 and 2024 was \$2,355,532 and \$3,479,829, respectively. The decline in net income is mainly due to the deferred implementation of electric rate adjustments until 2026.

The Statements of Cash Flows provide information about the cash receipts and cash payments during the accounting period. It also provides information about the investing and financing activities for the same period. A review of our Statements of Cash Flows indicates that cash receipts from operating activities, (that is, electricity sales and related services) adequately cover our operating expenses.

Summary of Net Position

	<u>2025</u>	<u>2024</u>
Current Assets	\$ 13,611,747	\$ 17,558,711
Noncurrent Assets	<u>55,199,756</u>	<u>50,952,408</u>
Total Assets	<u>68,811,503</u>	<u>68,511,119</u>
Deferred Outflows of Resources	<u>2,596,473</u>	<u>2,624,173</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 71,407,976</u>	<u>\$ 71,135,292</u>
Current Liabilities	\$ 5,357,684	\$ 5,636,298
Noncurrent Liabilities	<u>22,463,381</u>	<u>24,193,129</u>
Total Liabilities	<u>27,821,065</u>	<u>29,829,427</u>
Deferred Inflows of Resources	<u>8,843,097</u>	<u>8,267,583</u>
Net Position:		
Net Investment in Capital Assets, Net of Related Debt	23,183,916	22,723,349
Restricted for Depreciation	12,153,403	10,431,891
Unrestricted Net Position	<u>(593,505)</u>	<u>(116,958)</u>
Total Net Position	<u>34,743,814</u>	<u>33,038,282</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 71,407,976</u>	<u>\$ 71,135,292</u>

Summary of Changes in Net Position

	2025	2024
Operating Revenues	\$ 30,911,944	\$ 30,035,743
Operating Expenses	29,754,170	27,606,903
Operating Income	1,157,774	2,428,840
Nonoperating Revenues (Expenses)	1,197,758	1,050,989
Income Before Contributions and Transfers	2,355,532	3,479,829
Beginning Net Position	33,038,282	30,208,453
Transfers Out – Voluntary Payment in Lieu of Taxes	(650,000)	(650,000)
Ending Net Position	\$ 34,743,814	\$ 33,038,282

The Belmont Select Board served as the Municipal Light Board from 1938 through April 2022, with guidance from the Light Board Advisory Committee (previously the Municipal Light Advisory Board) since 2005. With the Town Meeting vote in approval of Article 2 on May 3, 2021, a new elected, 5-member Municipal Light Board, separate from the Select Board, was chosen during the April 5, 2022 Town Election in accordance with M.G.L., Ch. 164, sec. 55.

The Municipal Light Board is responsible for determining the voluntary amount that Belmont Light pays to the Town in lieu of taxes. Any voluntary payments are subject to the availability of funds in accordance with Massachusetts General Laws. A voluntary payment of \$650,000 for the calendar year 2025 was transferred in March 2026 to the Town of Belmont.

Belmont Light is a utility organization committed to providing economical and reliable energy with superior customer service.

In order to fulfill our mission, Belmont Light commits to maintain rate value while providing reliable service for its customers. It intends to maintain local control and access to the wholesale power market. Belmont Light acknowledges the obligation to look at alternative sources of renewable energy in order to preserve the integrity of the environment for future generations. Belmont Light will employ its resources effectively and efficiently to achieve its strategic priorities. Public Power must be accountable to the communities it serves in order to survive.

Overview of Service

Belmont Light is responsible for acquiring and delivering electricity to the residents, businesses and the Town of Belmont. Belmont Light has two main divisions: Operations and Business/Customer Services. The Operations Division plans, designs, constructs, operates and maintains the distribution system to deliver reliable electricity to customers. The Business/Customer Services Division provides managerial, public relations, financial, ratemaking and legislative services, along with public benefits programs, including energy efficiency and renewable energy to all Belmont Light customers. The Division also ensures generating and transmission energy resources are available to meet the needs of the Belmont community.

Belmont Light Highlights

Compared to industry standards Belmont Light continues to provide a high level of system reliability as evidenced by Belmont Light’s performance in 2025.

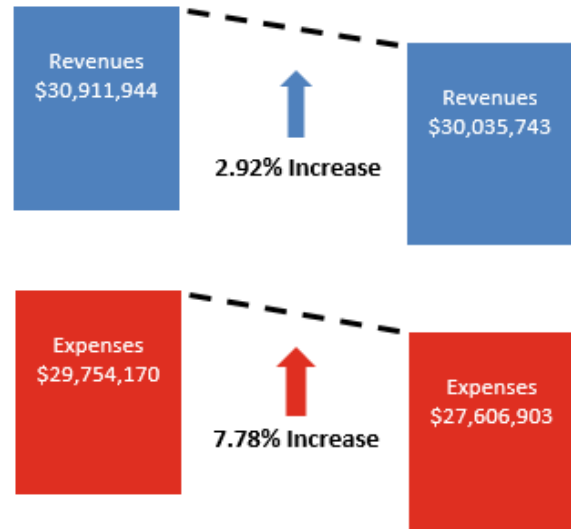
- Annually 0.393 outages per customer lasting an average of 116.935 minutes.
- 125,889,600 kWh of electricity provided to 11,873 customer accounts.
- Highest system peak demand of 38,020 kWh occurred on June 24th.
- Top 20 kWh users generate ~20% of Belmont Light revenue.

Operating Overview

2025 Revenues vs. 2024 Revenues

Total revenues increased by \$876,201:

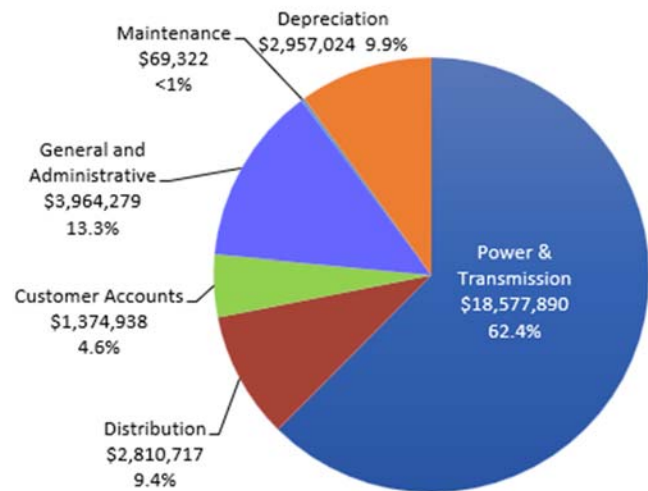
- Revenues from sales of electricity for 2025 were \$30,240,626 compared to \$29,416,062 in 2024. This 2.8% increase in kWh sales was driven primarily by higher consumption due to seasonal temperatures throughout the year.
- Other operating revenues of \$671,318 show an increase of \$51,637, due to revenues associated to EV Charging stations.



2025 Expenses vs. 2024 Expenses

Purchased Power costs were \$18,577,890 in 2025, which includes (reduced by) a \$750,000 transfer from the Rate Stabilization fund. This compares to \$16,672,036 in 2024, which includes (increased by) a \$1,000,000 transfer to the Rate Stabilization fund. The increase is mainly caused by the increase of spot market prices and transmission costs. In 2025, the purchased power costs also include a reserve of \$615,434 related to electrification programs.

Included in the purchased power costs are credits in the amount of \$266,211 provided to Belmont rooftop solar customers in 2025 compared to \$268,399 in 2024.



Distribution expenses increased by \$391,236 (16.2%), mainly caused by an increase of underground and overhead maintenance jobs.

Customer Accounts expenses increased by \$18,504 (1.4%) mainly due to increased expenses associated with DSM programs and uncollectible accounts expenses as a result of Arrears Management Procedure write-off actions.

The General & Administrative expenses decrease of \$265,841 (6.3%), was largely due to a reduction in outside services (2024 Cost of Service Study) and decreased pension and benefits expenses as a result of annual adjustments based on actuarial reports.

Depreciation expense increased by \$115,205 (4%), with increased depreciation allowance rate of 5% approved by the DPU for 2024 and 2025.

Operating Overview (Continued)

Utility Plant and Continuing Projects

The general laws of the Commonwealth of Massachusetts under Chapter 164 require “utility plant in service” to be depreciated using a 3% rate. Departments are allowed to petition for an elevated depreciation rate of 5%. Rates used in depreciating “utility plant in service” are based on financial factors relating to cash flow for plant expansion, rather than engineering factors relating to estimates of useful life.

Net electric utility plant in service as of December 31, 2025 was \$35.4 million (\$31.5 million for Distribution Plant, \$3.1 million for General Plant and \$0.8 million for Construction Work In Progress).

Debt Administration

On April 26, 2012, the Town issued a Bond Anticipation Note (BAN) in the aggregate amount of \$14,000,000, which included a bond premium, bearing interest at 1.83% and matured April 25, 2013. The BAN was refinanced and matured on April 25, 2014. On April 25, 2014, the BAN was converted to permanent bond financing, and an additional general obligation bond of \$12,100,000 was issued. The general obligation bonds were used to finance the 115kV Transmission Service Upgrade Project. Principal payments are due annually on April 15. Interest is due semi-annually on each April 15 and October 15. The interest rate ranges from 2.75% to 4.00% over the term of the bonds. The bonds mature April 15, 2032 and April 15, 2034, respectively.

Engineering & Operations

The Engineering & Operations team continued to make significant progress as it pertains to capital improvements and maintenance on its electrical distribution system, where some of the specifics can be seen below:

Voltage Conversion Project:

Belmont Light’s voltage conversion project is a long-term initiative to upgrade existing electrical circuits along with associated equipment and devices from 5 kilovolt (kV) to 15kV class, thereby enabling us to retire older infrastructure. This upgrade is necessary to accommodate customer needs with increased electrification and ultimately correlates with increased reliability.

In calendar year 2025, we converted approximately 1.578 megawatts (MW) of electrical load in the town. Areas converted included Vincent Ave, Bartlett Ave, Thomas St, Royal Rd, Clark St, Dunbarton Rd, Clark Ln, Kilburn Rd, Winn Brook School, Gordon Ter, Claflin St, Winn St, Cross St, Clover St, Blake St, Alexander Ave, and Broad St.

System-Wide:

Overall, we installed or replaced roughly 11,911 circuit feet of underground primary cable, 11,987 circuit feet of underground secondary cable, 10,087 circuit feet of overhead spacer cable, and 23,788 linear feet of secondary/service cable. A significant number of transformers were worked on (64 installed and 39 removed) along with switches/protective devices that were also installed or replaced to aid with our ongoing initiatives and to support customer-driven projects.

In total, we replaced 128 wooden poles and 11 aluminum street light poles throughout parts of the town, with the majority being related to the voltage conversion project (capital improvement upgrades), and others related to the Pole Inspection Program, customer service upgrades, and general system maintenance.

Station Maintenance:

Load tap changer maintenance was performed on our power transformers at Station 2 and Station 3 along with various breaker maintenance. Preparations for ground relay and remote terminal unit upgrades were also performed.

Supply-Side Management & Renewable Energy

Belmont Light purchases electricity from the Independent System Operator-New England (ISO-NE) marketplace and maintains a diversified power supply portfolio that enables Belmont Light to offer its ratepayers stable electricity pricing.

In 2025, Belmont Light updated its Power Supply policy which recognizes \$0.01 per kWh of electric sales as power expense to cover purchasing of non-generating Class I Renewable Energy Credits (RECs) and electrification initiatives. Annual goals should meet or exceed greenhouse gas emissions standards (GGES) and voluntarily comply with or exceed the Class I requirements of the Massachusetts Renewable Standard (RPS). The GGES goal is set at 50% of non-emitting resources of total retail sales by 2030. The RPS Class I RECs voluntary goal is increasing by 3% between 2025 and 2029, with 2025 goal set at 27%.

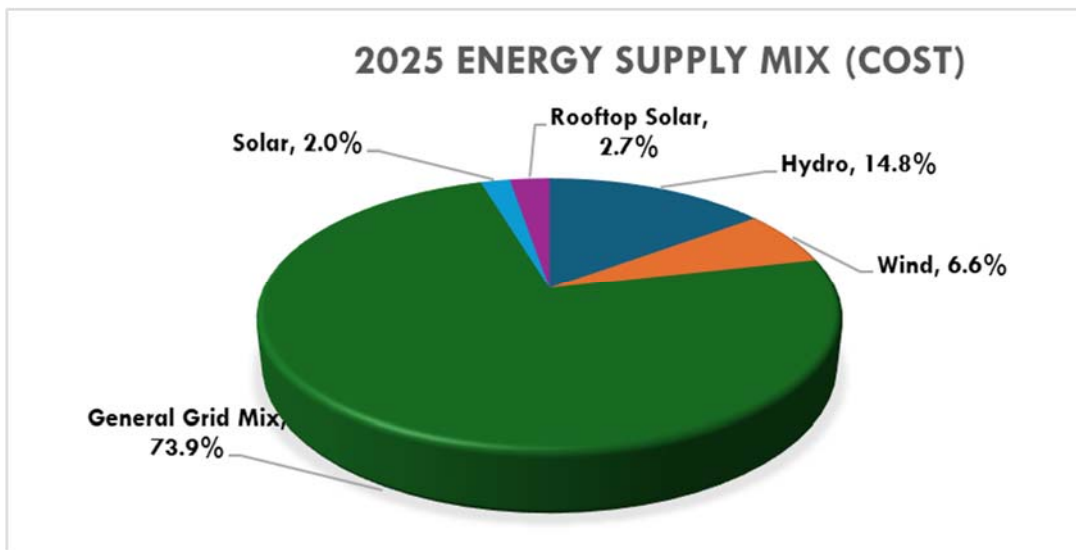
In 2025, Belmont Light maintained a voluntary goal of Class I RECs and is at about 46% of non-emitting electricity as per GGES.

Belmont Light's 2025 purchased power expenses totaled \$18.6 million (including a \$750 thousand transferred from the Rate Stabilization fund) compared to \$16.6 million (including a \$1 million transfer to the Rate Stabilization fund) in 2024. Energy was the largest spending category, followed by Transmission and Capacity.

Power Supply Expenses		
	2025	2024
Total MWh Purchased	132,140	129,173
Total \$ - Energy	\$ 10,004,744	\$ 8,097,515
Total \$ - Ancillary, Schedule	\$ 1,050,029	\$ 579,299
Total \$ - Capacity	\$ 1,994,560	\$ 2,119,502
Total - Transmission	\$ 4,695,428	\$ 3,671,259
Total \$ - RECs, Electrification*	\$ 1,191,599	\$ 908,593
All-in Power Costs**	\$ 18,936,360	\$ 15,376,168
\$/MWh	\$ 143.31	\$ 119.04

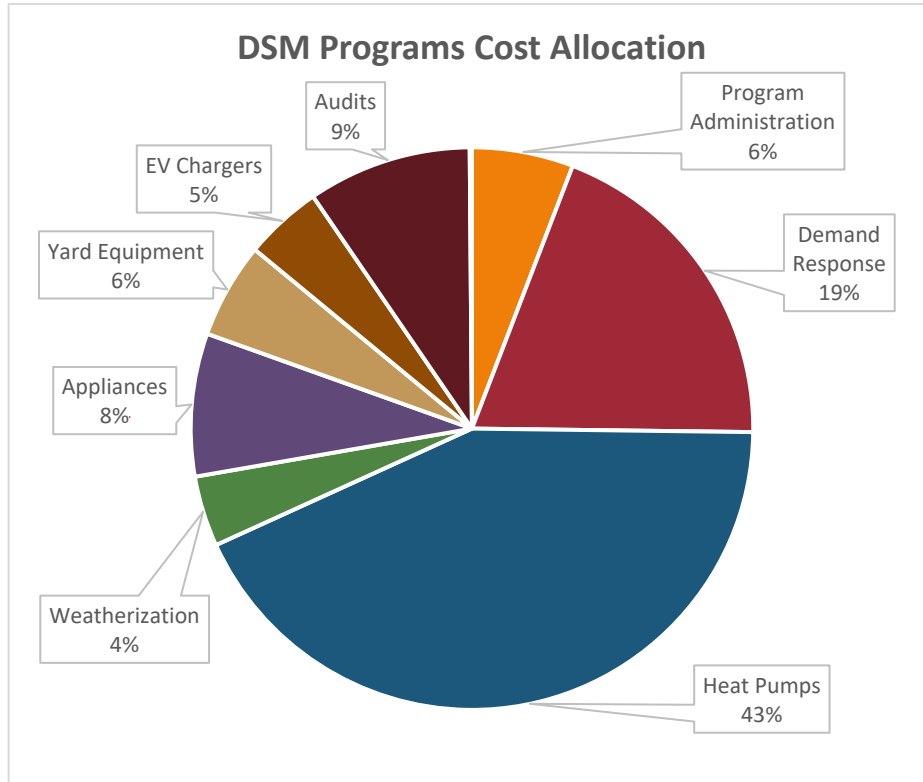
* Includes Green Choice RECs (counted towards percentage goal)

** Does not include transfers to and from Rate Stabilization Fund and interest



Demand-Side Management & Energy Conservation

For 2025, Belmont Light maintained its many customer programs, continually and strategically boosting electrification. This allowed us to achieve Belmont’s Climate Action goals and keep rates stable into the future. In total, our incentives, administration, and marketing costs associated with the residential and commercial programs totaled \$392,484.



New Rates

In 2024, Belmont Light underwent a Cost of Service Study (COSS), and the results suggested an overall increase of 11% across all revenue classes. The Light Board decided to postpone the increase until 2026, as the department maintains adequate reserves.

During 2025, Belmont Light updated its Street Light rate to align the collections with 2024 Cost of Service Study (COSS) results. The new Municipal Time of use Pilot rate was developed to be used by Belmont Middle/High School buildings.

The rate increase originally recommended by COSS consultants at the end of 2024, was approved by the Light Board to be implemented effective March 2026.

Belmont Light is using a Power Cost adjustment (PCA) to regulate any fluctuations between the cost of purchased power and the revenue generated from the sale of that power. Projections of the power costs and revenues are done annually at the end of December for the following calendar year and adjusted when needed throughout the year through its PCA clause. Belmont Light prepares a “true-up” of projections regularly to verify the correctness of the charge (or credit) that has been established and makes changes if necessary. During 2025 there were no PCA charges (or credits) applied to customer accounts.

Detailed information on Belmont Light’s rates is available at www.belmontlight.com.

Community Involvement

Belmont Light staff worked closely with the community throughout 2025 to spread awareness about the benefits of public power, with an emphasis on reliability, transparency, and community ownership. In 2025, Belmont Light participated in and supported:

- The Belmont Farmers' Market
- Belmont Climate Cafe
- The Belmont Farmers' Market & Sustainability Day
- Belmont Town Day
- Public Power Week Open House
- Touch A Truck Event
- Trick or Treating at Town Hall
- Annual "Light Up the Town" Tree Lighting Ceremony

In addition to events, Belmont Light aided other Town departments and community groups by lending labor and equipment in a number of ways, including:

- Upgrading the electrical outlets in Payson Park in support of the Payson Park Music Festival
- Delivering and installing new transformers to power the new Belmont Public Library building on Concord Ave
- Assisting the Belmont Women's Club to safely access the upper areas of their building to gather paint samples for their restoration work
- Removing the old backstop at the softball field west of Harris field

BELMONT LIGHT
STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024

OPERATING FUND

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2025	2024
CURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Operating Cash	\$ 5,954,551	\$ 6,260,264
Construction Cash	1,565,153	5,441,230
Accounts Receivable - Customers, Net	1,386,905	1,385,752
Accounts Receivable - Other	271,278	329,976
Materials and Supplies	2,008,488	2,039,712
Prepaid Expenses	381,275	126,813
Purchased Power Prepayments	2,044,097	1,974,964
 TOTAL CURRENT ASSETS	 13,611,747	 17,558,711
 NONCURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Depreciation Fund	12,153,403	10,431,891
Customer Deposits	192,954	185,589
Rate Stabilization Reserve Fund	5,086,851	5,466,572
Debt Sinking Reserve Fund - Premium	1,864,429	1,794,194
Rate Stabilization Reserve Fund - MMWEC	464,413	443,162
Utility Plant Assets, Net	35,437,706	32,631,000
 TOTAL NONCURRENT ASSETS	 55,199,756	 50,952,408
 TOTAL ASSETS	 68,811,503	 68,511,119
 DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources Related to Pensions	2,107,139	2,496,597
Deferred Outflows of Resources Related to OPEB	489,334	127,576
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 2,596,473	 2,624,173
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 \$ 71,407,976	 \$ 71,135,292

See Accompanying Notes to the Financial Statements

BELMONT LIGHT
STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024

OPERATING FUND

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2025	2024
CURRENT LIABILITIES:		
Bond Payable, Current	\$ 1,574,938	\$ 1,529,938
Accounts Payable	3,023,691	3,412,484
Accrued Expenses	759,055	693,876
TOTAL CURRENT LIABILITIES	5,357,684	5,636,298
NONCURRENT LIABILITIES:		
Customer Deposits	204,792	196,860
Bond Payable, Net of Current Portion	12,244,005	13,818,943
Net Pension Liability	5,959,294	6,704,421
Net Other Postemployment Benefit Liability	4,055,290	3,472,905
TOTAL NONCURRENT LIABILITIES	22,463,381	24,193,129
TOTAL LIABILITIES	27,821,065	29,829,427
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows of Resources Related to Pensions	144,646	285,697
Deferred Inflows of Resources Related to OPEB	245,787	591,579
Rate Stabilization Reserve	5,551,274	5,909,744
Electrification Program Reserve	615,434	0
Contribution in Aid of Construction, Net of Amortization	2,285,956	1,480,563
TOTAL DEFERRED INFLOWS OF RESOURCES	8,843,097	8,267,583
NET POSITION:		
Net Investment in Capital Assets, Net of Related Debt	23,183,916	22,723,349
Restricted for Depreciation	12,153,403	10,431,891
Unrestricted Net Position	(593,505)	(116,958)
TOTAL NET POSITION	34,743,814	33,038,282
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 71,407,976	\$ 71,135,292

See Accompanying Notes to the Financial Statements

BELMONT LIGHT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

OPERATING FUND

	2025	2024
OPERATING REVENUES:		
Sales of Electricity	\$ 30,240,626	\$ 29,416,062
Other Operating Revenues	671,318	619,681
 TOTAL OPERATING REVENUES	 30,911,944	 30,035,743
 OPERATING EXPENSES:		
Operations and Maintenance	26,797,146	24,765,084
Depreciation, Net of Amortization	2,957,024	2,841,819
 TOTAL OPERATING EXPENSES	 29,754,170	 27,606,903
 OPERATING INCOME	 1,157,774	 2,428,840
 NONOPERATING REVENUES (EXPENSES):		
Investment Income	1,686,610	1,590,732
Bond Interest Expense	(488,852)	(539,743)
 TOTAL NONOPERATING REVENUES (EXPENSES)	 1,197,758	 1,050,989
 Income Before Contributions and Transfers	 2,355,532	 3,479,829
 NET POSITION - JANUARY 1	 33,038,282	 30,208,453
 Transfers Out - Voluntary Payment in Lieu of Taxes	 (650,000)	 (650,000)
 NET POSITION - DECEMBER 31	 \$ 34,743,814	 \$ 33,038,282

See Accompanying Notes to the Financial Statements

BELMONT LIGHT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

OPERATING FUND

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 31,234,385	\$ 31,645,682
Cash Paid to Suppliers	(20,678,959)	(17,907,896)
Cash Paid to Employees	(5,165,050)	(4,628,292)
Cash Paid for Benefits	(2,181,936)	(2,155,374)
Voluntary Payment in Lieu of Taxes	<u>(650,000)</u>	<u>(650,000)</u>
Net Cash Provided by Operating Activities	<u>2,558,440</u>	<u>6,304,120</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal Repayment on Bond Payable	(1,430,000)	(1,365,000)
Contribution in Aid of Construction	892,227	456,418
Additions to Plant Assets	(5,850,564)	(4,219,509)
Transfers to Depreciation Fund	(967,764)	0
Interest Expense	<u>(497,925)</u>	<u>(553,500)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(7,854,026)</u>	<u>(5,681,591)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Income	371,161	429,199
Net Transfers from (to) Rate Stabilization Fund	<u>750,000</u>	<u>(1,000,000)</u>
Net Cash Provided (Used) by Investing Activities	<u>1,121,161</u>	<u>(570,801)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,174,425)	51,728
CASH AND CASH EQUIVALENTS - BEGINNING	<u>11,887,083</u>	<u>11,835,355</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 7,712,658</u>	<u>\$ 11,887,083</u>

See Accompanying Notes to the Financial Statements

BELMONT LIGHT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

OPERATING FUND

	2025	2024
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 1,157,774	\$ 2,428,840
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,043,858	2,905,832
Amortization of Contribution in Aid of Construction	(86,834)	(64,013)
Allowance for Doubtful Accounts	(52,939)	34,478
Rate Stabilization Reserve	(358,470)	1,295,868
Voluntary Payment in Lieu of Taxes	(650,000)	(650,000)
Pension Expense	845,802	1,055,352
OPEB Expense	93,938	21,443
(Increase) Decrease in Assets:		
Accounts Receivable - Customers, Net	51,786	344,134
Accounts Receivable - Other	58,698	(71,568)
Materials and Supplies	31,224	(541,786)
Deferred Outflows Related to Pensions	(1,342,524)	(1,305,662)
Prepaid Expenses	(254,462)	(33,768)
Purchased Power Prepayments	(69,133)	(103,680)
Increase (Decrease) in Liabilities:		
Accounts Payable	(388,793)	1,038,235
Customer Deposits	7,932	7,027
Accrued Expenses	74,252	142,686
Electrification Program Reserve	615,434	0
Net Other Postemployment Benefits Liability	(219,103)	(199,298)
	\$ 2,558,440	\$ 6,304,120

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

The following accounts are considered to be cash or cash equivalents for the statements of cash flows:

	2025	2024
Operating Cash	\$ 5,954,551	\$ 6,260,264
Construction Cash	1,565,153	5,441,230
Customer Deposits	192,954	185,589
	\$ 7,712,658	\$ 11,887,083

See Accompanying Notes to the Financial Statements

BELMONT LIGHT
 STATEMENTS OF FIDUCIARY NET POSITION
 DECEMBER 31, 2025 AND 2024

OPEB TRUST FUND

ASSETS

	2025	2024
Funds on Deposit with Town Treasurer		
Cash and Investments	\$ 716,723	\$ 620,820

FIDUCIARY NET POSITION

FIDUCIARY NET POSITION - Restricted	\$ 716,723	\$ 620,820
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 BELMONT LIGHT
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

OPEB TRUST FUND

	2025	2024
Contributions	\$ 19,372	\$ 26,685
Net Investment Income	76,531	67,427
CHANGE IN FIDUCIARY NET POSITION	95,903	94,112
FIDUCIARY NET POSITION - JANUARY 1	620,820	526,708
FIDUCIARY NET POSITION - DECEMBER 31	\$ 716,723	\$ 620,820

See Accompanying Notes to the Financial Statements

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of Belmont Light are as follows:

Reporting Entity

Belmont Light is a component unit of the Town of Belmont, Massachusetts. Belmont Light purchases power from various sources and sells it to the ultimate customer at rates submitted to the Massachusetts Department of Public Utilities (DPU). Belmont Light appoints a manager of municipal lighting who shall, under the direction and control of the Municipal Light Board, have full charge of the operation and management of the plant.

Regulation and Basis of Accounting

Belmont Light's financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Under Massachusetts law, electric rates of Belmont Light are set by the Municipal Light Board and may be changed not more than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general supervisory authority over Belmont Light, the rates are not subject to DPU approval.

Depreciation

The general laws of Massachusetts allow utility plant in service to be depreciated at an annual rate of 3% of cost of plant in service at the beginning of the year. In order to change this rate, approval must be obtained from the Department of Public Utilities (DPU). During 2024, Belmont Light was approved to increase their depreciation rate to 5%. Belmont Light's depreciation rate for 2025 and 2024 was 5%.

Belmont Light charges maintenance to expense when incurred. Replacements and betterments are charged to utility plant.

Taxes

Belmont Light is exempt from federal income taxes. Although also exempt from property taxes, Belmont Light voluntarily pays amounts in lieu of taxes to the Town of Belmont.

Materials and Supplies

Materials and supplies are valued using the average cost method.

Sales Tax

Belmont Light collects sales tax. The amount received is credited to a liability account and as payments are made, this account is charged. At any point in time, this account represents the net amount owed to the taxing authority for amounts collected, but not yet remitted.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Belmont Light considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Reclassification

Certain prior year amounts have been reclassified to conform to the 2025 presentation.

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenue Recognition

Belmont Light owns and maintains an electric distribution network serving the Town of Belmont, Massachusetts. Distribution revenues are primarily from the sale of electricity to residential, commercial, and industrial customers within the Town of Belmont. The rates are designed to recover the costs incurred by the Belmont Light for products and services provided along with a return on investment.

The performance obligation for electricity sales is to provide electricity to the customer on demand. The electricity supplied represents a single performance obligation as it is a series of distinct goods and services that are substantially the same. The performance obligation is satisfied immediately as the customer simultaneously receives and consumes the electricity as Belmont Light provides this service. Belmont Light records revenues related to the electricity sales based upon the effective rates and the volume delivered to the customers, which corresponds with the amount Belmont Light has the right to invoice.

Revenues are recognized for energy service provided on a monthly billing cycle basis. No recognition is given to the amount of sales to customers which are unbilled at the end of the accounting period.

Operating expenses are the costs of providing electricity and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

Accounts Receivable

Belmont Light carries its accounts receivable at cost less an allowance for credit losses of \$180,305 and \$233,244 for the years ended December 31, 2025 and 2024, respectively. On a periodic basis, Belmont Light evaluates its accounts receivable and establishes an allowance for credit losses, based on a history of past write-offs and collections and current credit conditions.

Compensated Absences

In accordance with Belmont Light policies, employees are allowed to accumulate sick days, up to a maximum of 200 days. Upon termination of employment with Belmont Light, the employee will not be paid for accumulated sick time.

Employees are also permitted to carryover vacation time from one year to the next at a maximum of twice their annual earned vacation. Upon termination of employment with Belmont Light, the employee will be paid for unused vacation time based on the employee's base rate of pay at the time of termination. In accordance with generally accepted accounting principles, provisions for these termination liabilities have been accrued in the accompanying financial statements.

Contribution in Aid of Construction

Contribution in Aid of Construction represents non-refundable payments received from consumers and developers for extension of electric services for assets owned and maintained by Belmont Light. These amounts are recorded as a deferred inflow of resources net of amortization.

Electrification Program Reserve

During 2025, Belmont Light updated its Power Supply policy. The policy identifies that Belmont Light uses \$0.01 per kWh collected through its generation charge to cover the costs of compliance with Greenhouse Gas Emission Standards, its voluntary compliance with Renewable Portfolio Standards, and other electrification programs. The amount collected, but not yet spent, is recognized as an electrification program reserve.

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Belmont Contributory Retirement System (System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statements of net position will sometimes report a separate section for deferred outflows and deferred inflows of resources. These separate financial statement elements, deferred outflows and inflows of resources, represent a consumption of net position that applies to a future period and so will not be recognized as an outflow/inflow of resources (expense/expenditure) until then.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Belmont Light's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

NOTE 2 - RATE STABILIZATION FUND:

The Rate Stabilization Fund was created as an aftermath of the Massachusetts Electricity Restructuring Act of 1997. These funds are for unexpected escalation in costs, such as the decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices and transmission cost increases. The total Rate Stabilization Fund balance as of December 31, 2025 and 2024 was \$5,551,264 and \$5,909,734, respectively. The balance in the fund is offset by a corresponding deferred inflow of resources for the accumulated provision for rate refund. These funds are commingled and deposited in investment pools held by the Town of Belmont and MMWEC. As of December 31, 2025 and 2024, funds held by MMWEC amounted to \$464,413 and \$443,162, respectively. As of December 31, 2025 and 2024, rate stabilization funds held by the Town of Belmont amounted to \$5,086,851 and \$5,466,572, respectively. See Note 11 for disclosure of Belmont Light investments held by the Town of Belmont.

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 - RATE STABILIZATION FUND (Continued):

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Belmont Light has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

- Level 1 - U.S. Government Securities and Certificates of Deposit:
Valued at closing price as reported on the active market on which the individual securities are traded.
- Level 2- Municipal Bonds and U.S. Government Securities:
Investments in debt securities are valued using interest rate curves and credit spreads applied to the terms of the debt instrument along with counterparty credit rating.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuations methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 - RATE STABILIZATION FUND (Continued):

The chart below sets forth, by level within the fair value hierarchy, Belmont Light's rate stabilization investments, held by MMWEC, at fair value as of December 31, 2025 and 2024. As of December 31, 2025 and 2024, the Department did not have any investments that were measured using Level 3 inputs.

December 31, 2025			
Description	Level 1 Fair Value	Level 2 Fair Value	Total
<u>FMV Investments:</u>			
Municipal Bonds			
AA	\$ 0	\$ 14,093	\$ 14,093
AA-	0	14,377	14,377
A+	0	4,660	4,660
US Government Securities	<u>53,816</u>	<u>349,583</u>	<u>403,399</u>
Total FMV Investments	<u>53,816</u>	<u>382,713</u>	<u>436,529</u>
<u>Other Securities</u>			
Money Market	7,954	0	7,954
Certificates of Deposit	<u>19,930</u>	<u>0</u>	<u>19,930</u>
Total Other Securities	<u>27,884</u>	<u>0</u>	<u>27,884</u>
Total	<u>\$ 81,700</u>	<u>\$ 382,713</u>	<u>\$ 464,413</u>

December 31, 2024			
Description	Level 1 Fair Value	Level 2 Fair Value	Total
<u>FMV Investments:</u>			
Municipal Bonds			
AAA	\$ 0	\$ 9,131	\$ 9,131
AA	0	13,443	13,443
AA-	0	18,772	18,772
A+	0	4,445	4,445
US Government Securities	<u>122,550</u>	<u>223,532</u>	<u>346,082</u>
Total FMV Investments	<u>122,550</u>	<u>269,323</u>	<u>391,873</u>
<u>Other Securities</u>			
Money Market	31,985	0	31,985
Certificates of Deposit	<u>19,304</u>	<u>0</u>	<u>19,304</u>
Total Other Securities	<u>51,289</u>	<u>0</u>	<u>51,289</u>
Total	<u>\$ 173,839</u>	<u>\$ 269,323</u>	<u>\$ 443,162</u>

	Ratings as of Year End	2025 Fair Value	2025 Under 1 Year	2025 1-5 Years	2024 Fair Value
<u>Term Securities</u>					
Certificate of Deposit	Exempt	<u>\$ 19,930</u>	<u>\$ 19,930</u>	<u>\$ 0</u>	<u>\$ 19,304</u>

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 3 - PREPAID PASNY FUND:

The Power Authority of the State of New York (PASNY) is a New York State public-benefit corporation. It is commonly referred to as New York Power Authority (NYPA). The electricity generated from the NYPA hydro-facilities in New York provides a reduced rate for electricity specifically for residential customers in New York and New England. This is an account maintained by MMWEC from which they may pay our power obligation for the delivery of power and other obligations associated with NYPA’s hydro projects. The NYPA fund balance as of December 31, 2025 and 2024 was \$113,204. These funds are commingled and deposited in investment pools. The total amount of these investment pools as of December 31, 2025 and 2024 was \$4,540,980 and \$3,684,902, respectively, of which Belmont Light’s ownership was approximately 2.49% and 3.07% for 2025 and 2024, respectively.

NOTE 4 - DEPRECIATION FUND:

Pursuant to provisions of the Commonwealth’s General Laws, cash in an amount equivalent to the annual depreciation expense is transferred from unrestricted funds to the depreciation fund. Interest earned on the balance of the fund must also remain in the fund. Such cash may be used for the cost of plant, nuclear decommissioning costs, costs of contractual commitments, and future costs related to such commitments which the Municipal Light Board determines are above market value. The balance as of December 31, 2025 and 2024 was \$12,153,403 and \$10,431,891, respectively. See Note 11 for disclosure of Belmont Light’s investments held by the Town of Belmont.

NOTE 5 - RELATED PARTY TRANSACTIONS:

In 2025 and 2024, Belmont Light received payments from the Town in the amount of \$1,923,821 and \$1,809,967, respectively, and made payments to the Town in the amount of \$3,030,903 and \$2,028,292, respectively. As of December 31, 2025 and 2024, the outstanding receivable balance was \$213,364 and \$177,142, respectively. As of December 31, 2025 and 2024 amounts due to the Town were \$9,305 and \$200,356, respectively.

NOTE 6 - ACCRUED EXPENSES:

Accrued expenses as of December 31, 2025 and 2024 are as follows:

	2025	2024
Interest on Bonds	\$ 100,797	\$ 109,870
Accrued Payroll	151,361	125,929
Compensated Absences	506,897	458,077
Total Accrued Expenses	\$ 759,055	\$ 693,876

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 7 - NET INVESTMENT IN CAPITAL ASSETS:

	<u>2025</u>	<u>2024</u>
Cost of Capital Assets Acquired	\$ 68,583,247	\$ 63,334,672
Less: Accumulated Depreciation	(33,145,541)	(30,703,672)
Less: Outstanding Debt Related to Capital Assets	<u>(12,253,790)</u>	<u>(9,907,651)</u>
Net Investment in Capital Assets	<u>\$ 23,183,916</u>	<u>\$ 22,723,349</u>

NOTE 8 - UTILITY PLANT ASSETS:

	<u>Balance January 1, 2025</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2025</u>
Capital Assets Not Being Depreciated:				
Land	\$ 1,586,597	\$ 0	\$ 0	\$ 1,586,597
Construction in Progress	<u>870,917</u>	<u>3,368,121</u>	<u>(3,386,115)</u>	<u>852,923</u>
Total Capital Assets Not Being Depreciated	<u>2,457,514</u>	<u>3,368,121</u>	<u>(3,386,115)</u>	<u>2,439,520</u>
Capital Assets Being Depreciated:				
Distribution Plant	50,220,024	4,529,910	(386,460)	54,363,474
General Plant	<u>10,657,134</u>	<u>1,338,648</u>	<u>(215,529)</u>	<u>11,780,253</u>
Total Capital Assets Being Depreciated	<u>60,877,158</u>	<u>5,868,558</u>	<u>(601,989)</u>	<u>66,143,727</u>
Less Accumulated Depreciation for:				
Distribution Plant	(22,332,139)	(2,511,001)	386,460	(24,456,680)
General Plant	<u>(8,371,533)</u>	<u>(532,857)</u>	<u>215,529</u>	<u>(8,688,861)</u>
Total Accumulated Depreciation	<u>(30,703,672)</u>	<u>(3,043,858)</u>	<u>601,989</u>	<u>(33,145,541)</u>
Capital Assets Being Depreciated, Net	<u>30,173,486</u>	<u>2,824,700</u>	<u>0</u>	<u>32,998,186</u>
Utility Plant Assets, Net	<u>\$ 32,631,000</u>	<u>\$ 6,192,821</u>	<u>\$ (3,386,115)</u>	<u>\$ 35,437,706</u>

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 8 - UTILITY PLANT ASSETS (Continued):

	Balance January 1, 2024	Increases	Decreases	Balance December 31, 2024
Capital Assets Not Being Depreciated:				
Land	\$ 1,586,597	\$ 0	\$ 0	\$ 1,586,597
Construction in Progress	<u>821,419</u>	<u>3,297,179</u>	<u>(3,247,681)</u>	<u>870,917</u>
Total Capital Assets Not Being Depreciated	<u>2,408,016</u>	<u>3,297,179</u>	<u>(3,247,681)</u>	<u>2,457,514</u>
Capital Assets Being Depreciated:				
Distribution Plant	47,616,395	3,548,621	(944,992)	50,220,024
General Plant	<u>10,468,746</u>	<u>392,853</u>	<u>(204,465)</u>	<u>10,657,134</u>
Total Capital Assets Being Depreciated	<u>58,085,141</u>	<u>3,941,474</u>	<u>(1,149,457)</u>	<u>60,877,158</u>
Less Accumulated Depreciation for:				
Distribution Plant	(20,894,736)	(2,382,395)	944,992	(22,332,139)
General Plant	<u>(8,052,561)</u>	<u>(523,437)</u>	<u>204,465</u>	<u>(8,371,533)</u>
Total Accumulated Depreciation	<u>(28,947,297)</u>	<u>(2,905,832)</u>	<u>1,149,457</u>	<u>(30,703,672)</u>
Capital Assets Being Depreciated, Net	<u>29,137,844</u>	<u>1,035,642</u>	<u>0</u>	<u>30,173,486</u>
Utility Plant Assets, Net	<u>\$ 31,545,860</u>	<u>\$ 4,332,821</u>	<u>\$ (3,247,681)</u>	<u>\$ 32,631,000</u>

Depreciation for the years ended December 31, 2025 and 2024 was \$3,043,858 and \$2,905,832, respectively. Depreciation expense reported on the Statements of Revenues, Expenses and Changes in Net Position is net of amortization of \$86,834 and \$64,013 related to contribution in aid of construction for the years ended December 31, 2025 and 2024, respectively.

NOTE 9 - BONDS PAYABLE:

On April 26, 2012, the Town issued a Bond Anticipation Note (BAN) in the aggregate amount of \$14,000,000, which included a bond premium, bearing interest at 1.83% and matured April 25, 2013. The BAN was refinanced and matured on April 25, 2014. On April 25, 2014, the BAN was converted to permanent bond financing, and an additional general obligation bond of \$12,100,000 was issued. The general obligation bonds were used to finance the 115kV Transmission Service Upgrade Project. Principal payments are due annually on April 15. Interest is due semi-annually on each April 15 and October 15. The interest rate ranges from 2.75% to 4.00% over the term of the bonds. The bonds mature April 15, 2032 and April 15, 2034, respectively.

As of December 31, 2025 and 2024, the outstanding principal was \$13,110,000 and \$14,540,000, respectively.

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 9 - BONDS PAYABLE (Continued):

Future maturities of the bonds are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the Years Ending December 31,	2026	\$ 1,475,000	\$ 456,194	\$ 1,931,194
	2027	1,520,000	405,513	1,925,513
	2028	1,580,000	351,412	1,931,412
	2029	1,625,000	295,213	1,920,213
	2030	1,685,000	229,012	1,914,012
	2031-2034	<u>5,225,000</u>	<u>322,169</u>	<u>5,547,169</u>
		13,110,000	<u>\$ 2,059,513</u>	<u>\$ 15,169,513</u>
Plus: Unamortized Bond Premium		708,943		
Less: Current Maturities of Long Term Debt		<u>(1,574,938)</u>		
		<u>\$ 12,244,005</u>		

NOTE 10 - RISK MANAGEMENT:

Belmont Light participates in and shares in the cost of the Town’s risk management programs with regards to health, workers compensation and automobile insurance.

Belmont Light carries its own property, general liability and public official liability coverage through a premium-based plan. Limits on this insurance coverage vary from \$5,000 to \$2,000,000 per occurrence.

NOTE 11 - CASH AND INVESTMENTS:

Custodial Credit Risk - Deposits

Belmont Light’s deposits with the Town Treasurer are invested with various financial institutions. It is not practical to disclose the related bank balance and credit risk of such cash deposits for Belmont Light. Funds on deposit with financial institutions are subject to the insurance coverage limits imposed by the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The amount of insurance coverage for Belmont Light deposits is not determinable because the limits of insurance are computed on a town-wide basis.

Custodial Credit Risk - Investments

Investment custodial risk is the risk that, in the event of a failure by the counterparty, Belmont Light will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of December 31, 2025 and 2024, Belmont Light does not have custodial risk exposure in their investments in U.S. Treasury/Agency Securities, Certificate of Deposits, Equities, Mutual Funds and Money Market accounts. Belmont Light’s accounts are protected in accordance with the Securities Investor Protection Corporation (“SIPC”) up to \$500,000 including cash claims up to \$250,000.

Interest Rate Risk

Belmont Light invests in term securities out to a maximum of five years to help limit the amount of exposure to fair value losses.

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 11 - CASH AND INVESTMENTS (Continued):

Investments - Debt Sinking Fund, Depreciation Fund and Rate Stabilization Fund

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below.

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Belmont Light has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

- U.S. Government Securities, Equities, Mutual Funds, Corporate Bonds, and Certificates of Deposit:
Valued at closing price as reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuations methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table on the following page sets forth, by level within the fair value hierarchy, Belmont Light's investments in the Debt Sinking Fund, Depreciation Fund and Rate Stabilization Fund at fair value as of December 31, 2025 and 2024 held by the Town of Belmont. As of December 31, 2025 and 2024, Belmont Light did not have any investments that were measured using Level 2 or Level 3 inputs.

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 11 - CASH AND INVESTMENTS (Continued):

Investments - Debt Sinking Fund, Depreciation Fund and Rate Stabilization Fund (continued)

	December 31, 2025 Quoted Prices in Active Markets for Identical Assets <u>(All Level 1)</u>	December 31, 2024 Quoted Prices in Active Markets for Identical Assets <u>(All Level 1)</u>
<u>FMV Investments:</u>		
Corporate Bonds		
AA-	\$ 857,415	\$ 0
A	2,619,619	0
A-	2,602,424	0
BBB	1,733,265	0
U.S. Government Securities	6,997,003	11,494,904
Equities	2,571,458	1,396,440
Mutual Funds	148,772	2,744,063
Total FMV Investments	<u>17,529,956</u>	<u>15,635,407</u>
<u>Other Securities:</u>		
Money Markets	1,574,727	1,812,475
Certificates of Deposit	0	244,775
Total Other Securities	<u>1,574,727</u>	<u>2,057,250</u>
Total	<u>\$ 19,104,683</u>	<u>\$ 17,692,657</u>

	Ratings As of Year End	2025 Fair Value	2025 Under 1 Year	2025 1-5 Years	2024 Fair Value
<u>Term Securities:</u>					
Certificates of Deposit	Exempt	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>244,775</u>

The following accounts were considered to be investments as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Debt Sinking Fund	\$ 1,864,429	\$ 1,794,194
Depreciation Fund	12,153,403	10,431,891
Rate Stabilization Fund	<u>5,086,851</u>	<u>5,466,572</u>
	<u>\$ 19,104,683</u>	<u>\$ 17,692,657</u>

As of December 31, 2025, the investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represented 5% or more of total investments are listed in the table on the following page.

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 11 - CASH AND INVESTMENTS (Continued):

Investments - Debt Sinking Fund, Depreciation Fund and Rate Stabilization Fund (continued)

<u>Investments</u>	<u>Amount</u>	<u>% of Total Investments</u>
Emerson Electric	\$ 1,086,780	6.3%
Bank of America	\$ 1,084,936	6.3%
HP Inc.	\$ 1,073,263	6.2%
Bristol Myers	\$ 1,003,107	5.8%
Pfizer Inc.	\$ 994,162	5.8%
Proctor and Gamble	\$ 913,958	5.3%

NOTE 12 - VOLUNTARY PAYMENT IN LIEU OF TAXES:

The Municipal Light Board is responsible for determining the amount that Belmont Light pays to the Town in lieu of taxes. The voluntary payment in lieu of taxes was \$650,000 for the years ended December 31, 2025 and 2024.

NOTE 13 - COMMITMENTS AND CONTINGENCIES:

Environmental Matters

Belmont Light is subject, like other electric utilities, to evolving standards administered by federal, state and local authorities relating to the quality of the environment.

These standards affect the siting of electric property, ambient air and water quality, plant safety and other environmental factors. These standards have had an impact on Belmont Light's operations in the past and they will continue to have an impact on future operations, capital costs and construction schedules.

Purchase Power Commitment

Belmont Light has entered into various power contracts through Energy New England (ENE), as their acting agent. These power contracts began in 2009 and go through the year 2050.

Belmont Light's annual energy costs related to its long-term power purchase commitments as of 2025 are approximately as follows:

For the Years Ending December 31,	2026	\$	7,916,628
	2027		6,772,315
	2028		5,597,129
	2029		5,058,215
	2030		4,270,309
	2031-2035		20,568,226
	2036-2040		16,138,681
	2041-2045		6,762,156
	2046-2050		<u>3,212,583</u>
	Total	\$	<u>76,296,242</u>

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST FUND:

Belmont Light contributes to an Other Postemployment Trust Fund. The Fund is held under the custodianship of the Treasurer of the Town of Belmont. Belmont Light's balance in the Trust Fund as of December 31, 2025 and 2024 was \$716,723 and \$620,820, respectively.

The Trust implemented Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, which provides a definition of fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Belmont Light has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used as of December 31, 2025 and 2024.

- Equities and U.S. Government Securities:
Valued at closing price as reported on the active market on which the individual funds are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuations methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST FUND (Continued):

The chart below sets forth, by level within the fair value hierarchy, Belmont Light’s investments at fair value as of December 31, 2025 and 2024. As of December 31, 2025 and 2024, Belmont Light did not have any investments that were measured using Level 2 or Level 3 inputs.

	December 31, 2025 Quoted Prices in Active Markets for Identical Assets (All Level 1)	December 31, 2024 Quoted Prices in Active Markets for Identical Assets (All Level 1)
<u>FMV Investments:</u>		
Equities	\$ 504,617	\$ 427,724
U.S. Government Securities	209,568	81,396
Total FMV Investments	714,185	509,120
 <u>Other Securities:</u>		
Money Market	2,538	111,700
 Total	 \$ 716,723	 \$ 620,820

As of December 31, 2025, the investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represented 5% or more of total investments are listed on the table below.

Investment Issuer	Amount	% of total Investments
Eli Lilly Co.	\$ 53,745	7.5%
GE Aerospace	\$ 58,795	8.2%

Government Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, provides an actuarial cost method and discount rate as well as disclosures and methodologies for reporting plan liabilities and OPEB expenses.

Plan Administration

The Town of Belmont administers the retiree health care benefits program—a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees.

Plan Membership

As of the valuation date of June 30, 2025, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	19
Active plan members	26
Total Number of Participants	45

Benefits Provided

Belmont Light provides health care benefits for retirees and their dependents. Benefits are provided through the Town, and the full cost of benefits is shared between the Town and retirees.

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST FUND (Continued):

Contributions

Belmont Light annually contributes an actuarially determined contribution based on the results of the most recent actuarial valuation.

Investment Policy

The OPEB plan’s investment policy in regard to the allocation of invested assets is established by the Town, and may be amended at any time. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio, 60% using equity investments from the Massachusetts Legal List and 40% fixed using certificates of deposit, corporate bonds and governmental agencies.

Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of OPEB plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the OPEB plan investments at the ending fair value of OPEB plan investments.

Net OPEB Liability of the Plan

The components of the net OPEB liability of Belmont Light were as follows:

	2025	2024
Total OPEB Liability	\$ 4,772,013	\$ 4,093,725
Fiduciary Net Position	(716,723)	(620,820)
Net OPEB Liability	\$ 4,055,290	\$ 3,472,905

Fiduciary net position as a percentage of the total OPEB liability as of the measured date of December 31, 2025 and 2024 was 15.02% and 15.17%.

Actuarial Assumptions

The total OPEB liability as of December 31, 2025 was determined by an actuarial valuation as of June 30, 2025, using the following assumptions, applied to all periods included in the measurement:

Wage Inflation	3.0%
Investment rate of return	6.25% as of December 31, 2025 and 2024.
Mortality tables	
<i>Pre-Retirement Mortality</i>	RP-2014 Blue Collar Employee Mortality Table set forward one year for females and projected generationally with Scale MP-2021.

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST FUND (Continued):

Actuarial Assumptions (continued)

Mortality tables (continued)

<i>Healthy Mortality</i>	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females and projected generationally with Scale MP-2021.
<i>Disabled Mortality</i>	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2011.
Amortization Method	Level percentage of payroll – payments increase 3.00% per year.
Healthcare cost trend rate	
<i>Medical (non-Medicare)</i>	8.50% decreasing by 0.25% for 16 years to an ultimate level of 4.50% per year.
<i>Medical (Medicare)</i>	7.00% decreasing by 0.25% for 10 years to an ultimate level of 4.50% per year.
<i>Prescription Drug (non-Medicare)</i>	14.00% decreasing by 0.75% for 12 years, then by 0.50% for 1 year to an ultimate level of 4.50% per year.
<i>Prescription Drug (Medicare)</i>	8.00% decreasing by 0.25% for 14 years to an ultimate level of 4.50% per year.
<i>Medicare Advantage</i>	7.50% decreasing by 0.25% for 12 years to an ultimate level of 4.50% per year.
Retiree Contributions	Expected to increase with trend.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation as of December 31, 2025 and the projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of long-term expected investment rate of return assumption are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	70.00%	5.82%
Core Fixed Income	30.00%	1.81%
Total	100.00%	

BELMONT LIGHT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2025 AND 2024

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST FUND (Continued):

Blended Discount Rate

The discount rate is a blend of the long-term expected rate of return on OPEB Trust assets (6.25% as of December 31, 2025 and 2024) and a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (4.83% as of December 31, 2025 and 4.08% as of December 31, 2024). The blending is based on the sufficiency of projected assets to make projected benefits payments. Since assets are partially sufficient to cover projected benefit payments, the blended discount rate used to measure the total OPEB liability was 6.15% as of December 31, 2025 and 6.18% as of December 31, 2024.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability calculated using the discount rate of 6.15%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.15%) or 1-percentage point higher (7.15%) than the current rate:

	1% Decrease 5.15%	Current Discount Rate 6.15%	1% Increase 7.15%
Net OPEB Liability	\$ 4,639,289	\$ 4,055,290	\$ 3,564,841

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability calculated using current healthcare cost trend rates as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 3,452,466	\$ 4,055,290	\$ 4,800,165

NOTE 15 - NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY:

Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, provides an actuarial cost method and discount rate as well as disclosures and methodologies for reporting employer liabilities and OPEB expenses.

Plan Description

The Town of Belmont administers the retiree health care benefits program-a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees.

Contributions

Belmont Light's Actuarial Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75 which represents a level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and amortize any unfunded actuarial liabilities (or funding excess). The contribution requirements of plan members and Belmont Light are established and may be amended through Department ordinances. For the years ending on and the measurement date of December 31, 2025 and 2024, total premiums plus implicit costs for the retiree medical program were \$199,731 and \$172,613, respectively. During 2025 and 2024, Belmont Light also

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 15 - NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued):

Contributions (continued)

made contributions to an OPEB Trust of \$19,372 and \$26,685 in each year, for a total contribution during 2025 and 2024 of \$219,103 and \$199,298, respectively.

OPEB Liabilities

As of December 31, 2025 and 2024, Belmont Light reported a liability of \$4,055,290 and \$3,472,905, respectively, for its net OPEB liability. The 2025 and 2024 net OPEB liability was measured as of December 31, 2025 and 2024, and was determined by an actuarial valuation as of June 30, 2025 and June 30, 2023, respectively.

OPEB Expense

For the years ended December 31, 2025 and 2024, Belmont Light recognized OPEB Expense of \$93,938 and \$21,443, respectively. As of December 31, 2025 and 2024, Belmont Light reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Outflows of Resources Related to OPEB</u>	<u>2025</u>	<u>2024</u>
Changes of assumptions	\$ 357,990	\$ 109,935
Net difference between projected and actual earnings on OPEB Trust investments	9,894	17,641
Net difference between expected and actual experience	<u>121,450</u>	<u>0</u>
Total	<u>\$ 489,334</u>	<u>\$ 127,576</u>
<u>Deferred Inflows of Resources Related to OPEB</u>	<u>2025</u>	<u>2024</u>
Changes of assumptions	\$ 27,237	\$ 149,819
Net difference between projected and actual earnings on OPEB Trust investments	49,904	34,609
Net difference between expected and actual experience	<u>168,646</u>	<u>407,151</u>
Total	<u>\$ 245,787</u>	<u>\$ 591,579</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in Belmont Light's OPEB expense as follows:

<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
Year Ended December 31:			Year Ended December 31:		
2026	\$	125,623	2026	\$	117,859
2027		120,021	2027		101,103
2028		81,230	2028		16,780
2029		81,230	2029		10,045
2030		<u>81,230</u>	2030		<u>0</u>
Total	\$	<u>489,334</u>	Total	\$	<u>245,787</u>

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 15 - NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued):

GASB 75 requires the disclosure of actuarial assumptions, the discount rate, plan membership, and sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. Refer to the previous note "Other Postemployment Benefits Trust Fund" for these disclosures.

NOTE 16 - NET PENSION LIABILITY:

Plan Description

Belmont Light, through the Town of Belmont, is a member of the Belmont Contributory Retirement System (the System) which, in turn, is a member of the Massachusetts Contributory Retirement System which is governed by M.G.L. c.32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees. The plan is a cost-sharing multiple-employer contributory defined benefit plan for all town employees except those employees who are covered by teachers' retirement board. The Plan's separately issued financial statements can be obtained by contacting Belmont Contributory Retirement System at 455 Concord Avenue, 1st floor, Belmont, Massachusetts 02478.

Benefits Provided

The System provides retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of member's highest three-year average annual rate of regular compensation.

For members who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are three classes of membership in the retirement system: Group 1, Group 2, and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, Group 4 consists of police officers, firefighters, and other hazardous positions.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service if hired after 1978 and if classified in group 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in group 1, 55 years of age with 10 years of service if in group 2, and 55 years of age if classified in group 4 or hired prior to 1978. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions normal retirement is at age 55).

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors: including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status, and group classification. Employees who resign from state service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total contributions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 16 - NET PENSION LIABILITY (Continued):

Benefits Provided (continued)

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions

Active members are required to contribute at rates from 5-9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired after 1978 contribute an additional 2% of annual pay above \$30,000. Belmont Light is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the member units based on the actuarial study. The actuarially determined contribution is an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by the employees during the year, with an additional amount to finance the unfunded liability. Belmont Light's required contributions to the System for the years ended December 31, 2025 and 2024 were \$1,305,662 and \$1,328,464, respectively, which were paid during calendar years 2024 and 2023, respectively.

Pension Liabilities

As of December 31, 2025 and 2024, Belmont Light reported a liability of \$5,959,294 and \$6,704,421, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024 and 2023, respectively, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of January 1, 2024. Belmont Light's portion of the net pension liability was based on the current employees, retirees, inactive participants and actual share of net position to the entire system. Belmont Light's portion of the net pension liability was based on the percentage of the Belmont Light's contributions to the total System contributions as of the measurement dates of December 31, 2024 and 2023, respectively. At the measurement dates of December 31, 2024 and 2023, Belmont Light's portion was 11.29%, of the total System contributions.

Pension Expense

For the years ended December 31, 2025 and 2024, Belmont Light recognized a pension expense of \$845,802 and \$1,055,352, respectively. For the years ended December 31, 2025 and 2024, Belmont Light reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources Related to Pensions</u>	<u>2025</u>	<u>2024</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 248,992	\$ 400,279
Differences between expected and actual experience	51,075	76,643
Changes of assumptions	33,057	66,139
Net difference between projected and actual earnings on pension plan investments	431,491	647,874
Department contributions subsequent to the measurement date	<u>1,342,524</u>	<u>1,305,662</u>
Total	<u>\$ 2,107,139</u>	<u>\$ 2,496,597</u>

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 16 - NET PENSION LIABILITY (Continued):

Pension Expense (continued)

<u>Deferred Inflows of Resources Related to Pensions</u>	<u>2025</u>	<u>2024</u>
Difference between expected and actual experiences	\$ 142,786	\$ 285,685
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>1,860</u>	<u>12</u>
Total	<u>\$ 144,646</u>	<u>\$ 285,697</u>

Of the total amount reported as deferred outflows of resources related to pensions, \$1,342,524 resulting from contributions paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net pension liability for the measurement date December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Net Deferred Outflows and Inflows of Resources Related to Pensions

For the Years Ended December 31:	2026	\$ 218,713
	2027	564,721
	2028	(132,392)
	2029	<u>(31,073)</u>
	Total	<u>\$ 619,969</u>

Actuarial Assumptions

The total pension liability as of the measurement date December 31, 2024, was determined by an actuarial valuation as of January 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement.

Valuation Date	January 1, 2024
Actuarial Cost Method	Individual Entry Age Normal Cost Method.
Amortization Method	Payments increasing 4.5% for the 2003 ERI liability; remaining liability amortized so that the actuarially determined contribution increases 0% for fiscal 2024 and fiscal 2025 and then 2.5% per year thereafter.
Remaining Amortization Period	As of July 1, 2022, 3 years for the 2003 ERI liability and 9 years for the remaining unfunded liability.

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 16 - NET PENSION LIABILITY (Continued):

Actuarial Assumptions (continued)

Asset Valuation Method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Investment Rate of Return	7.00%
Inflation Rate	3% per year
Projected Salary Increases	Varies by length of service with ultimate rates of 3.75% for Groups 1 and 2, and 4.25% for Group 4.
Cost of Living Allowance	5% of first \$13,000 for fiscal 2023 and 3% for the first \$13,000 thereafter.
Mortality Rates:	
Pre-Retirement	RP-2014 Blue Collar Employee Mortality Table set forward one year for females and projected generationally with Scale MP-2021.
Healthy Retirees	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females and projected generationally with Scale MP-2021.
Disabled Retirees	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2021.

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major category asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pensions plan's target asset allocation as of the measurement date of December 31, 2024 are summarized in the table on the following page.

BELMONT LIGHT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 16 - NET PENSION LIABILITY (Continued):

Investment Policy (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	23.5%	5.82%
International Developed Markets Equity	9.0%	5.91%
International Emerging Markets Equity	3.5%	7.06%
Core Fixed Income	15.0%	1.81%
High-Yield Fixed Income	9.0%	3.34%
Real Estate	10.0%	3.34%
Commodities	4.0%	3.82%
Hedge Fund, GTAA, Risk Parity	10.0%	2.77%
Private Equity	<u>16.0%</u>	9.20%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7% as of the measurement dates of December 31, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that Belmont Contributory Retirement System contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Belmont Contributory Retirement System, calculated using the discount rate of 7%, as well as what the Belmont Contributory Retirement System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate:

	1% Decrease <u>(6%)</u>	Current Discount Rate <u>(7%)</u>	1% Increase <u>(8%)</u>
Proportionate share of the Net Pension Liability	\$ 8,744,699	\$ 5,959,294	\$ 3,611,421

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Belmont Contributory Retirement System financial report.

BELMONT LIGHT
REQUIRED SUPPLEMENTARY INFORMATION
NET PENSION LIABILITY

OPERATING FUND

For the Year Ending December 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarial Valuation Date	1/1/2024	1/1/2024	1/1/2022	1/1/2022	1/1/2020	1/1/2020	1/1/2018	1/1/2018	1/1/2016	1/1/2016
Measurement Date	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015

Schedule of the Department's Proportionate Share of the Net Pension Liability (NPL):

Department's Portion of the NPL	11.29%	11.29%	10.64%	10.64%	10.26%	10.26%	9.44%	9.42%	8.59%	8.58%
Department's Proportionate Share of the NPL	\$ 5,959,294	\$ 6,704,421	\$ 7,141,161	\$ 5,109,560	\$ 7,140,786	\$ 7,870,726	\$ 7,814,033	\$ 6,975,686	\$ 6,466,318	\$ 6,611,771
Department's Covered Payroll	\$ 3,758,643	\$ 3,609,242	\$ 3,399,032	\$ 3,257,218	\$ 3,320,565	\$ 3,181,228	\$ 2,834,630	\$ 2,730,334	\$ 2,485,260	\$ 2,384,359
NPL as a Percentage of Covered Payroll	158.55%	185.76%	210.09%	156.87%	215.05%	247.41%	275.66%	255.49%	260.19%	277.30%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	77.13%	73.56%	69.03%	77.11%	66.47%	61.79%	56.16%	59.53%	55.97%	53.55%

Schedule of Contributions:

Actuarially Determined Contributions	\$ 1,305,662	\$ 1,328,464	\$ 1,251,316	\$ 1,198,009	\$ 1,106,072	\$ 1,045,824	\$ 910,577	\$ 848,861	\$ 723,497	\$ 676,065
Contributions in Relation to the Actuarially Determined Contribution	<u>(1,305,662)</u>	<u>(1,328,464)</u>	<u>(1,251,316)</u>	<u>(1,198,009)</u>	<u>(1,106,072)</u>	<u>(1,045,824)</u>	<u>(910,577)</u>	<u>(848,861)</u>	<u>(723,497)</u>	<u>(676,065)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Department's Covered Payroll	\$ 3,758,643	\$ 3,609,242	\$ 3,399,032	\$ 3,257,218	\$ 3,320,565	\$ 3,181,228	\$ 2,834,630	\$ 2,730,334	\$ 2,485,260	\$ 2,384,359
Contributions as a Percentage of the Department's Total Employee Payroll	34.74%	36.81%	36.81%	36.78%	33.31%	32.87%	32.12%	31.09%	29.11%	28.35%

See Independent Auditors' Report

BELMONT LIGHT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY

OPERATING FUND AND OPEB TRUST FUND

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:									
Service Cost	\$ 135,359	\$ 132,153	\$ 146,950	\$ 148,623	\$ 230,747	\$ 225,753	\$ 179,506	\$ 176,967	\$ 171,763
Interest	255,278	243,163	238,909	224,399	284,403	268,577	275,449	258,321	239,224
Change of Benefit Terms	0	0	0	0	(6,176)	0	(12,924)	0	0
Differences Between Expected and Actual Experience	145,741	0	(421,617)	0	(770,905)	0	(152,821)	0	0
Changes of Assumptions	341,641	(15,718)	183,226	(83,784)	(516,048)	52,550	(151,620)	(70,456)	33,732
Benefit Payments	(199,731)	(172,613)	(149,035)	(173,477)	(151,855)	(252,121)	(227,280)	(140,506)	(135,832)
Net Change in Total OPEB Liability	678,288	186,985	(1,567)	115,761	(929,834)	294,759	(89,690)	224,326	308,887
Total OPEB Liability - Beginning	4,093,725	3,906,740	3,908,307	3,792,546	4,722,380	4,427,621	4,517,311	4,292,985	3,984,098
Total OPEB Liability - Ending	<u>\$ 4,772,013</u>	<u>\$ 4,093,725</u>	<u>\$ 3,906,740</u>	<u>\$ 3,908,307</u>	<u>\$ 3,792,546</u>	<u>\$ 4,722,380</u>	<u>\$ 4,427,621</u>	<u>\$ 4,517,311</u>	<u>\$ 4,292,985</u>
Plan Fiduciary Net Position:									
Contributions-Employer	\$ 219,103	\$ 199,298	\$ 166,035	\$ 190,477	\$ 168,855	\$ 268,979	\$ 251,593	\$ 161,151	\$ 151,990
Net Investment Income	76,531	67,427	20,385	1,919	64,191	21,048	44,023	(4,697)	24,792
Benefit Payments	(199,731)	(172,613)	(149,035)	(173,477)	(151,855)	(252,121)	(227,280)	(140,506)	(135,832)
Net Change in Plan Fiduciary Net Position	95,903	94,112	37,385	18,919	81,191	37,906	68,336	15,948	40,950
Plan Fiduciary Net Position - Beginning	620,820	526,708	489,323	470,404	389,213	351,307	282,971	267,023	226,073
Plan Fiduciary Net Position - Ending	<u>\$ 716,723</u>	<u>\$ 620,820</u>	<u>\$ 526,708</u>	<u>\$ 489,323</u>	<u>\$ 470,404</u>	<u>\$ 389,213</u>	<u>\$ 351,307</u>	<u>\$ 282,971</u>	<u>\$ 267,023</u>
Net OPEB Liability - Ending	<u>\$ 4,055,290</u>	<u>\$ 3,472,905</u>	<u>\$ 3,380,032</u>	<u>\$ 3,418,984</u>	<u>\$ 3,322,142</u>	<u>\$ 4,333,167</u>	<u>\$ 4,076,314</u>	<u>\$ 4,234,340</u>	<u>\$ 4,025,962</u>

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, OPEB plans should present information for those years for which information is available.

See Independent Auditors' Report

BELMONT LIGHT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF NET OPEB LIABILITY, EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS

OPERATING FUND AND OPEB TRUST FUND

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Schedules of Net OPEB Liability:									
Total OPEB Liability	\$ 4,772,013	\$ 4,093,725	\$ 3,906,740	\$ 3,908,307	\$ 3,792,546	\$ 4,722,380	\$ 4,427,621	\$ 4,517,311	\$ 4,292,985
Plan Fiduciary Net Position	716,723	620,820	526,708	489,323	470,404	389,213	351,307	282,971	267,023
Net OPEB Liability	<u>\$ 4,055,290</u>	<u>\$ 3,472,905</u>	<u>\$ 3,380,032</u>	<u>\$ 3,418,984</u>	<u>\$ 3,322,142</u>	<u>\$ 4,333,167</u>	<u>\$ 4,076,314</u>	<u>\$ 4,234,340</u>	<u>\$ 4,025,962</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	15.02%	15.17%	13.48%	12.52%	12.40%	8.24%	7.93%	6.26%	6.22%
Total Employee Payroll*	\$ 5,165,050	\$ 4,628,292	\$ 3,868,229	\$ 3,747,337	\$ 3,542,073	\$ 3,392,464	\$ 3,581,997	\$ 3,320,698	\$ 3,147,743
Net OPEB Liability as a Percentage of Total Employee Payroll	78.51%	75.04%	87.38%	91.24%	93.79%	127.73%	113.80%	127.51%	127.90%
Schedules of Employer Contributions:									
Actuarially Determined Contributions	\$ 539,450	\$ 345,899	\$ 325,715	\$ 329,624	\$ 312,318	\$ 416,940	\$ 404,501	\$ 194,521	\$ 759,438
Contributions in relation to the actuarially determined contribution	<u>(219,103)</u>	<u>(199,298)</u>	<u>(166,035)</u>	<u>(190,477)</u>	<u>(168,855)</u>	<u>(268,979)</u>	<u>(251,593)</u>	<u>(161,151)</u>	<u>(151,990)</u>
Contribution Deficiency (Excess)	<u>\$ 320,347</u>	<u>\$ 146,601</u>	<u>\$ 159,680</u>	<u>\$ 139,147</u>	<u>\$ 143,463</u>	<u>\$ 147,961</u>	<u>\$ 152,908</u>	<u>\$ 33,370</u>	<u>\$ 607,448</u>
Total Employee Payroll*	\$ 5,165,050	\$ 4,628,292	\$ 3,868,229	\$ 3,747,337	\$ 3,542,073	\$ 3,392,464	\$ 3,581,997	\$ 3,320,698	\$ 3,147,743
Contributions as a percentage of Total Employee Payroll	4.24%	4.31%	4.29%	5.08%	4.77%	7.93%	7.02%	4.85%	4.83%
Schedules of Investment Returns:									
Annual Money-Weighted rate of Return, net of investment expenses	12.17%	12.55%	4.11%	0.42%	16.58%	5.56%	15.24%	-1.75%	4.67%

*Covered payroll was not disclosed in the actuarial reports, therefore total employee payroll was used in the above schedules.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, OPEB plans should present information for those years for which information is available.

BELMONT LIGHT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025 AND 2024

OPERATING FUND AND OPEB TRUST FUND

NOTE A - NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY:

Changes in Assumptions

The discount rate was decreased from 6.18% as of December 31, 2024 to 6.15% as of December 31, 2025. The per capital health costs and contributions were updated. The per capital health costs for Medicare Advantage plan are no longer spread according to age and gender. The per capita health cost trend assumptions were revised to reflect future expectations.

NOTE B - NET PENSION LIABILITY:

Changes in Benefits

Effective January 1, 2024, pursuant to Chapter 269 of the Acts of 2022, the Board approved a one-time increase in the COLA from 3% to 5%.

BELMONT LIGHT
SCHEDULES OF SALES OF ELECTRICITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

OPERATING FUND

	<u>2025</u>	<u>2024</u>
SALES OF ELECTRICITY:		
Residential	\$ 18,843,721	\$ 18,313,515
Commercial	4,596,882	4,467,771
Industrial	5,170,333	5,108,730
Municipal	1,458,364	1,392,855
Private Lighting	62,567	61,946
Street Lights	<u>108,759</u>	<u>71,245</u>
TOTAL SALES OF ELECTRICITY	<u><u>\$ 30,240,626</u></u>	<u><u>\$ 29,416,062</u></u>

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BELMONT LIGHT
SCHEDULES OF OPERATIONS AND MAINTENANCE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

OPERATING FUND

	<u>2025</u>	<u>2024</u>
POWER PRODUCTION EXPENSES:		
Purchased Power Expense	\$ 13,882,462	\$ 13,000,777
Transmission Expense	<u>4,695,428</u>	<u>3,671,259</u>
Total Power Production Expenses	<u>18,577,890</u>	<u>16,672,036</u>
DISTRIBUTION EXPENSES:		
Miscellaneous Distribution Expenses	226,038	204,344
Line Expenses	1,190,947	838,416
Operation Supplies and Expenses	958,400	922,259
Maintenance of Meters	227,553	260,664
Customer Installations Expense	94,138	90,814
Stores Expense	<u>113,641</u>	<u>102,984</u>
Total Distribution Expenses	<u>2,810,717</u>	<u>2,419,481</u>
CUSTOMER ACCOUNT EXPENSES:		
Customer Accounting and Collection Expense	1,290,559	1,263,412
Meter Reading Expense	7,705	24,767
Uncollectible Accounts	<u>76,674</u>	<u>68,255</u>
Total Customer Account Expenses	<u>1,374,938</u>	<u>1,356,434</u>
GENERAL AND ADMINISTRATIVE EXPENSES:		
Administrative and General Salaries	1,125,283	1,051,035
Office Supplies and Expenses	345,903	398,589
Outside Services Employed	422,127	595,422
Insurance, Injuries and Damages	302,543	292,289
Employees' Pension and Benefits	1,560,049	1,705,766
Dues, Meetings, and Other General Expenses	67,819	48,359
Transportation Expenses	68,119	89,204
Marketing Expenses	<u>72,436</u>	<u>49,456</u>
Total General and Administrative Expenses	<u>3,964,279</u>	<u>4,230,120</u>
MAINTENANCE EXPENSES:		
Maintenance - Other	<u>69,322</u>	<u>87,013</u>
TOTAL OPERATIONS AND MAINTENANCE EXPENSES	<u><u>\$ 26,797,146</u></u>	<u><u>\$ 24,765,084</u></u>

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