

**Town of Concord, Massachusetts  
Municipal Light Plant**

**Financial Statements  
and Supplementary Information**

**For the Years Ended  
December 31, 2012 and 2011**

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## REPORT OF INDEPENDENT AUDITORS

To The Municipal Light Board  
**Town of Concord, Municipal Light Plant**  
Concord, Massachusetts

We have audited the accompanying financial statements of the **Town of Concord, Municipal Light Plant**, as of and for the years ended December 31, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the **Town of Concord, Municipal Light Plant's** management.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Massachusetts Department of Public Utilities. Management is also responsible 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 error or fraud.

### Auditors' 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 opinions.

### Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the **Town of Concord, Municipal Light Plant** on the basis of the financial reporting provisions of the Massachusetts Department of Public Utilities, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Massachusetts Department of Public Utilities. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, are presumed to be material.

### Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the **Town of Concord, Municipal Light Plant** as of December 31, 2012 and 2011, or the results of its operations or its cash flows for the years then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and surplus of the **Town of Concord, Municipal Light Plant** as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, on the basis of the financial reporting provisions of the Massachusetts Department of Public Utilities as described in Note 1.

### **Other - Matters**

Our audit was conducted for the purpose of forming opinions on the financial statements of the **Town of Concord, Municipal Light Plant's** financial statements as a whole. The management's discussion and analysis information on pages 3 through 6 and supplementary information on pages 22 through 26 are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information (except for kilowatt information, which was compiled without audit or review from information that is the representation of management, on which we do not express an opinion or any other form of assurance) has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The management's discussion and analysis 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 them.



Providence, Rhode Island  
August 1, 2013

**TOWN OF CONCORD, MASSACHUSETTS  
MUNICIPAL LIGHT PLANT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Within this section of the Town of Concord, Massachusetts, Municipal Light Plant's annual financial report, management provides narrative discussion and analysis of the financial activities of the Municipal Light Plant for the years ended December 31, 2012 and 2011. The Light Plant's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**Overview of the Financial Statements:**

The basic financial statements include (1) the balance sheets (2) the statements of revenues, expenses and changes in net assets (3) the cash flow statements and (4) notes accompanying the financial statements.

The Balance Sheets are designed to indicate the Light Plant's financial position as of a specific point in time. At December 31, 2012, it shows the Light Plant's net assets have increased \$1,515,452, or 3.6% compared to the year ended December 31, 2011. This increase is due to the net income of \$2,070,521 offset by a loss on retirement of plant of \$170,069 and a payment in lieu of taxes (PILOT) of \$385,000.

The Statements of Revenues, Expenses and Changes in Net Assets summarize the Light Plant's operating results for the years ended December 31, 2012 and 2011. As discussed in more detail below, the Light Plant's net income for 2012 and 2011, was \$2,070,521 and \$1,806,776, respectively.

The Statements of Cash Flows provide information about the cash receipts and cash payments during the accounting period. They also provide information about the investing and financing activities for the same period. A review of the Light Plant's Statements of Cash Flows indicates that the cash receipts from operating activities, (that is, electricity sales and related services) was not sufficient to cover the operating expenses in 2012.

**Summary of Net Assets**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 17,095,386	\$ 20,688,060	\$ 22,402,214
Noncurrent Assets	39,057,044	38,642,921	38,371,263
<b>Total Assets</b>	<b><u>\$ 56,152,430</u></b>	<b><u>\$ 59,330,981</u></b>	<b><u>\$ 60,773,477</u></b>
Current Liabilities	\$ 4,607,157	\$ 4,510,418	\$ 9,122,781
Noncurrent Liabilities	8,310,790	13,101,532	11,367,011
<b>Total Liabilities</b>	<b><u>12,917,947</u></b>	<b><u>17,611,950</u></b>	<b><u>20,489,792</u></b>
Invested in Capital Assets, Net of Related Debt	31,430,798	30,965,783	27,927,833
Restricted for Depreciation	1,540,845	951,780	935,901
Unrestricted	10,262,840	9,801,468	11,419,951
Total Net Assets	<u>43,234,483</u>	<u>41,719,031</u>	<u>40,283,685</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 56,152,430</u></b>	<b><u>\$ 59,330,981</u></b>	<b><u>\$ 60,773,477</u></b>

**TOWN OF CONCORD, MASSACHUSETTS  
MUNICIPAL LIGHT PLANT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Summary of Changes in Net Assets**

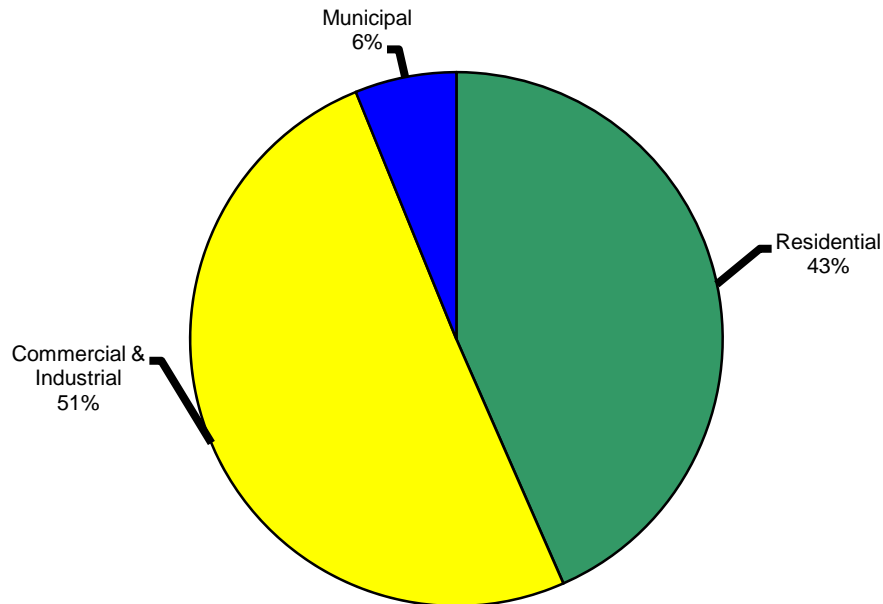
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating Revenues	\$ 28,473,103	\$ 27,703,175	\$ 28,048,826
Operating Expenses	<u>26,283,417</u>	<u>25,793,559</u>	<u>26,577,575</u>
Operating Income	2,189,686	1,909,616	1,471,251
Nonoperating Revenues Less: Nonoperating Expenses	<u>(119,165)</u>	<u>(102,840)</u>	<u>(29,316)</u>
Increase in Net Assets before Transfers	2,070,521	1,806,776	1,441,935
Transfers Out	<u>(555,069)</u>	<u>(371,430)</u>	<u>(604,159)</u>
<b>Increase in Net Assets</b>	<b><u><u>\$ 1,515,452</u></u></b>	<b><u><u>\$ 1,435,346</u></u></b>	<b><u><u>\$ 837,776</u></u></b>

**Financial Highlights:**

Operating revenues for 2012 increased by \$769,928 or 2.8% from 2011. This increase was due to billings in connection with higher power supply costs from 2011.

Total operating expenses for 2012 increased by \$489,858 or 1.9% from 2011. Power supply costs were the cause of this increase.

**Source of 2012 Operating Revenues**



**TOWN OF CONCORD, MASSACHUSETTS  
MUNICIPAL LIGHT PLANT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Utility Plant and Debt Administration:**

Utility Plant

There was a decrease in net utility plant in service of \$299,985 for 2012. This decrease is the difference between the current year additions of \$1,248,489 and (1) the net retirements of plant and equipment of \$73,078 and (2) the annual depreciation (3% of depreciable gross plant) expense of \$1,475,396. During 2012, additions to gross plant consisted of improvements and upgrades to the transmission, distribution and communications systems for \$965,289. Purchases of transportation equipment accounted for another \$217,026.

Debt Administration

The Light Plant owes a collective debt under four separate municipal bond issues of \$4.615 million dollars. Bond debt decreased \$765,000 from the 2011 balance, due to scheduled bond principal payments made during 2012.

**Significant Balances and Transactions:**

Depreciation Fund

The Light Plant maintains this fund to pay for capital investments and improvements. These capital items are paid from the operating fund, which is then replenished by funds transferred from the depreciation fund. The depreciation fund is required by state statute, and the Light Plant is required to set aside no less than 3% of its gross depreciable plant annually to be used for capital expenditures. This fund also receives interest income on its balance.

Underground Fund

Concord town meeting passed bylaws in 1987 for the purpose of placing existing overhead and future lines underground. This fund was established to hold funds for the purpose of carrying out the will of the town meeting vote in regards to replacing existing overhead lines with underground facilities. It has been funded from dividends, purchase power refunds, interest on fund balances, current operations and since June 1, 1999, a surcharge on all electric bills.

Rate Stabilization Fund

The rate stabilization fund was created in 2005 to mitigate expected higher power costs when the Constellation Power Source contract ended in 2009. The rate stabilization fund balance at December 31, 2012 was \$280,069.

Commitments and Contingencies

In 2008, the Light Plant entered into two power contracts to purchase monthly installed capacity. One was to purchase 8,100 KW monthly at a fixed price of \$5.85 per KW from June 1, 2010 through May 31, 2015. Future commitments under this contract are 234,900 KW at \$1,374,165. The second is to purchase 10,000 KW monthly at fixed prices ranging from \$3.60 to \$5.47 per KW from June 1, 2011 through May 31, 2017. Future commitments under this contract are \$2,606,500 for 530,000 KW of monthly installed capacity.

In 2010, the Light Plant entered into two power contracts to purchase monthly installed capacity. One was to purchase 1 MW monthly at a fixed price of \$65.00 per MWH from May 1, 2010 through April 30, 2013. Future commitments under this contract are 2,800 MWH at \$187,200. The second was to purchase 5 MW monthly at a fixed price of \$53.45 per MWH from January 1, 2013 through December 31, 2015 at a total cost of \$7,023,330 for 131,400 MWH.

In 2011, the Light Plant entered into various power contracts to purchase 1 to 5 MW of monthly installed capacity at fixed prices ranging from \$56.45 to \$61.60 per MWH from January 1, 2013 through December 31, 2015 at a total cost of \$3,222,848 for 55,128 MWH.

In 2008, the Light Plant entered into a power contract to purchase an 8.75% entitlement in a power plant to begin on the commercial online date of July 1, 2009 and to continue for twenty years from that date. Purchase power expense under this contract was \$1,527,742 and \$1,543,300 in 2012 and 2011, respectively.

**TOWN OF CONCORD, MASSACHUSETTS  
MUNICIPAL LIGHT PLANT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Commitments and Contingencies (Continued)

In 2009, the Light Plant entered into a hydro power contract to purchase 5.975% of power generated at a price of \$63.50 per MWH starting March 1, 2010 through February 28, 2013. In 2010, this contract was extended to purchase 5.975% of power generated at a price of \$57.35 per MWH starting March 1, 2013 through May 31, 2016. It is estimated that approximately 6,000 MWH of power will be purchased annually. Purchase power expense under this contract was \$352,672 and \$388,165 in 2012 and 2011, respectively.

In 2010, the Light Plant entered into a wind power contract to purchase 9.257% of the energy, capacity and environmental attributes of the project starting on a scheduled date of December 21, 2011 and continuing for 15 years from that date. The contract energy price is \$99.25 per MWH which will be offset by the Light Plant's share of the environmental attributes. An estimated 6,000 MWH of power will be purchased annually. Purchase power expense under this contract in 2012 was \$342,950.

In 2011, the Light Plant entered into a power contract to purchase 10% of around the clock monthly energy requirements at a fixed price of \$56.45/MWH for the period January 1, 2013 through December 31, 2016 at a total cost of \$3,189,876 for 56,808 MWH.

In 2012, the Light Plant entered into a power contract to purchase 11,000 KW of monthly capacity from June 1, 2013 through May 31, 2023. In addition, the contract includes 88 MWHs of daily peak time energy for the same period. The price for the energy is based on a formula that includes a variable charge, a fixed energy charge and the price of natural gas (Algonquin Citygate Daily Price) which is estimated to be less than the ISO Spot Market price due to a more efficient heat rate or at current natural gas rate of \$45.00 per MWH. Total energy cost for the period is \$14,454,015 for 321,200 MWH.

In 2012, the Light Plant entered into a power contract to purchase 10% of around the clock monthly energy requirements at a price that varies from \$47.81/MWH in 2013 to \$53.05/MWH in 2017 for those calendar years at a total cost of \$4,684,137 for 94,463 MWH.

**Town of Concord, Massachusetts  
Municipal Light Plant**

**Balance Sheets  
December 31, 2012 and 2011**

<i>Assets</i>	<u>2012</u>	<u>2011</u>
Utility plant		
Utility plant in service, at cost	\$ 53,778,136	\$ 49,863,662
Accumulated depreciation	<u>(21,807,107)</u>	<u>(20,511,347)</u>
Net utility plant in service	31,971,028	29,352,315
Construction in progress	<u>4,074,770</u>	<u>6,993,468</u>
Net utility plant	<u>36,045,798</u>	<u>36,345,783</u>
Investments		
Investment in associated companies	<u>163,269</u>	<u>169,895</u>
Restricted deposits with town treasurer		
Depreciation fund	1,540,845	951,780
Smart grid fund	527,294	753,959
Underground fund	430,207	217,622
Worker's compensation insurance fund	<u>174,276</u>	<u>168,216</u>
Total restricted deposits	<u>2,672,622</u>	<u>2,091,577</u>
Current assets		
Deposits with town treasurer		
Unrestricted	6,257,358	6,963,003
Special deposits	2,667,749	5,605,132
Other receivables	4,766	9,030
Prepaid expenses	3,284,327	3,217,616
Customer accounts receivable		
Billed, net of reserve for uncollectible		
accounts of \$30,000 in 2012 and 2011	2,182,374	2,123,573
Unbilled	1,774,859	1,812,039
Receivable from Town of Concord	100,323	94,117
Materials and supplies, at average cost	<u>823,630</u>	<u>863,550</u>
Total current assets	<u>17,095,386</u>	<u>20,688,060</u>
Other assets		
Net OPEB asset	119,351	-
Deferred costs	<u>56,004</u>	<u>35,666</u>
Total other assets	<u>175,355</u>	<u>35,666</u>
Total assets	<u>\$ 56,152,430</u>	<u>\$ 59,330,981</u>

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



**Town of Concord, Massachusetts  
Municipal Light Plant**

**Balance Sheets (Continued)  
December 31, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<i>Liabilities and Net Assets</i>		
Net assets		
Invested in capital assets, net of related debt	\$ 31,430,798	\$ 30,965,783
Restricted for depreciation	1,540,845	951,780
Unrestricted	10,262,840	9,801,468
Total net assets	43,234,483	41,719,031
Current liabilities		
Current installments of long-term debt	760,000	765,000
Accounts payable	3,225,409	3,103,346
Customer deposits	324,124	332,252
Accrued expenses	177,924	182,022
Accrued compensated absences	119,700	127,798
Total current liabilities	4,607,157	4,510,418
Noncurrent liabilities		
Bonds payable, excluding current portion	3,855,000	4,615,000
Unamortized bond premium	104,510	110,860
Provision for rate stabilization	3,765,332	7,708,764
Provision for injuries and damages	174,276	168,216
Net OPEB obligation	-	207,473
Provision for CARES	195,324	201,950
Customer advances for construction	216,348	89,269
Total noncurrent liabilities	8,310,790	13,101,532
Total liabilities	12,917,947	17,611,950
Total liabilities and net assets	\$ 56,152,430	\$ 59,330,981

**Town of Concord, Massachusetts  
Municipal Light Plant**

**Statements of Revenues, Expenses and Changes in Net Assets  
For the Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Operating revenues	\$ 28,473,103	\$ 27,703,175
Operating expenses		
Power supply expense	20,884,940	20,295,422
Transmission	107,553	103,565
Distribution	668,762	599,194
Customer accounts	526,309	476,783
Administrative and general	2,620,459	2,873,239
Depreciation	<u>1,475,394</u>	<u>1,445,356</u>
Total operating expenses	<u>26,283,417</u>	<u>25,793,559</u>
Operating income	<u>2,189,686</u>	<u>1,909,616</u>
Other income (deductions)		
Interest and dividend income	41,773	54,672
Interest expense	(167,288)	(160,922)
Amortization of debt premium	<u>6,350</u>	<u>3,410</u>
Total other income (deductions)	<u>(119,165)</u>	<u>(102,840)</u>
Net income	<u>\$ 2,070,521</u>	<u>\$ 1,806,776</u>
Net assets, beginning of year	<u>\$ 41,719,031</u>	<u>\$ 40,283,685</u>
Balance transferred from income	<u>2,070,521</u>	<u>1,806,776</u>
Transfers out		
Gain (loss) on retirement of plant	(170,069)	8,570
Payment in lieu of taxes	<u>(385,000)</u>	<u>(380,000)</u>
Total transfers out	<u>(555,069)</u>	<u>(371,430)</u>
Net assets, end of year	<u>\$ 43,234,483</u>	<u>\$ 41,719,031</u>

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

**Town of Concord, Massachusetts**  
**Municipal Light Plant**

**Statements of Cash Flows**  
**For the Years Ended December 31, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
Cash flows from operating activities		
Cash received from customers	\$ 24,499,482	\$ 26,036,373
Cash payments to suppliers and employees	(25,066,049)	(24,949,481)
Cash transferred to worker's compensation insurance fund	(6,060)	(5,950)
Cash received from (returned to) customer deposits	(8,128)	(54,871)
Net cash provided by (used for) operating activities	(580,755)	1,026,071
Cash flows used for non-capital financing activities		
Cash payments to town in lieu of taxes	(385,000)	(380,000)
Cash flows from capital and related financing activities		
Additions to utility plant in service	(4,264,176)	(1,250,066)
Additions (reductions) to construction in progress	2,918,698	(2,694,670)
Additions (reductions) to customer advances for constructions	127,079	(12,718)
Transfer from (to) restricted deposits with town treasurer	(574,985)	2,213,756
Principal payments on bonds	(765,000)	(530,000)
Interest expense	(167,288)	(160,922)
Net cash used for capital and related financing activities	(2,725,672)	(2,434,620)
Cash flows from investing activities		
Interest and dividend income	41,773	54,672
Sale of investment shares	6,626	3,556
Net cash provided by investing activities	48,399	58,228
Net decrease in cash	(3,643,028)	(1,730,321)
Deposits with town treasurer, beginning	12,568,135	14,298,456
Deposits with town treasurer, ending	\$ 8,925,107	\$ 12,568,135
Reconciliation of operating income to net cash provided by (used for) operating activities		
Operating income	\$ 2,189,686	\$ 1,909,616
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	1,475,394	1,445,356
Increase in worker's compensation insurance fund	(6,060)	(5,950)
Increase in accounts receivable	(23,563)	(49,155)
Decrease (increase) in prepaid expenses	(66,711)	103,405
Decrease (increase) in materials and supplies	39,920	(70,417)
Increase in OPEB asset	(119,351)	-
Decrease (increase) in deferred costs	(20,338)	22,208
Increase (decrease) in accrued expenses	115,927	(786,542)
Decrease in customer deposits	(8,128)	(54,871)
Increase in bond premium	-	116,992
Decrease in provision for rate stabilization	(3,943,432)	(1,819,597)
Increase (decrease) in provision for CARES	(6,626)	201,950
Increase (decrease) in net OPEB obligation	(207,473)	13,076
Total adjustments	(2,770,441)	(883,545)
Net cash provided by operating activities	\$ (580,755)	\$ 1,026,071

*Supplemental Cash Flow Information*

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

Unrestricted deposits	\$ 6,257,358	\$ 6,963,003
Special deposits	2,667,749	5,605,132
	\$ 8,925,107	\$ 12,568,135

# Town of Concord, Massachusetts

## Concord Municipal Light Plant

### Notes to the Financial Statements For the Years Ended December 31, 2012 and 2011

#### 1. Nature of Operations and Summary of Significant Accounting Policies

##### *Nature of Operations*

The Light Plant purchases electricity which it distributes to consumers within the Town of Concord.

##### *Regulation and Basis of Presentation*

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

The Light Plant's policy is to prepare its financial statements in conformity with the accounting practices prescribed by the DPU which require that certain items be charged or credited directly to net assets. Generally accepted accounting principles would require the same items to be charged or credited to operating income. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

The Light Plant is considered an enterprise fund of the Town of Concord, Massachusetts. The operations of the Light Plant are accounted for with a separate set of self-balancing accounts organized on a Proprietary Fund type (Enterprise Fund) basis.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

##### *Concentrations*

Industry - The Light Plant operates within the electric utility industry which has undergone significant restructuring and deregulation. Legislation was enacted by the Commonwealth of Massachusetts, effective March 1, 1998, to restructure the electric utility industry. The basic intent of the law is to introduce competition and provide consumers with choices and lower prices while assuring continued reliable service. The ongoing changes in the industry and the resultant financial impact on the Light Plant are not determinable.

##### *Risks and Uncertainties*

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

##### *Materials and Supplies*

Materials and supplies are inventories of parts and accessories purchased for use in the utility business for construction, operation and maintenance purposes, and are stated at average cost.

**Town of Concord, Massachusetts**  
**Concord Municipal Light Plant**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2012 and 2011**

**1. Nature of Operations and Summary of Significant Accounting Policies (Continued)**

*Utility Plant*

The provision for depreciation of utility plant was computed in 2012 and 2011 at 3% of the cost of plant in service at the beginning of the year, exclusive of land and land rights. Therefore, no depreciation is taken in the year of plant additions. Massachusetts law stipulates that the Light Plant may change its depreciation rate from the statutory 3% only with the approval of the DPU.

The Light Plant charges maintenance to expense when incurred. Replacements and betterments are charged to utility plant. At the time properties are retired, the cost of property retired less accumulated depreciation, salvage value, and any cash proceeds is charged to unrestricted net assets.

*Operating Revenues*

Revenues, including revenues from the Town of Concord, are based on rates established by the Light Board and filed with the DPU, which are applied to customers' consumption of electricity.

The Light Plant designs its electric service rates to recover costs of providing power supply services. In order to minimize possible future rate increases, the Plant has elected to establish a rate stabilization reserve. Each year the Plant will determine a rate stabilization amount to be charged or credited to revenues. The stabilization charged (credited) in 2012 and 2011 was \$(3,943,432) and \$(1,819,597), respectively, and are reflected as an increase (decrease) in provision for rate stabilization in the accompanying balance sheets.

*Taxes*

The Light Plant is exempt from federal and state income taxes as well as local property taxes, but pays amounts in lieu of property taxes to the Town of Concord general fund.

*Statement of Cash Flows*

For purposes of the Statement of Cash Flows, the Light Plant considers both unrestricted and special deposits on deposit with the Town Treasurer as cash and cash equivalents.

*Compensated Absences*

The Light Plant's 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 and carry forward to the following year their unused vacation days for the year subject to a cap equal to the employees annual rate of accrual plus one week.

*Postemployment Benefits*

In accordance with state statutes and Town policy, postemployment health care and life benefits are provided to all employees who retire from the Town. These benefits are provided through the Town's group plans.

**Town of Concord, Massachusetts  
Concord Municipal Light Plant**

**Notes to the Financial Statements  
For the Years Ended December 31, 2012 and 2011**

**1. Nature of Operations and Summary of Significant Accounting Policies (Continued)**

*Postemployment Benefits (Continued)*

The employees of the Light Plant are eligible to participate in the Town's deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. Participation in the plan is optional. All amounts of compensation deferred under the plan, all property or rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of participants and their beneficiaries. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

*Subsequent Events*

The Light Plant has evaluated all subsequent events through August 1, 2013, the date the financial statements were available to be issued.

**2. Investment in Associated Companies**

*Hydro-Quebec*

Under agreements with the New England Hydro-Transmission Electric Company, Inc. (NEH) and the New England Hydro-Transmission Corporation (NHH), the Light Plant has funded its equity requirements for the Hydro-Quebec phase II interconnection. The Light Plant's ownership interest is less than one quarter of one percent in both projects. The balances, reflected at cost, were \$13,269 and \$19,895, as of December 31, 2012 and 2011, respectively.

*Energy New England*

The Light Plant 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, 2012 and 2011.

**Town of Concord, Massachusetts**  
**Concord Municipal Light Plant**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2012 and 2011**

**3. Long-term Debt**

	2012	2011
A summary of the long-term debt follows:		
\$6,000,000, 4.7% electric bonds, issued July 15, 1994, with annual payments of principal and interest through July 15, 2013.	\$ 300,000	\$ 600,000
\$500,000, 3.7% electric bonds, issued March 1, 2006, with annual payments of principal and interest through March 1, 2015.	165,000	220,000
\$1,000,000, 4.2% electric bonds, issued March 1, 2007, with annual payments of principal and interest through March 1, 2017.	450,000	560,000
\$4,000,000, 2.52% electric bonds, issued May 17, 2011, with annual payments of principal and interest through May 15, 2026.	3,700,000	4,000,000
Total long-term debt	4,615,000	5,380,000
Less current installments of long-term debt	760,000	765,000
Long-term debt, excluding current installments	\$ 3,855,000	\$ 4,615,000

Long-Term debt activity for the year ended December 31, 2012 was as follows:

Balance of long-term debt at January 1, 2012	\$ 5,380,000
Bonds issued	-
Payments	(765,000)
Balance of long-term debt at December 31, 2012	\$ 4,615,000

The future payments on the long-term debt are as follows:

	Principal	Interest	Total
2013	\$ 760,000	\$ 142,636	\$ 902,636
2014	460,000	113,984	573,984
2015	460,000	101,797	561,797
2016	405,000	88,575	493,575
2017	330,000	76,350	406,350
2018-2022	1,400,000	231,750	1,631,750
2023-2026	800,000	54,125	854,125
	\$ 4,615,000	\$ 809,217	\$ 5,424,217

**Town of Concord, Massachusetts  
Concord Municipal Light Plant**

**Notes to the Financial Statements  
For the Years Ended December 31, 2012 and 2011**

**4. Bond Anticipation Notes**

The Town of Concord issued \$4,000,000 of bond anticipation note (BAN) on May 27, 2010 for a premium of \$35,121. The BAN had a coupon rate of 1.5% and matured May 26, 2011. The BAN was issued pursuant to Article 20 of the 2009 annual town meeting for the Light Plant's Smart Grid Project. On May 17, 2011, the BAN was retired with the issuance of long-term serial bonds of \$4,000,000.

**5. Deposits with Town Treasurer**

The Light Plant is required to establish cash funds to be used for purposes established by either town meeting vote or state statute. The funds subject to restrictions are as follows:

*Depreciation Fund*

An amount equivalent to annual depreciation expense is transferred from operating fund cash to the Depreciation Fund. Certain additions to utility plant were paid from this fund. Interest earned by this fund has been applied to increase the fund balance.

*Smart Grid Fund*

The Light Plant has funded this account, as approved in Article 20 of the 2009 annual town meeting, by issuing bond anticipation notes that were retired by long-term serial bonds May 17, 2011. The funds are to be used for the purposes of designing, purchasing and installing a Smart Grid system.

*Underground Fund*

The Light Plant funds this account, for the purpose of placing existing lines underground, from dividends, purchase power refunds, current operations and effective June 1, 1999, a 2% (1.5% as of May 1, 2008) charge on all electric bills. Interest earned by this fund has been applied to increase the fund balance.

*Worker's Compensation Insurance Fund*

The Light Plant transfers annual amounts to this fund equal to 1.4% to .09% of certain payroll costs. These transfers amounted to \$17,881 and \$16,476 in 2012 and 2011, respectively. Claims and premiums of \$11,821 and \$10,526 were paid from the Fund in 2012 and 2011, respectively.

**6. Special Deposits**

Special deposits represent cash funds held by the Light Plant for specific purposes. A summary of these funds follows:

	2012	2011
Customer advances for construction	\$ 216,348	\$ 89,863
Customer deposits	324,124	332,252
Funds held to retire long-term debt	521,884	537,205
Emergency reserve fund	1,130,000	1,130,000
Rate stabilization	280,069	3,313,862
Cares Fund	195,324	201,950
	\$ 2,667,749	\$ 5,605,132



**Town of Concord, Massachusetts**  
**Concord Municipal Light Plant**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2012 and 2011**

**7. Deferred Costs**

Deferred costs consist of cost of investigating future power supply contracts or projects. The costs will be amortized over the life of an applicable contract or capitalized as a cost of a project. When it is decided not to pursue a contract or project, the associated costs will be expensed.

**8. Related Party Transactions**

The Light Plant sells electricity to various Town departments. Sales to these departments totaled \$1,407,368 and \$1,586,585 for 2012 and 2011, respectively.

The Light Plant reimburses the Town for various employee benefits, including health insurance and retirement. Reimbursements for these benefits totaled \$399,708 and \$686,645 in 2012 and 2011, respectively.

In addition, the Light Plant paid the Town \$385,000 and \$380,000 for payments in lieu of taxes in 2012 and 2011, respectively.

**9. Commitments and Contingencies**

*Power Sales Agreements*

The Light Plant has commitments under contracts for the purchase of electricity from various suppliers. These wholesale contracts are generally for fixed periods and require payment of demand and energy charges. The total costs under these contracts are included in power supply expense in the statements of revenues, expenses and changes in net assets and are normally recoverable in revenues under cost recovery mechanisms mandated by the Commonwealth of Massachusetts.

In addition, the Light Plant is required to pay its share of the annual operation, maintenance and tax (OM&T) expenses as provided for under the terms of an Interconnection Agreement with NSTAR. The Light Plant's total OM&T charges were \$97,085 and \$88,420 for the years ended December 31, 2012 and 2011, respectively.

In 2007, the Light Plant entered into a power contract to purchase monthly blocks of on-peak and off-peak energy at fixed energy prices from October 1, 2009 through December 31, 2012.

In 2008, the Light Plant entered into a power contract to purchase monthly blocks of on-peak and off-peak energy at fixed energy prices from October 1, 2009 through December 31, 2012.

Purchased power expense under these contracts was \$12,951,622 and \$12,128,349 in 2012 and 2011, respectively.

**Town of Concord, Massachusetts**  
**Concord Municipal Light Plant**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2012 and 2011**

**9. Commitments and Contingencies (Continued)**

*Power Sales Agreements (Continued)*

In 2008, the Light Plant entered into a power contract to purchase 8,100 KW of monthly installed capacity at a fixed price of \$5.85 per KW from June 1, 2010 through May 31, 2015. Future commitments under this contract are as follows:

	<u>KW</u>	<u>Amount</u>
2013	97,200	\$ 568,620
2014	97,200	568,620
2015	40,500	236,925
	<u>234,900</u>	<u>\$ 1,374,165</u>

Purchased power expense under this contract was \$568,620 and \$568,620 in 2012 and 2011, respectively.

In 2008, the Light Plant entered into a power contract to purchase 10,000 KW of monthly installed capacity at fixed prices ranging from \$3.60 to \$5.47 per KW from June 1, 2011 through May 31, 2017. Future commitments under this contract are as follows:

	<u>KW</u>	<u>Amount</u>
2013	120,000	529,600
2014	120,000	563,900
2015	120,000	600,100
2016	120,000	639,400
2017	50,000	273,500
	<u>530,000</u>	<u>\$ 2,606,500</u>

In 2010, the Light Plant entered into a power contract to purchase 1 MW of monthly installed capacity at a fixed price of \$65.00 per MWH from May 1, 2010 through April 30, 2013. Future commitments under this contract are as follows:

	<u>MWH</u>	<u>Amount</u>
2013	2,880	187,200
	<u>2,880</u>	<u>\$ 187,200</u>

In 2010, the Light Plant entered into a power contract to purchase 5 MW of around the clock energy at a fixed price of \$53.45 per MWH from January 1, 2013 through December 31, 2015. Future commitments under this contract are as follows:

	<u>MWH</u>	<u>Amount</u>
2013	43,800	\$ 2,341,110
2014	43,800	2,341,110
2015	43,800	2,341,110
	<u>131,400</u>	<u>\$ 7,023,330</u>

**Town of Concord, Massachusetts  
Concord Municipal Light Plant**

**Notes to the Financial Statements  
For the Years Ended December 31, 2012 and 2011**

**9. Commitments and Contingencies (Continued)**

*Power Sales Agreements (Continued)*

In 2011, the Light Plant entered into various power contracts to purchase 1 to 5 MW of monthly installed capacity at fixed prices ranging from \$56.45 to \$61.60 per MWH from January 1, 2013 through December 31, 2015. Future commitments under these contracts are as follows:

	<u>MWH</u>	<u>Amount</u>
2013	27,384	\$ 1,545,826
2014	14,888	885,092
2015	12,856	791,930
	<u>55,128</u>	<u>\$ 3,222,848</u>

In the fall of 2011, the Light Plant entered into a power contract to purchase 10% of around the clock monthly energy requirements at a fixed price of \$56.45/MWH for the period January 1, 2013 through December 31, 2016. Future commitments under this contract are as follows:

	<u>MWH</u>	<u>Amount</u>
2013	18,836	\$ 1,063,292
2014	18,836	1,063,292
2015	18,836	1,063,292
	<u>56,508</u>	<u>\$ 3,189,876</u>

In the spring of 2012, the Light Plant entered into a power contract to purchase 11,000 KW of monthly capacity priced at \$2.52/KW the first year, \$2.86/KW the second year, \$3.13/KW the third year and \$2.51/KW for the remaining seven years from June 1, 2013 through May 31, 2023. In addition, the contract includes 88 MWHs of daily energy from 8am-11pm daily for the same period. The price for the energy is based on a formula that includes a variable charge, a fixed energy charge and the price of natural gas (Algonquin Citygate Daily Price) which is estimated to be less than the ISO Spot Market price due to a more efficient heat rate or at current natural gas rate of \$45.00 per MWH. Future commitments under this contract are as follows:

	<u>MWH</u>	<u>Amount</u>
2013	18,737	\$ 843,165
2014-2022	289,080	13,008,600
2023	13,383	602,250
	<u>321,200</u>	<u>\$ 14,454,015</u>

**Town of Concord, Massachusetts  
Concord Municipal Light Plant**

**Notes to the Financial Statements  
For the Years Ended December 31, 2012 and 2011**

**9. Commitments and Contingencies (Continued)**

*Power Sales Agreements (Continued)*

In the fall of 2012, the Light Plant entered into a power contract to purchase 10% of around the clock monthly energy requirements at a price that varies from \$47.81/MWH in 2013 to \$53.05/MWH in 2017 for those calendar years. Future commitments under this contract are as follows:

	MWH	Amount
2013	18,836	900,549
2014	18,836	910,909
2015	18,836	923,529
2016	18,930	939,883
2017	19,025	1,009,267
	94,463	\$ 4,684,137

In 2008, the Light Plant entered into a power contract with Braintree Electric Light Department to purchase an 8.75% entitlement in the Thomas A. Watson Power Plant to begin on the commercial online date of July 1, 2009 and to continue for twenty years from that date. Purchased power expense under this contract was \$1,527,742 and \$1,543,300 in 2012 and 2011, respectively.

In 2009, the Light Plant entered into a power contract with Miller Hydro Group, Inc. to purchase 5.975% of power generated at a price of \$63.50 per MWH starting March 1, 2010 through February 28, 2013. In 2010, the Light Plant extended the contract to purchase 5.975% of power generated at a price of \$57.35 per MWH starting March 1, 2013 through May 31, 2016. It is estimated that approximately 6,000 MWH of power will be purchased annually. Purchased power expense under this contract was \$352,672 and \$388,165 in 2012 and 2011, respectively.

In 2010, the Light Plant entered into a power contract with Spruce Mountain Wind, LLC to purchase 9.257% of the energy, capacity and environmental attributes of the project starting on the Commercial Operation Date of December 21, 2011 and continuing for 15 years from that date. The contract energy price is \$99.25 per MWH which will be offset by the Light Plant's share of the environmental attributes. It is estimated that approximately 6,000 MWH of power will be purchased annually.

*Contingencies*

The Light Plant is involved in various legal matters incident to its business, none of which is believed by management to be significant to the financial condition or the results of operations of the Light Plant.

**10. Pension Plan**

The Light Plant follows the provisions of GASB Statement No. 27, Accounting for Pensions for State and Local Government Employees, as amended by GASB Statement No. 50, with respect to the employees' retirement funds.

**Town of Concord, Massachusetts  
Concord Municipal Light Plant**

**Notes to the Financial Statements  
For the Years Ended December 31, 2012 and 2011**

**10. Pension Plan (Continued)**

*Plan Description*

The Light Plant contributes to the Town of Concord Contributory Retirement System (the System), a cost-sharing, multiple-employer, defined benefit pension plan administered by a Town Retirement Board. 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. The System issues a publicly available financial report which can be obtained through the Town of Concord Contributory Retirement System at Town House, Concord, MA.

*Funding Policy*

Plan members are required to contribute to the System at rates ranging from 5% to 9% of annual covered compensation. The Light 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 Light Plant are governed by Chapter 32 of the Massachusetts General Laws. The Light Plant's contributions to the System for the years ended December 31, 2012, 2011 and 2010 were \$318,010, \$289,795 and \$256,337, respectively, which were equal to its annual required contribution.

**11. Other Post-Employment Benefits**

In addition to providing pension benefits, the Light Plant provides the majority of retired employees with payments for their health care and life insurance costs. Benefits paid by the Light Plant are on a pay-as-you-go basis. The detail allocation of benefits paid for retired employees for the years ended December 31, 2012, is not available.

*Plan Description*

The Light Plant participates in an agent multi-employer defined benefit healthcare plan administered by the Town of Concord. The Light Plant provides post-employment medical, prescription drug, and life insurance benefits to all eligible retirees and their surviving spouses. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. The plan does not issue a publicly available financial report.

At January 1, 2012, the date of the most recent actuarial valuation, the Light Plant's membership consisted of the following:

Current retirees and beneficiaries	18
Current active members	<u>32</u>
Total	<u><u>50</u></u>

**Town of Concord, Massachusetts  
Concord Municipal Light Plant**

**Notes to the Financial Statements  
For the Years Ended December 31, 2012 and 2011**

**11. Other Post-Employment Benefits (Continued)**

*Funding Policy*

The contribution requirements of the plan members and the Light Plant are established and may be amended. The cost of the benefits provided to retirees are borne 50% by the Light Plant, and 50% by the retiree only with regard to medicare eligibles.

*Annual OPEB Costs and NET OPEB Obligation*

The Light Plant's annual other post-employment benefit (OPEB) costs (expenses) is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Plant's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the Plant's net OPEB obligation are summarized as follows:

Normal cost	\$ 51,072
Amortization of unfunded actuarial accrued liability	<u>63,545</u>
ARC	114,617
Interest on NOO	<u>-</u>
Annual OPEB cost/expense	114,617
Premiums and implicit subsidy paid	(290,005)
Contributions made	<u>(151,436)</u>
Increase/(decrease) in net OPEB obligation	(326,824)
Net OPEB obligation - beginning of year	<u>207,473</u>
Net OPEB obligation - end of year	<u><u>\$ (119,351)</u></u>

The Light Plant's historical annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at the end of the year is as follows:

Year Ended	ARC	Interest on NOO	Annual OPEB Cost	Contributions	NOO	Percentage of Annual OPEB Cost Contributed
12/31/09	\$ 217,384	NA	\$ 217,384	\$ (92,935)	\$ 124,449	43%
12/31/10	\$ 230,826	\$ 551	\$ 231,377	\$ (161,429)	\$ 194,397	70%
12/31/11	\$ 230,826	\$ 551	\$ 231,377	\$ (218,301)	\$ 207,473	94%
12/31/12	\$ 114,617	\$ -	\$ 114,617	\$ (441,441)	\$ (119,351)	385%

**Town of Concord, Massachusetts  
Concord Municipal Light Plant**

**Notes to the Financial Statements  
For the Years Ended December 31, 2012 and 2011**

**11. Other Post-Employment Benefits (Continued)**

*Funding Status and Funding Progress*

The most recent actuarial valuation on January 1, 2012, projected an actuarial accrued liability for the Light Plant of approximately \$1,495,000. The actuarial value of the assets in the Plan is approximately \$428,000, and the unfunded actuarial accrued liability (UAAL) is projected at approximately \$1,067,000 as of January 1, 2012. The covered payroll of the Light Plant (annual payroll of active employees covered by the plan) was approximately \$2,427,000, and the ratio of the UAAL to the covered payroll was 43.9%.

Actual valuations of an ongoing plan involve estimates of the value of reported amounts and 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 with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer 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 employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, actuarial liabilities were determined using the projected unit cost method. The actuarial methods and assumptions included a 4.5% investment rate of return for 2009 through 2011 and 7.5% for 2012 and years thereafter, and annual health care cost rate trends ranging from 9% down to 5%. The UAAL is being amortized as a level percentage of pay assuming a 3.25% increasing, closed basis. The remaining amortization period at January 1, 2012 was 27 years.

**Town of Concord, Massachusetts  
Concord Municipal Light Plant**

**Other Post-Employment Benefit Plan  
Other Supplementary Information  
For the Years Ended December 31, 2012 and 2011**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Payroll
01/01/09	\$ -	\$ 2,933,000	\$ 2,933,000	0.00%	N/A	N/A
01/01/12	\$ 428,000	\$ 1,495,000	\$ 1,067,000	28.63%	\$ 2,427,000	44.0%

**Schedule of Actuarial Methods and Assumptions**

Valuation date	01/01/12
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount
Remaining amortization period	27 years as of January 1, 2012
Actuarial assumptions:	
Investment rate of return	4.5% (2009-2011), 7.5% (thereafter)
Projected salary increases	3.25%
Medical/drug cost trend rate	Ranging from 9% down to 5%
Plan membership:	
Current retirees and beneficiaries	18
Current active members	32
	<hr/>
Total	50
	<hr/> <hr/>



**Town of Concord, Massachusetts  
Concord Municipal Light Plant**

**Other Post-Employment Benefit Plan  
Notes to Other Supplementary Information  
For the Years Ended December 31, 2012 and 2011**

**Note A.**

The Light Plant participates in an agent multi-employer defined benefit healthcare plan, administered by the Town of Concord, which provides lifetime health care and life insurance benefits for eligible retirees and their spouses through the town's health and life insurance plans, which covers both active and retired members.

The Light Plant currently finances its other post-employment benefits (OPEB) on a partially funded basis. The funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) as of January 1, 2012 (the most recent actuarial valuation) is 28.63%. In accordance with Governmental Accounting Standards, the Light Plant has recorded its OPEB cost equal to the actuarially determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets. Since 2009 was the Light Plant's initial year of implementation of GASB Statement 45, information for prior years is not available.

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

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

## Town of Concord, Massachusetts Concord Municipal Light Plant

### Schedule of Utility Plant in Service December 31, 2012

	Cost 01/01/12	Cost Property Added 2012	Cost Property Disposed of 2012	Cost 12/31/12	Accrued Depreciation 01/01/12	Depreciation 2012	Reversed Depreciation 2012	Accrued Depreciation 12/31/12	Net Utility Plant 12/31/12
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	1,058,051	65,358	-	1,123,409	1,055,174
Station equipment	2,996,999	21,928	19,500	2,999,427	1,865,550	89,910	5,850	1,949,610	1,049,817
Underground conduit	3,251,785	-	-	3,251,785	1,537,590	65,036	-	1,602,626	1,649,159
Underground conductors and devices	2,488,175	-	-	2,488,175	1,368,816	74,645	-	1,443,461	1,044,714
Total transmission plant	<u>11,413,131</u>	<u>21,928</u>	<u>19,500</u>	<u>11,415,559</u>	<u>5,830,007</u>	<u>294,949</u>	<u>5,850</u>	<u>6,119,106</u>	<u>5,296,453</u>
Distribution plant									
Land and land rights	186,275	-	-	186,275	-	-	-	-	186,275
Structures and improvements	684,191	-	-	684,191	322,174	20,526	-	342,700	341,491
Station equipment	792,001	-	-	792,001	279,161	23,760	-	302,921	489,080
Poles, towers, and structures	1,181,490	25,248	67,535	1,139,203	808,146	35,445	37,302	806,289	332,914
Overhead conductors and devices	2,645,761	44,738	4,156	2,686,343	1,314,889	79,373	1,518	1,392,744	1,293,599
Underground conduits	8,605,501	266,323	150	8,871,674	2,182,982	172,110	150	2,354,942	6,516,732
Underground conductors and devices	6,350,065	47,323	3,194	6,394,194	2,087,695	190,502	1,501	2,276,696	4,117,498
Line transformers	3,710,606	114,156	-	3,824,762	2,299,313	102,053	-	2,401,366	1,423,396
Services	791,912	54,139	7,855	838,196	170,819	23,757	3,605	190,971	647,225
Service conversions	437,524	14,774	-	452,298	140,246	13,126	-	153,372	298,926
Meters	951,605	5,786	2,286	955,105	156,529	47,580	534	203,575	751,530
Installation on customer premises	65,977	757	30	66,704	20,625	1,979	22	22,582	44,122
Street lighting and signal systems	931,842	14,294	6,830	939,306	193,748	46,592	2,076	238,264	701,042
Total distribution plant	<u>27,334,750</u>	<u>587,538</u>	<u>92,036</u>	<u>27,830,252</u>	<u>9,976,327</u>	<u>756,803</u>	<u>46,708</u>	<u>10,686,422</u>	<u>17,143,830</u>
General plant									
Office furniture and equipment	217,815	-	-	217,815	119,701	11,056	-	130,757	87,058
Computer equipment	574,225	12,109	-	586,334	462,987	34,631	-	497,618	88,716
Structures and improvements	4,867,550	30,343	20,000	4,877,893	1,323,698	146,027	5,900	1,463,825	3,414,068
Transportation equipment	1,639,634	217,026	116,026	1,740,634	1,185,855	94,279	116,026	1,164,108	576,526
Stores equipment	89,882	-	-	89,882	61,304	1,798	-	63,102	26,780
Tools, shop, and garage equipment	51,112	9,199	-	60,311	45,116	1,533	-	46,649	13,662
Laboratory equipment	132,924	3,018	-	135,942	57,623	10,634	-	68,257	67,685
Communication equipment	167,487	3,274,521	2,935	3,439,073	64,815	8,300	2,935	70,180	3,368,893
Power operated equipment	38,868	2,989	-	41,857	35,597	252	-	35,849	6,008
Load management equipment	240,888	-	-	240,888	184,372	16,862	-	201,234	39,654
Fiber optics equipment	1,004,083	-	-	1,004,083	483,073	77,113	-	560,186	443,897
Miscellaneous equipment	4,910	8,519	2,216	11,213	2,805	295	2,216	884	10,329
Total general plant	<u>9,029,378</u>	<u>3,557,724</u>	<u>141,177</u>	<u>12,445,925</u>	<u>4,026,946</u>	<u>402,780</u>	<u>127,077</u>	<u>4,302,649</u>	<u>8,143,276</u>
Intangible plant	<u>2,086,400</u>	<u>-</u>	<u>-</u>	<u>2,086,400</u>	<u>678,067</u>	<u>20,864</u>	<u>-</u>	<u>698,930</u>	<u>1,387,470</u>
Total utility plant in service	<u>\$ 49,863,659</u>	<u>\$ 4,167,190</u>	<u>\$ 252,713</u>	<u>\$ 53,778,136</u>	<u>\$ 20,511,347</u>	<u>\$ 1,475,396</u>	<u>\$ 179,635</u>	<u>\$ 21,807,107</u>	<u>\$ 31,971,028</u>

**Town of Concord, Massachusetts  
Concord Municipal Light Plant**

**Schedules of Operating Revenues  
For the Years Ended December 31, 2012 and 2011**

	<u>Operating Revenues</u>		<u>Kilowatt Hours Sold</u>		<u>Per Kilowatt Hour (cents)</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Sales of electricity						
Residential sales	\$ 10,379,721	\$ 10,622,833	70,253,136	71,866,079	14.77	14.78
Commercial and industrial sales:						
Small	5,680,633	5,705,162	36,984,654	35,339,200	15.36	16.14
Large	6,346,504	7,368,530	52,825,604	60,290,416	12.01	12.22
Municipal sales						
Street lighting	66,794	53,437	448,125	347,597	14.91	15.37
Lighting and water heating for municipal buildings and schools	1,407,368	1,586,585	10,524,850	11,148,165	13.37	14.23
Miscellaneous sales	27,491	12,017	-	-		
Electric operating revenues billed	23,908,511	25,348,564	<u>171,036,369</u>	<u>178,991,457</u>	13.98	14.16
Net change in unbilled revenues	(37,180)	46,937				
Provision for CARES	6,665	(201,950)				
Provision for rate stabilization	3,943,432	1,819,597				
Electric operating revenues	<u>27,821,428</u>	<u>27,013,148</u>				
Other operating revenues						
Underground surcharge	358,490	380,111				
CARES surcharge	124,272	131,772				
Income from merchandise and jobbing	138,689	146,065				
Other miscellaneous operating revenues	30,224	32,079				
Other operating revenues	<u>651,675</u>	<u>690,027</u>				
Operating revenues	<u>\$ 28,473,103</u>	<u>\$ 27,703,175</u>				
Total kilowatt hours purchased			<u>180,509,389</u>	<u>184,557,567</u>		
Total kilowatt hours sold (above)			171,036,369	178,991,457		
Kilowatt hours associated with change in unbilled revenues, estimated			42,957	(591,067)		
Kilowatt hours used in garage and substations			<u>677,823</u>	<u>697,005</u>		
Kilowatt hours accounted for			<u>171,757,149</u>	<u>179,097,395</u>		
Kilowatt hours unaccounted for			<u>8,752,240</u>	<u>5,460,172</u>		

**Town of Concord, Massachusetts  
Concord Municipal Light Plant**

**Schedules of Electric Operation and Maintenance Expenses  
For the Years Ended December 31, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
Power supply expense	\$ 20,884,940	\$ 20,295,422
Transmission and subtransmission expenses		
Maintenance	107,553	103,565
Total transmission and subtransmission expenses	107,553	103,565
Distribution expenses		
Operations	230,622	173,655
Maintenance	438,140	425,539
Total distribution expenses	668,762	599,194
Customer accounts expenses		
Meter-reading labor and expenses	2,036	2,801
Billing, collecting and associated costs	165,714	143,959
Customer information, service and education	313,841	312,661
Uncollectible accounts	39,378	12,025
Customer accounts supervision	5,340	5,337
Total customer accounts expenses	526,309	476,783
Administrative and general expenses		
Operations		
Administrative and general salaries	1,258,177	1,195,027
Office supplies and expense	64,271	65,929
Outside services employed	177,520	272,751
Property insurance	44,718	44,962
Employees' pensions and benefits	815,189	1,058,728
Miscellaneous expenses	99,086	61,846
Total operations	2,458,961	2,699,243
Maintenance of general plant	161,498	173,996
Total administrative and general expenses	2,620,459	2,873,239
Total electric operation and maintenance expenses, excluding depreciation	\$ 24,808,023	\$ 24,348,203