

**TOWN OF CONCORD, MASSACHUSETTS
CONCORD MUNICIPAL LIGHT PLANT**

Annual Financial Statements

For the Year Ended December 31, 2014

Concord Municipal Light Plant

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INDEPENDENT AUDITORS' REPORT

To the Municipal Lighting Commission
Town of Concord Municipal Light Plant

Additional Offices:

Nashua, NH
Manchester, NH
Greenfield, MA
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Town of Concord Municipal Light Plant ("the Plant") (an enterprise fund of the Town of Concord, Massachusetts), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Plant's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Town of Concord Municipal Light Plant, as of December 31, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Plant's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 4, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Reporting Entity

As discussed in Note 1, the financial statements of the Town of Concord Municipal Light Plant are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the business-type activities of the Town of Concord, Massachusetts that is attributable to the transactions of the Concord Municipal Light Plant. They do not purport to, and do not, present fairly the financial position of the Town of Concord, Massachusetts as of December 31, 2014, and the changes in its financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress be presented to supplement the basic financial statements. Such information, 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 infor-

mation because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Concord Municipal Light Plant's basic financial statements. The supplementary schedules appearing on pages 25-27 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Melanson Heath

July 29, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Concord Municipal Light Plant ("the Plant"), we offer readers this narrative overview and analysis of the Plant's financial activities for the year ended December 31, 2014.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include (1) the Statement of Net Position, (2) the Statement of Revenues, Expenses and Changes in Net Position, (3) the Statement of Cash Flows, and (4) Notes to Financial Statements.

The Statement of Net Position is designed to indicate our financial position at a specific point in time. As of December 31, 2014, it shows our net position as \$45,607,150, which is comprised of \$31,748,283 invested in capital assets net of related long-term debt, \$1,957,878 restricted for the depreciation fund, and \$11,900,989 unrestricted.

The Statement of Revenues, Expenses, and Changes in Net Position summarize our operating results. As discussed in more detail below, the change in net position after the payment in lieu of taxes for the year ended December 31, 2014 was \$1,060,348.

A comparison to the Net Position at December 31, 2014 is shown below. The net investment in capital assets decreased by \$2,704,425 attributed to a new \$4,000,000 bonded debt and the unrestricted assets increased by \$3,744,439 attributed to the new bond issue.

	<u>12/31/14</u>	<u>12/31/13</u>	<u>Change</u>
Net invested in capital assets	\$ 31,748,283	\$ 34,452,708	\$ (2,704,425)
Restricted for depreciation fund	1,957,878	1,937,544	20,334
Unrestricted	<u>11,900,989</u>	<u>8,156,550</u>	<u>3,744,439</u>
Total Net Position	<u>\$ 45,607,150</u>	<u>\$ 44,546,802</u>	<u>\$ 1,060,348</u>

The Statement of Cash Flows provides information about cash receipts, cash payments, investing, and financing activities during the accounting period. A review of our Statement of Cash Flows indicates that cash receipts from operating activities adequately covered our operating expenses in 2014.

The following is a summary of the Plant's financial data for the current year and the prior two years.

Summary of Net Position

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Current assets	\$ 14,671,640	\$ 16,418,571	\$ 17,095,386
Noncurrent assets	<u>45,413,584</u>	<u>44,287,345</u>	<u>39,057,044</u>
Total assets	<u>\$ 60,085,224</u>	<u>\$ 60,705,916</u>	<u>\$ 56,152,430</u>
Current liabilities	\$ 7,409,171	\$ 12,544,923	\$ 8,643,413
Noncurrent liabilities	<u>7,068,903</u>	<u>3,614,191</u>	<u>4,274,534</u>
Total liabilities	14,478,074	16,159,114	12,917,947
Net position:			
Net investment in capital assets	31,748,283	34,452,708	31,430,798
Restricted for depreciation fund	1,957,878	1,937,544	1,540,845
Unrestricted	<u>11,900,989</u>	<u>8,156,550</u>	<u>10,262,840</u>
Total net position	<u>45,607,150</u>	<u>44,546,802</u>	<u>43,234,483</u>
Total liabilities and net position	<u>\$ 60,085,224</u>	<u>\$ 60,705,916</u>	<u>\$ 56,152,430</u>

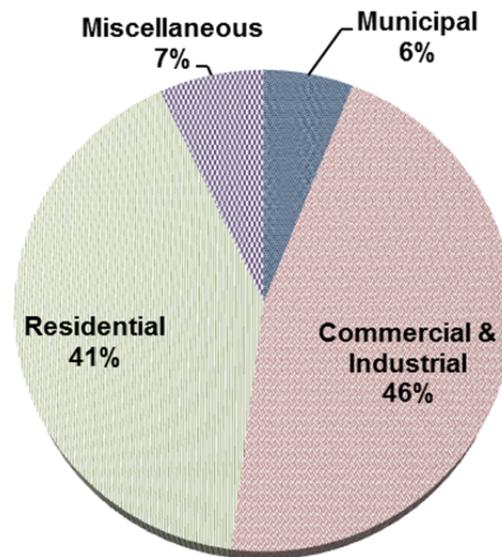
Summary of Changes in Net Position

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues	\$ 26,378,663	\$ 25,844,375	\$ 28,473,103
Operating expenses	<u>(24,078,883)</u>	<u>(23,142,707)</u>	<u>(26,283,417)</u>
Operating income	2,299,780	2,701,668	2,189,686
Non-operating revenues (expenses)	<u>(151,061)</u>	<u>(99,492)</u>	<u>(119,165)</u>
Net income before other financing sources	2,148,719	2,602,176	2,070,521
Other financing sources			
Loss on disposal of capital assets	(29,721)	(842,057)	(170,069)
Payment in lieu of taxes	(458,650)	(447,800)	(385,000)
Surplus reduction	<u>(600,000)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 1,060,348</u>	<u>\$ 1,312,319</u>	<u>\$ 1,515,452</u>

B. FINANCIAL HIGHLIGHTS

Operating revenues for 2014 increased by \$534,288 or 2% from 2013. This increase was caused primarily because of an increase of customer charges for purchase power and fuel charges.

Source of 2014 Operating Revenues



Total operating expenses for 2014 increased by \$936,176 or 4% from 2013. The largest portion of this increase was caused by an increase in purchase power costs and fuel charges.

Payments in lieu of taxes to the Town of Concord increased from the prior year by \$10,850 to \$458,650.

C. CAPITAL ASSETS

Capital assets. The Plant's total investment in capital assets at year end was \$39,143,283 (net of accumulated depreciation but before related debt of \$7,395,000), an increase of \$835,575 from the prior year. This investment in capital assets includes land, construction in progress, structures and improvements, equipment and furnishings, transmission, distribution and communications assets.

Long-term debt. At December 31, 2014, total bonded debt was \$7,395,000.

D. OTHER INFORMATION

Broadband operations.

In 2014 CMLP brought a municipal high-speed internet service to market using its fiber optic network. The April 2013 Annual Town Meeting approved Article 48 had authorized borrowing of up to \$1,000,000 to fund telecommunications startup expenses. CMLP borrowed \$100,000 for initial expenses and made the service generally available on March 17, 2014. By December 31, 2014, CMLP had 189 commercial and residential customers connected. As of December 2014,

annualized revenue from Broadband was over \$160,000 per year. CMLP continued to support the Town of Concord's School Department Internet connection. That service was increased from 400 Mbps to one gigabit per second over the summer of 2014. In 2014, CMLP continued to provide "dark fiber" leases to businesses. Three new leases were added in 2014 bringing the total to eight. The lease agreements provide fiber connections to telecommunication service providers who wish to gain access to serve local businesses in Concord. CMLP earns revenue from the fiber leases, the service providers benefit from faster, less-expensive installations, and the businesses get access to advanced telecommunication services.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Concord Municipal Light Plant's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

CMLP Director
Town of Concord Municipal Light Plant
1175 Elm Street
P.O. Box 1029
Concord, Massachusetts, 01742

TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

BUSINESS-TYPE PROPRIETARY FUND
STATEMENT OF NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current:		
Unrestricted cash and short-term investments	\$ 5,909,266	\$ 7,677,903
Receivables, net of allowance for uncollectable	4,446,960	4,432,026
Prepaid expenses	3,283,723	3,375,854
Inventory	961,290	878,770
Other	<u>70,401</u>	<u>54,018</u>
Total current assets	14,671,640	16,418,571
Noncurrent:		
Restricted cash	6,023,360	5,700,465
Investment in associated companies	159,821	159,821
Other post-employment benefits	87,120	119,351
Land and construction in progress	3,650,767	4,574,229
Capital assets, net of accumulated depreciation	<u>35,492,516</u>	<u>33,733,479</u>
Total noncurrent assets	<u>45,413,584</u>	<u>44,287,345</u>
TOTAL ASSETS	60,085,224	60,705,916
LIABILITIES		
Current:		
Accounts payable	2,795,055	4,232,027
Accrued liabilities	148,673	176,833
Customer deposits	249,372	324,868
Customer advances for construction	61,486	153,510
Notes payable	-	3,935,000
Provision for rate stabilization	3,179,711	3,075,697
Provision for injuries and damages	183,527	180,573
Current portion of long-term liabilities:		
Bonds payable	785,000	460,000
Accrued employee compensated absences	<u>6,347</u>	<u>6,415</u>
Total current liabilities	7,409,171	12,544,923
Noncurrent:		
Bonds payable, net of current portion	6,610,000	3,395,000
Accrued employee compensated absences	120,596	121,876
Unamortized bond premium	<u>338,307</u>	<u>97,315</u>
Total noncurrent liabilities	<u>7,068,903</u>	<u>3,614,191</u>
TOTAL LIABILITIES	14,478,074	16,159,114
NET POSITION		
Net investment in capital assets	31,748,283	34,452,708
Restricted for depreciation fund	1,957,878	1,937,544
Unrestricted	<u>11,900,989</u>	<u>8,156,550</u>
TOTAL NET POSITION	\$ <u>45,607,150</u>	\$ <u>44,546,802</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

BUSINESS-TYPE PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues	\$ <u>26,378,663</u>	\$ <u>25,844,375</u>
Total Operating Revenues	26,378,663	25,844,375
Operating Expenses:		
Purchase power	17,933,956	17,161,701
Operating	3,024,220	2,768,401
Depreciation	1,666,685	1,592,828
Customer accounts	702,361	846,710
Distribution	656,934	683,871
Transmission	<u>94,727</u>	<u>89,196</u>
Total Operating Expenses	<u>24,078,883</u>	<u>23,142,707</u>
Operating Income	2,299,780	2,701,668
Nonoperating Revenues (Expenses):		
Interest income	22,182	26,753
Interest expense	(192,701)	(133,440)
Other	<u>19,458</u>	<u>7,195</u>
Total Nonoperating Revenues (Expenses), Net	<u>(151,061)</u>	<u>(99,492)</u>
Net Income Before Other Financing Sources (Uses)	2,148,719	2,602,176
Other financing (uses):		
Loss on disposal of capital assets	(29,721)	(842,057)
Payment in lieu of taxes	(458,650)	(447,800)
Provision for rate refund	<u>(600,000)</u>	<u>-</u>
Total other financing (uses)	<u>(1,088,371)</u>	<u>(1,289,857)</u>
Change in Net Position	1,060,348	1,312,319
Net Position at Beginning of Year	<u>44,546,802</u>	<u>43,234,483</u>
Net Position at End of Year	<u>\$ <u>45,607,150</u></u>	<u>\$ <u>44,546,802</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

BUSINESS-TYPE PROPRIETARY FUND
STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>Cash Flows From Operating Activities:</u>		
Receipts from customers and users	\$ 26,533,300	\$ 24,619,772
Payments to vendors and employees	<u>(23,991,317)</u>	<u>(20,703,462)</u>
Net Cash Provided By Operating Activities	2,541,983	3,916,310
<u>Cash Flows From Noncapital Financing Activities:</u>		
Payment in lieu of taxes	<u>(458,650)</u>	<u>(447,800)</u>
Net Cash (Used For) Noncapital Financing Activities	(458,650)	(447,800)
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Acquisition and construction of capital assets	(2,527,442)	(4,716,565)
Gain or loss on disposition of assets	(4,539)	-
Proceeds from bond anticipation notes	-	3,935,000
Contributions in aid of construction	(92,024)	(62,837)
Principal payments on bonds	(395,000)	(760,000)
Interest expense	(192,701)	(133,440)
Surplus reduction	(600,000)	-
Other	<u>260,450</u>	<u>19,770</u>
Net Cash (Used For) Capital and Related Financing Activities	(3,551,256)	(1,718,072)
<u>Cash Flows From Investing Activities:</u>		
Investment income	22,182	26,753
(Increase) in restricted cash and investments	<u>(322,896)</u>	<u>(356,646)</u>
Net Cash (Used For) Investing Activities	<u>(300,714)</u>	<u>(329,893)</u>
Net Change in Cash and Short-Term Investments	(1,768,637)	1,420,545
Unrestricted Cash and Short Term Investments, Beginning of Year	<u>7,677,903</u>	<u>6,257,358</u>
Unrestricted Cash and Short Term Investments, End of Year	<u>\$ 5,909,266</u>	<u>\$ 7,677,903</u>
<u>Reconciliation of Operating Income to Net Cash:</u>		
Operating income	\$ 2,299,780	\$ 2,701,668
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation expense	1,666,685	1,592,828
(Increase) decrease in:		
Accounts receivable	123,165	(346,685)
Prepaid and other assets	(30,121)	(112,559)
Inventory	(82,520)	(55,140)
Accounts payable and accrued liabilities	(1,436,972)	1,006,618
Accrued expenses	(28,158)	(1,093)
Provision for Stabilization	104,014	(689,635)
Provision for CARES	-	(195,324)
Other liabilities	<u>(73,890)</u>	<u>15,632</u>
Net Cash Provided By Operating Activities	<u>\$ 2,541,983</u>	<u>\$ 3,916,310</u>

The accompanying notes are an integral part of these financial statements.

Town of Concord Municipal Light Plant

Notes to Financial Statements

1. Summary of Significant Accounting Policies

- A. Reporting Entity - These financial statements present only the Town of Concord Municipal Light Plant (“the Plant”), an enterprise fund of the Town of Concord, Massachusetts. These financial statements are not intended to and do not, present fairly the financial position of the Town of Concord, Massachusetts and the results of its operations and cash flows, in conformity with accounting principles generally accepted in the United States of America.
- B. Business Activity - The Plant purchases electricity which it distributes to consumers within the Town of Concord, Massachusetts. The Plant operates under the provisions of Chapter 164 of the Massachusetts General Laws, with a Municipal Light Board appointed by the Town Manager. The Town Manager appoints the CMLP Director who has full charge of the day-to-day operations and management of the Plant, under the general direction of the Town Manager.
- C. Regulation and Basis of Accounting – Under Massachusetts General Laws, the Plant’s electric rates are set by the Municipal Light Board. Electric rates, excluding the fuel charge, cannot be changed more often than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general authority over the Plant, the Plant’s rates are not subject to DPU approval. The Plant’s policy is to prepare its financial statements in conformity with generally accepted accounting principles.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

- D. Concentrations - The Plant operates within the electric utility industry which has undergone significant restructuring and deregulation. Legislation enacted by the Commonwealth of Massachusetts in 1998 introduced competition and provided consumers with additional power supply choices while assuring continued reliable service. However, municipal electric utilities are not currently subject to this legislation.

- E. Revenues - Revenues are based on rates established by the Plant and filed with the DPU. Revenues from sales of electricity are recorded on the basis of bills rendered from monthly meter readings taken on a cycle basis. Recognition is given to the amount of sales to customers which are unbilled at the end of the fiscal period.

A key component of operating revenues is the Purchased Power & Fuel Cost Adjustment (PP&FCA). This adjustment allows the Plant to recover fluctuating power supply and fuel costs from customers by increasing or decreasing their energy charges per kilowatt hour by the amount that actual power supply and fuel costs exceed their standard base rate.

- F. Cash and Short-term Investments - For the purpose of the Statements of Cash Flows, the Plant considers all restricted and unrestricted cash on deposit with the Town Treasurer as cash and short-term investments. For the purposes of the Statements of Net Position, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.
- G. Inventory – Plant supplies inventory consists of parts and accessories purchased for use in the utility business for construction, operation, and maintenance purposes and are stated at average cost. Meters and transformers are capitalized when purchased.
- H. Capital Assets and Depreciation - Capital assets, which include property, plant, equipment, and utility plant infrastructure, are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as they are acquired or constructed. When capital assets are retired, the cost of the retired asset, less accumulated depreciation, salvage value, and any cash proceeds, is charged to the Plant's unrestricted net position.

Massachusetts General Laws require utility plant in service to be depreciated at an annual rate of three percent. Temporary increases in annual depreciation rates may be made for financial factors relating to cash flow for plant expansion, and are subject to DPU notification and review.

- I. Compensated Absences – The employment benefit plan, consistent with the Town's policy, provides that employees are entitled to a minimum of ten days vacation per year up to twenty-five days per year depending on years of service and employment classification. Employees are allowed to accumulate monthly and carry forward to the following month their unused

vacation days for a year subject to a cap equal to the employees annual rate of accrual plus five days.

- J. Long-term Obligations – The proprietary fund financial statements report long-term debt and other long-term obligations as liabilities in the Proprietary Fund Statement of Net Position.
- K. Equity – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the Plant or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. The remaining net position is reported as unrestricted.
- L. Use of Estimates – The preparation of basic 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.
- M. Rate of Return - The Plant's rates must be set such that earnings attributable to electric operations do not exceed eight percent of the net cost of plant. In 2014, the Plant's earnings did not exceed this threshold.

2. Cash and Short-Term Investments

A. Custodial Credit Risk

Custodial Credit Risk is the risk that in the event of a bank failure, the Plant's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town of Concord is responsible for implementing policies for deposit custodial credit risk.

Because all of the Plant's cash is in the custody of the Town's Treasurer, all bank accounts are maintained in the name of the Town. At December 31, 2014, virtually all of the total bank balances are held in MMDT, the local government money market investment pool, for which the State Treasurer is sole trustee and which is managed by Federated Investors under contract to the State Treasurer.

3. Receivables

Receivables consist of the following at December 31, 2014:

Customer Accounts:			
Billed	\$	2,109,120	
Less allowances:			
Uncollectible accounts		<u>(30,000)</u>	
Total billed			2,079,120
Unbilled, net			<u>2,089,272</u>
Total customer accounts			4,168,392
Other Accounts:			
Merchandise sales		195,049	
Liens and other		<u>83,519</u>	
Total other accounts			<u>278,568</u>
Total net receivables	\$		<u><u>4,446,960</u></u>

4. Prepaid Expenses

Prepaid expenses consist of advance payments for purchased power.

Purchased power	\$	2,929,656
NYPA prepayment fund		85,885
Pension		207,254
Insurance and other		<u>60,928</u>
Total	\$	<u><u>3,283,723</u></u>

5. Inventory

Inventory comprises supplies and materials at December 31, 2014 and is valued using the average cost method:

6. Restricted Cash

Restricted cash consists of the following at December 31, 2014:

Bond fund 2006-2015	\$	45,833
Bond fund 2007-2017		87,500
Bond fund 2011-2026		200,000
Bond fund 2014-2027		175,000
Bond interest fund		36,063
Broadband bond fund 2014-2018		14,583
Customer advances for construction fund		65,286
Customer deposits fund		249,372
Depreciation fund		1,957,878
Emergency repairs fund		1,130,000
Rate stabilization fund		849,799
Underground fund		1,028,519
Worker's compensation insurance fund		<u>183,527</u>
Total	\$	<u>6,023,360</u>

The Plant maintains the following restricted cash and investment accounts:

- Bond funds – These funds consist of current bond principal and interest payable being set aside monthly for interest and bond payments due within twelve months per the Massachusetts Department of Public Utilities.
- Bond interest fund – This fund consists of current bond interest payable being set aside monthly for bond interest payments due within twelve months per the Massachusetts Department of Public Utilities.
- Customer advances for construction fund – This represents customer deposits held for special construction projects.
- Customer deposits fund – This represents residential and commercial customer service deposits that are held in escrow.
- Depreciation fund - The Plant reserves 3.0% of depreciable utility plant assets each year to fund current and future capital improvements.
- Emergency repairs fund – This fund was established to be used in the event of a major equipment failure.
- Rate stabilization fund - This account is used to stabilize customer rates and reflects the accumulated difference between estimated and actual purchase power costs.

- Underground fund – This fund was established in 1987 for the purpose of placing existing overhead lines underground. Currently a 1.5% charge on all electric bills is used to replenish this fund.
- Worker’s compensation insurance fund – The Plant maintains a self-insurance fund for payment of workers compensation claims and for injury and damage claims.

7. Investment in Associated Companies

Under agreements with the New England Hydro-Transmission Electric Company, Inc. (NEH) and the New England Hydro-Transmission Corporation (NHH), the Plant has made advances to fund its equity requirements for the Hydro-Quebec Phase II interconnection. The Plant is carrying its investment at cost, reduced by shares repurchased. As of December 31, 2014, the market value of these investments cannot be readily determined.

The Light Plant also purchased a five percent interest in Energy New England, LLC for \$150,000 in 2007. Energy New England is an energy and energy services cooperative established to assist publicly owned entities to ensure their continued viability in the deregulated wholesale electric utility markets and to strengthen their competitive position in the retail energy market for the benefit of the municipal entities. Energy New England functions as an autonomous, entrepreneurial business unit that is free from many of the constraints imposed on traditional municipal utility operations. The balance, reflected at cost, was \$150,000 as of December 31, 2014.

Investment in associated companies consists of the following, at December 31, 2014:

Hydro-Quebec	\$ 9,821
Energy New England, LLC	<u>150,000</u>
Total	<u>\$ 159,821</u>

8. Capital Assets

The following is a summary of fiscal year 2014 capital asset activity (in thousands):

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Structures and improvements	\$ 8,419	\$ 202	\$ (18)	\$ 8,603
Equipment and furnishings	12,812	797	(108)	13,501
Infrastructure	32,239	2,451	(3)	34,687
Intangible	<u>2,086</u>	<u>-</u>	<u>-</u>	<u>2,086</u>
Total capital assets, being depreciated	55,556	3,450	(129)	58,877
Less accumulated depreciation for:				
Structures and improvements	(3,121)	(253)	6	(3,368)
Equipment and furnishings	(4,067)	(519)	96	(4,490)
Infrastructure	(13,925)	(881)	-	(14,806)
Intangible	<u>(709)</u>	<u>(11)</u>	<u>-</u>	<u>(720)</u>
Total accumulated depreciation	<u>(21,822)</u>	<u>(1,664)</u>	<u>102</u>	<u>(23,384)</u>
Total capital assets, being depreciated, net	33,734	1,786	(27)	35,493
Capital assets, not being depreciated:				
Land	684	-	-	684
Construction in progress	<u>3,890</u>	<u>1,017</u>	<u>(1,940)</u>	<u>2,967</u>
Total capital assets, not being depreciated	<u>4,574</u>	<u>1,017</u>	<u>(1,940)</u>	<u>3,651</u>
Capital assets, net	<u>\$ 38,308</u>	<u>\$ 2,803</u>	<u>\$ (1,967)</u>	<u>\$ 39,144</u>

9. Accrued Liabilities

Accrued liabilities consist of the following at December 31, 2014:

Accrued payroll	\$ 58,813
Accrued sales tax	58,156
Accrued bond interest	<u>31,704</u>
Total	<u>\$ 148,673</u>

10. Customer Deposits

This balance represents deposits received from residential and commercial customers that are held in escrow. Earned interest is applied to customer accounts at year-end or when the deposit is applied to their closed accounts.

11. Long-Term Debt

A. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities of the Plant. General obligation bonds currently outstanding are as follows:

<u>Business-Type Activities:</u>	<u>Serial Maturities Through</u>	<u>Coupon Interest Rate(s) %</u>	<u>Amount Outstanding as of 12/31/14</u>
Infrastructure improvements	03/01/15	3.60% - 3.625%	\$ 55,000
Infrastructure improvements	03/01/17	4.00% - 5.00%	240,000
Smart grid	05/15/26	2.00% - 4.00%	3,100,000
Light plant expansion	06/01/27	2.07%	3,900,000
Telecom	06/01/18	3.00%	<u>100,000</u>
Total Business-Type Activities			<u>\$ 7,395,000</u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2014 are as follows:

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 785,000	\$ 233,047	\$ 1,018,047
2016	730,000	203,576	933,576
2017	655,000	178,349	833,349
2018	625,000	157,501	782,501
2019	600,000	136,124	736,124
2020 - 2024	2,700,000	384,876	3,084,876
2025 - 2029	<u>1,300,000</u>	<u>46,688</u>	<u>1,346,688</u>
Total	<u>\$ 7,395,000</u>	<u>\$ 1,340,161</u>	<u>\$ 8,735,161</u>

C. Changes in General Long-Term Liabilities

During the year ended December 31, 2014, the following changes occurred in long-term liabilities:

	<u>Total Balance 1/1/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Balance 12/31/14</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion 12/31/14</u>
<u>Business-Type Activities</u>						
General obligation bonds	\$ 3,855,000	\$ 4,000,000	\$ (460,000)	\$ 7,395,000	\$ (785,000)	\$ 6,610,000
Compensated absence	128,291	-	(1,348)	126,943	(6,347)	120,596
Unamortized premium	<u>97,315</u>	<u>260,448</u>	<u>(19,456)</u>	<u>338,307</u>	<u>-</u>	<u>338,307</u>
Totals	<u>\$ 4,080,606</u>	<u>\$ 4,260,448</u>	<u>\$ (480,804)</u>	<u>\$ 7,860,250</u>	<u>\$ (791,347)</u>	<u>\$ 7,068,903</u>

12. **Restricted Net Position**

Restricted net position is reported when external constraints are placed on net position. Specifically, restricted net position represents depreciation fund reserves, which are restricted for future capital costs.

13. **Commitments and Contingencies**

Outstanding Legal Issues – There are several pending legal issues in which the Plant is involved. The Plant’s management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

14. **Post-Employment Health Care and Life Insurance Benefits**

Other Post-Employment Benefits

GASB Statement 45, requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statements of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statements of Net Position over time.

A. Plan Description

In addition to providing the pension benefits described in Note 15, the Plant provides post-employment health and life insurance benefits for retired employees through the Town of Concord’s plan with Minuteman-Nashoba Health Group. Benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of June 30, 2014, the actuarial valuation date, approximately 22 retirees and 62 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Plant provides post-employment medical and life insurance benefits to all eligible retirees and their surviving spouses. All active employees who retire from the Plant and meet the eligibility criteria will be eligible to receive these benefits.

C. Funding Policy

Medicare eligible retirees contribute 50% of the cost of the medical and prescription drug plan. Early retirees and non-Medicare eligible retirees age 65 or greater remain eligible for coverage under active employee plans and contribute at active employee rates ranging from 37% to 48%. Retirees also contribute 50% of the premium for a \$5,000 life insurance benefit. The Plant contributes the remainder of the medical and life insurance plan costs on an actuarial funding plan.

D. Annual OPEB Costs and Net OPEB Obligation

The Plant's 2014 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Plant's annual OPEB cost for the year ending December 31, 2014, the amount actually contributed to the plan, and the change in the Plant's net OPEB obligation based on an actuarial valuation as of June 30, 2014.

Annual Required Contribution (ARC)	\$ 123,812
Interest on net OPEB obligation	(8,951)
Adjustment to ARC	<u>7,428</u>
Annual OPEB cost	122,289
Premiums and implicit subsidy paid	(79,580)
Projected benefit payments	<u>(10,478)</u>
Increase in net OPEB obligation	32,231
Net OPEB obligation (asset) - beginning of year	<u>(119,351)</u>
Net OPEB obligation (asset) - end of year	<u>\$ (87,120)</u>

The Plant's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 122,288	73.64%	\$ (87,120)
2013	\$ 109,970	100.00%	\$ (119,351)
2012	\$ 114,616	385.00%	\$ (119,351)

The Plant's net OPEB asset as of December 31, 2014 is recorded as a component of "assets" line item in the Statement of Net Position.

E. Funded Status and Funding Progress

The OPEB Trust fund assets are held by the Town Treasurer in a single fund, with a share of assets attributed to the Plant. The funded status of the plan as of June 30, 2014, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 1,882,092
Actuarial value of plan assets	<u>808,315</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,073,777</u>
Funded ratio (actuarial value of plan assets/AAL)	42.95%
Covered payroll (active plan members)	\$ 2,431,000
UAAL as a percentage of covered payroll	44.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Plant and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Plant and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 7.5% investment rate of return and an initial annual health care cost trend rate range of 4.0% to 9.2% which decreases to a 5.0% long-term rate for all health care benefits after seven years. The amortization costs for the initial UAAL is a level percentage of payroll amortization, with amortization payments increasing at 3.25% per year for a period of 25 years.

15. **Pension Plan**

The Plant follows the provisions of GASB Statement No. 27, (as amended by GASB 50) *Accounting for Pensions for State and Local Government Employees*, with respect to the employees' retirement funds. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan, and the State legislature has the authority to grant cost-of-living increases. The System issues a publicly available financial report which can be obtained through the Town of Concord Contributory Retirement System at Town House, Concord, Massachusetts.

A. *Plan Description*

The Plant contributes to the Town of Concord Contributory Retirement System (the System), a cost-sharing, multiple-employer, defined benefit pension plan administered by the Town of Concord. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases.

B. *Funding Policy*

Plan members are required to contribute to the System at rates ranging from 5% to 9% of annual covered compensation. The Plant is required to pay into the System its share of the remaining system wide actuarially determined contribution plus administration costs which are apportioned among the employers based on active covered payroll. The contributions of plan members and the Plant are governed by Chapter 32 of the Massachusetts General Laws. The Plant's contributions to the System for the years ended December 31, 2014, 2013, and 2012 were \$403,508, \$392,747, and \$318,010, respectively, which were equal to its annual required contributions for each of these years.

16. **Participation in Massachusetts Municipal Wholesale Electric Company**

The Town of Concord, acting through its Light Plant, is a participant in the New York Power Administration Niagara Project (NYPA) which is administered through the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or

purchase ownership interests in, and to issue revenue bonds to finance electric facilities.

The Power Purchase Agreement with MMWEC for NYPA requires that each Project Participant pay its pro rata share of MMWEC's costs related to the Project in addition to its share of capacity, energy, transmission and working capital funding.

CMLP is a 2.090% entitlement holder in the Massachusetts allocation of the NYPA firm and peaking energy. The contracts are for the life of the units and the 2014 average energy price for the NYPA is \$0.04532/kWh.

17. Payment in Lieu of Taxes

The language "payment in lieu of taxes" is used with reference to the inter-fund transfer within the municipal corporate entity because it is the language used in the statute authorizing the establishment and operation of municipal light plants (MGL Ch. 164). The CMLP PILOT is a transfer from the Light Fund to the General Fund.

The particular method in arriving at an appropriate amount of this transfer is not prescribed by statute, but rather Concord's specific amount has been derived from a formula worked out jointly by the Finance Department and the CMLP and approved by the Town Manager. The formula applies the current property tax rate to the net book value of CMLP as of June 30, 2013.

18. Risk Management

The Plant is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters, for which the Plant carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three years.

19. Implementation of New GASB Standards

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which the Plant is required to implement in 2015. Management's current assessment is that this pronouncement will require the Plant to recognize as a liability/expense the proportionate share of the Concord Contributory Retirement System net pension liability.

**TOWN OF CONCORD, MASSACHUSETTS, MUNICIPAL LIGHT DEPARTMENT
SCHEDULE OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION**

**December 31, 2014
(Unaudited)**

Other Post-Employment Benefits (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
06/30/14	\$ 808	\$ 1,882	\$ 1,074	42.9%	\$ 2,431	44.2%
01/01/12	\$ 640	\$ 1,573	\$ 933	40.7%	\$ 2,427	38.4%
01/01/09	\$ -	\$ 2,933	\$ 2,933	0.0%	N/A	N/A

Employees' Retirement System (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
06/30/14	\$ 115,340	\$ 142,405	\$ 27,065	81.0%	\$ 27,514	98.4%
01/01/12	\$ 94,996	\$ 123,798	\$ 28,802	76.7%	\$ 25,221	114.2%
01/01/10	\$ 90,445	\$ 106,054	\$ 15,609	85.3%	\$ 24,097	64.8%
01/01/08	\$ 90,963	\$ 94,681	\$ 3,718	96.1%	\$ 21,295	17.5%
01/01/06	\$ 75,974	\$ 83,989	\$ 8,015	90.5%	\$ 18,925	42.4%
01/01/04	\$ 63,067	\$ 76,564	\$ 13,497	82.4%	\$ 17,996	75.0%
01/01/02	\$ 56,748	\$ 67,763	\$ 11,015	83.7%	\$ 16,776	65.7%
01/01/00	\$ 56,251	\$ 59,720	\$ 3,469	94.2%	\$ 14,807	23.4%
01/01/98	\$ 43,221	\$ 51,392	\$ 8,171	84.1%	\$ 13,676	59.7%
01/01/96	\$ 33,678	\$ 42,701	\$ 9,023	78.9%	\$ 11,930	75.6%
01/01/94	\$ 27,603	\$ 38,207	\$ 10,604	72.2%	\$ 11,314	93.7%

**Employees' Retirement System
Schedule of Employer Contributions**

Plan Year End	Concord Retirement System			Concord Municipal Light Department	
	Annual Required Contributions	Actual Contributions	Percent Contributed	Actual Contributions	Plant Contributions as a % of Total Town Contributions
12/31/14	\$ 4,051,945	\$ 4,051,945	100%	\$ 403,508	10.0%
12/31/13	\$ 3,943,818	\$ 3,943,818	100%	\$ 392,747	10.0%
12/31/12	\$ 3,430,345	\$ 3,430,345	100%	\$ 318,010	9.3%
12/31/11	\$ 3,352,832	\$ 3,352,832	100%	\$ 289,795	8.6%
12/31/10	\$ 3,226,582	\$ 3,226,582	100%	\$ 256,337	7.9%

See Independent Auditors' Report.

TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

SCHEDULE OF UTILITY PLANT IN SERVICE
DECEMBER 31, 2014

	<u>Cost 01/01/14</u>	<u>Cost Property Added 2014</u>	<u>Cost Property Disposed of 2014</u>	<u>Cost 12/31/14</u>	<u>Accumulated Depreciation 01/01/14</u>	<u>Depreciation 2014</u>	<u>Reversed Depreciation 2014</u>	<u>Accumulated Depreciation 12/31/14</u>	<u>Net Utility Plant 12/31/14</u>
Utility plant in service									
Transmission plant									
Land and land rights	\$ 497,589	\$ -	\$ -	\$ 497,589	\$ -	\$ -	\$ -	\$ -	\$ 497,589
Structures and improvements	2,178,583	-	-	2,178,583	1,188,766	65,358	-	1,254,124	924,459
Station equipment	3,903,063	371,609	-	4,274,672	1,131,937	117,092	-	1,249,029	3,025,643
Underground conduit	3,251,785	-	-	3,251,785	1,667,658	65,036	-	1,732,694	1,519,091
Underground conductors and devices	2,488,175	-	-	2,488,175	1,518,103	74,645	-	1,592,748	895,427
Total transmission plant	<u>12,319,195</u>	<u>371,609</u>	<u>-</u>	<u>12,690,804</u>	<u>5,506,464</u>	<u>322,131</u>	<u>-</u>	<u>5,828,595</u>	<u>6,862,209</u>
Distribution plant									
Land and land rights	186,275	-	-	186,275	-	-	-	-	186,275
Structures and improvements	684,191	110,998	11,500	783,689	363,225	20,526	3,450	380,301	403,388
Station equipment	816,322	-	-	816,322	293,277	24,490	-	317,767	498,555
Poles, towers, and structures	1,125,041	418,611	-	1,543,652	823,381	32,822	-	856,203	687,449
Overhead conductors and devices	2,703,434	808,562	-	3,511,996	1,470,554	81,103	-	1,551,657	1,960,339
Underground conduits	8,887,125	120,184	-	9,007,309	2,531,979	177,743	-	2,709,722	6,297,587
Underground conductors and devices	6,410,496	174,449	-	6,584,945	2,467,045	192,315	-	2,659,360	3,925,585
Line transformers	3,971,890	486,028	-	4,457,918	2,516,106	119,157	-	2,635,263	1,822,655
Services	958,796	186,139	-	1,144,935	213,556	28,764	-	242,320	902,615
Service conversions	459,798	51,626	-	511,424	166,942	13,794	-	180,736	330,688
Meters	947,984	97,835	1,340	1,044,479	241,972	47,399	412	288,959	755,520
Installation on customer premises	66,742	1,122	-	67,864	24,351	2,002	-	26,353	41,511
Street lighting and signal systems	967,796	17,395	-	985,191	283,951	48,390	-	332,341	652,850
ONT Installation	-	89,484	-	89,484	-	-	-	-	89,484
Total distribution plant	<u>28,185,890</u>	<u>2,562,433</u>	<u>12,840</u>	<u>30,735,483</u>	<u>11,396,339</u>	<u>788,505</u>	<u>3,862</u>	<u>12,180,982</u>	<u>18,554,501</u>
General plant									
Office furniture and equipment	224,602	41,657	19,953	246,306	136,237	11,239	7,782	139,694	106,612
Computer equipment	320,360	107,183	12,143	415,400	259,406	20,118	12,143	267,381	148,019
Structures and improvements	5,555,746	91,343	6,200	5,640,889	1,569,220	166,672	2,167	1,733,725	3,907,164
Transportation equipment	1,926,155	93,371	43,897	1,975,629	1,238,809	154,092	43,897	1,349,004	626,625
Stores equipment	89,882	55,513	-	145,395	64,899	1,798	-	66,697	78,698
Tools, shop, and garage equipment	82,222	14,660	-	96,882	48,454	6,578	-	55,032	41,850
Laboratory equipment	167,102	2,787	31,913	137,976	77,887	13,368	31,913	59,342	78,634
Communication equipment	153,057	10,000	-	163,057	41,118	5,295	-	46,413	116,644
Power operated equipment	41,857	47,910	-	89,767	37,525	2,093	-	39,618	50,149
Smart Grid equipment	4,071,591	41,121	-	4,112,712	98,309	122,148	-	220,457	3,892,255
Fiber optics equipment	1,004,083	11,321	-	1,015,404	637,302	39,425	-	676,727	338,677
Miscellaneous equipment	11,874	-	-	11,874	1,557	1,781	-	3,338	8,536
Total general plant	<u>13,648,531</u>	<u>516,866</u>	<u>114,106</u>	<u>14,051,291</u>	<u>4,210,723</u>	<u>544,607</u>	<u>97,902</u>	<u>4,657,428</u>	<u>9,393,863</u>
Intangible plant	<u>2,086,402</u>	<u>-</u>	<u>-</u>	<u>2,086,402</u>	<u>709,152</u>	<u>11,443</u>	<u>-</u>	<u>720,595</u>	<u>1,365,807</u>
Total utility plant in service	<u>\$ 56,240,018</u>	<u>\$ 3,450,908</u>	<u>\$ 126,946</u>	<u>\$ 59,563,980</u>	<u>\$ 21,822,678</u>	<u>\$ 1,666,686</u>	<u>\$ 101,764</u>	<u>\$ 23,387,600</u>	<u>\$ 36,176,380</u>

See Independent Auditors' Report.

TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

SCHEDULES OF OPERATING REVENUES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Operating Revenues		Kilowatt Hours Sold		Per Kilowatt Hour (cents)	
	2014	2013	2014	2013	2014	2013
Sales of electricity:						
Residential sales	\$ 10,885,481	\$ 10,899,262	71,773,433	73,310,385	\$ 0.15	\$ 0.15
Commercial and industrial sales:						
Small/Medium	6,151,562	5,767,758	37,820,101	36,456,407	\$ 0.16	\$ 0.16
Large	6,011,709	5,887,837	47,746,764	46,231,099	\$ 0.13	\$ 0.13
Municipal sales						
Street lighting	66,629	71,130	448,598	450,440	\$ 0.15	\$ 0.16
Lighting and water heating for municipal buildings and schools	1,643,545	1,517,844	11,311,238	10,667,448	\$ 0.15	\$ 0.14
Miscellaneous sales	103,451	47,204	-	-		
Electric operating revenues billed	24,862,377	24,191,035	<u>169,100,134</u>	<u>167,115,779</u>	\$ 0.15	\$ 0.14
Net change in unbilled revenues	164,019	150,394				
Provision for CARES	-	195,285				
Provision for rate stabilization	495,986	689,635				
Electric operating revenues	<u>25,522,382</u>	<u>25,226,349</u>				
Other operating revenues:						
Broad band	134,439	3,601				
Underground surcharge	371,505	362,233				
CARES surcharge	128,787	125,572				
Income from merchandise and jobbing	194,253	97,457				
Other miscellaneous operating revenues	27,297	29,163				
Other operating revenues	<u>856,281</u>	<u>618,026</u>				
Operating revenues	<u>\$ 26,378,663</u>	<u>\$ 25,844,375</u>				
Total kilowatt hours purchased			<u>176,517,060</u>	<u>178,457,104</u>		
Total kilowatt hours sold (above)			169,100,134	167,115,779		
Kilowatt hours associated with change in unbilled revenues, estimated			164,965	638,363		
Kilowatt hours used in garage and substations			<u>597,260</u>	<u>679,722</u>		
Kilowatt hours accounted for			<u>169,862,359</u>	<u>168,433,864</u>		
Kilowatt hours unaccounted for			<u>6,654,701</u>	<u>10,023,240</u>		

See Independent Auditors' Report.

TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

SCHEDULES OF ELECTRIC OPERATION AND MAINTENANCE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Power supply expense	\$ <u>17,933,956</u>	\$ <u>17,161,701</u>
Administrative and general expenses		
Operations		
Administrative and general salaries	1,385,451	1,309,400
Office supplies and expense	72,963	69,501
Outside services employed	106,949	151,249
Property insurance	77,153	46,574
Employees' pensions and benefits	1,173,608	1,016,541
Miscellaneous expenses	<u>17,899</u>	<u>(9,210)</u>
Total operations	2,834,023	2,584,055
Maintenance of general plant	<u>190,197</u>	<u>184,345</u>
Total administrative and general expenses	<u>3,024,220</u>	<u>2,768,400</u>
Customer accounts expenses		
Meter-reading labor and expenses	11,042	1,949
Billing, collecting and associated costs	176,402	183,743
Customer information, service and education	490,264	645,781
Uncollectible accounts	5,566	8,869
Customer accounts supervision	<u>19,087</u>	<u>6,369</u>
Total customer accounts expenses	<u>702,361</u>	<u>846,711</u>
Distribution expenses		
Operations	263,813	219,789
Maintenance	<u>393,121</u>	<u>464,082</u>
Total distribution expenses	<u>656,934</u>	<u>683,871</u>
Transmission and subtransmission expenses		
Maintenance	<u>94,727</u>	<u>89,196</u>
Total transmission and subtransmission expenses	<u>94,727</u>	<u>89,196</u>
Total electric operation and maintenance expenses, excluding depreciation	\$ <u><u>22,412,198</u></u>	\$ <u><u>21,549,879</u></u>

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