

**TEMPLETON MUNICIPAL LIGHT PLANT
AND SUBSIDIARY**
Financial Statements
December 31, 2014 and 2013

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
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DECEMBER 31, 2014 AND 2013

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GOULET, SALVIDIO & ASSOCIATES, P.C.

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INDEPENDENT AUDITORS' REPORT

To the Municipal Light Board
Templeton Municipal Light Plant
Templeton, Massachusetts 01436

Report on the Financial Statements

We have audited the accompanying financial statements of Templeton Municipal Light Plant of Templeton, Massachusetts and subsidiary as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Department'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 audits. We conducted our audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Templeton Municipal Light Plant and subsidiary as of December 31, 2014 and 2013, and the respective changes in financial position and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Templeton Municipal Light Plant and subsidiary and do not purport to, and do not, present fairly the financial position of the Town of Templeton, Massachusetts, as of December 31, 2014 and 2013, and the changes in financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Other Postemployment Benefits information on pages three through six and 34 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 information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information presented on pages 35 through 41 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Goulet, Salvidio & Associates, P.C.

Goulet, Salvidio & Associates, P.C.

Worcester, Massachusetts

June 16, 2015

Management's Discussion and Analysis

Within this section of the Templeton Municipal Light Plant and Subsidiary's annual financial report, management provides a narrative discussion and analysis of the financial activities of the Light Plant and Subsidiary for the years ending December 31, 2014 and 2013. The 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 Statements of Net Position are designed to indicate our financial position as of a specific point in time. On December 31, 2014 it shows our net worth has increased 4.83% over the year ending December 31, 2013.

The Statements of Revenues, Expenses, and Changes in Net Position summarize our operating results and reveals how much income was earned for the year. As discussed in more detail below, our income for December 31, 2014 and 2013 was \$518,870 and \$209,977, respectively.

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

Summary of Net Position

	<u>2014</u>	<u>2013</u>
Current Assets	\$ 2,310,299	\$ 2,107,790
Noncurrent Assets	<u>12,960,115</u>	<u>13,321,790</u>
Total Assets	<u>\$ 15,270,414</u>	<u>\$ 15,429,580</u>
Current Liabilities	\$ 1,278,094	\$ 1,691,766
Noncurrent Liabilities	<u>2,598,431</u>	<u>2,899,794</u>
Total Liabilities	<u>3,876,525</u>	<u>4,591,560</u>
Deferred Inflows of Resources	<u>1,485,264</u>	<u>1,386,212</u>
Net Position:		
Net Investment in Capital Assets	8,926,522	8,731,495
Net Position Restricted for Depreciation	669,015	558,599
Unrestricted	<u>313,088</u>	<u>161,714</u>
Total Net Position	<u>9,908,625</u>	<u>9,451,808</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 15,270,414</u>	<u>\$ 15,429,580</u>

Summary of Changes in Net Position

	2014	2013
Operating Revenues	\$ 7,796,731	\$ 7,516,618
Operating Expenses	7,212,184	7,229,182
Operating Income	584,547	287,436
Non-Operating Revenues (Expenses)	(65,677)	(77,459)
Income Before Contributions and Transfers	518,870	209,977
Net Position – January 1	9,451,808	9,391,831
Transfers Out – Payment in Lieu of Taxes	(62,053)	(150,000)
Net Position – December 31	\$ 9,908,625	\$ 9,451,808

Financial Highlights

Revenue from Sale of Electricity

Templeton Municipal Light Plant has several rate classifications under which we provide service and derive income. These classifications are: Residential, Commercial, Industrial, Municipal and Street and Private Lighting. The following charts indicate how each rate class contributed in 2014 and 2013 to the total consumption of electricity and revenue. The overall average cost per Kilowatt-hour in 2014 was 12.80 cents for all rate classes.

<i>Rate Classification</i>	<i>2014 Kilowatt Sales</i>	<i>2013 Kilowatt Sales</i>
Residential Sales	26,199,989	26,417,881
Commercial Sales	4,120,601	3,864,978
Industrial Sales	25,804,748	25,057,014
Municipal Sales	3,219,958	3,133,923
Street and Private Lighting Sales	785,535	822,228
Total Sales	60,130,831	59,296,024

<i>Rate Classification</i>	<i>2014 Revenue</i>	<i>2013 Revenue</i>
Residential Sales	\$3,677,376	\$3,699,268
Commercial Sales	546,469	485,662
Industrial Sales	2,959,354	2,766,484
Municipal Sales	429,225	393,890
Street and Private Lighting Sales	95,268	90,741
Total Sales	\$7,707,692	\$7,436,045

Power Supply

Templeton Municipal Light Plant provides electricity to its customers through both fixed purchase power contracts and purchases from the open market in an effort to diversify the Town's power resources and stabilize power cost. Purchased Power costs are the costs associated with buying energy and having it delivered to the residents and businesses in the Town of Templeton. There are circumstances that will make prices fluctuate, such as peak demands for electric energy caused by extended periods of time with above or below normal temperatures, unexpected power plant shutdowns for unforeseen repair, and fuel prices being affected by global issues. During 2014, the Light Plant purchased 418,275 kilowatt-hours more than those purchased in 2013. The 2014 purchased power costs were \$76,318 less than 2013.

We continue to monitor and contest charges from ISO New England, ("ISO") which operates the region's electric power system. We share the goal of making reliability a top priority in operating the power grid, but we also believe the cost to consumers can be minimized in the drive to enhance reliability. We continue to work with the Massachusetts Municipal Wholesale Electric Company ("MMWEC"), our power supply agent, to challenge the cost of Reliability Must Run ("RMR") agreements with certain merchant power plants. These generating plants, which the ISO determined are needed for reliability, are guaranteed to cover their operating costs.

We continued the transition period into the ISO's new forward capacity market ("FCM") whereby generating capacity prices will be set by auction. During the period of transition to the FCM, from December 2006 to June 2010, these prices were set by agreement. We also remained active participants in the finished Berkshire Wind Project located on Brodie Mountain in Hancock, Massachusetts. We also generated electricity with our wind turbine located at Narragansett Regional Middle/High School. Along with other Massachusetts municipal utilities, we continued to explore solar options as a means to obtain sources of clean renewable energy. The Light Plant will continue to monitor the changing regional markets and economic conditions to minimize the impact on our rates and customers.

Utility Plant

Utility plant decreased 1.0% from 2013 to 2014 as a result of normal system additions and upgrades less annual depreciation.

Debt Administration

Debt outstanding at year end was \$2,439,375. The amount consists of three bond issues.

The Town of Templeton, Massachusetts Light Plant issue is a municipal bond, issued in June of 2003 to finance the building which houses administration and operations. The principal amount of this bond at inception was \$1,500,000. The amount payable on this bond at December 31, 2014 and 2013 was \$620,000 and \$700,000, respectively.

The Wind Energy Cooperative issues are for two municipal bonds, issued in October and December of 2009 to finance the 1.65 megawatt wind turbine at Templeton's wind farm in Baldwinville, Massachusetts. Principal amounts at inception were \$993,750 and \$2,116,000. The amount payable on these bonds at December 31, 2014 and 2013 was \$1,819,375 and \$2,051,000, respectively.

Interest and principal payments have and will continue to be paid with revenues received from the sale of electricity.

Significant Balances and Transactions

Operating Cash

Templeton Municipal Light Plant maintains sufficient operating cash to support the day-to-day cash transactions of the plant. These transactions include but are not limited to, payroll and benefits, power supply cost, office supplies, and contracted services.

MA Reserve Trust Fund

Our MA Reserve Trust Fund is managed by the Massachusetts Municipal Wholesale Electric Company (MMWEC). The fund was initially established to mitigate the difference in the market cost of energy and our long term energy contract costs. As market conditions exist today, our existing contracts, in many cases, are now below the average market price for energy. Given this situation it would seem, that the initial purpose for the MA Reserve Trust Fund has changed. There are many factors, other than the cost of energy, such as increased financial requirements of the ISO New England, the possibility of escalating costs at our nuclear facilities due to homeland security requirements and interruptions in supply due to natural disasters, which could dramatically affect the cost of energy. Our MA Reserve Trust Fund balance at December 31, 2014 and 2013 was \$815,616 and \$1,092,755, respectively.

Depreciation Fund

Templeton Municipal Light Plant maintains a depreciation fund, which is managed by the Town of Templeton's Treasurer. This fund is used to pay for large capital investments such as new trucks and other long-term assets and is required by state statute. We set aside three percent of our cost of plant annually to be used for future capital improvements and additions. Interest earned on the investments is retained in the account.

Purchased Power Working Capital

The Purchased Power Working Capital is an account held by MMWEC, our power supply agent. MMWEC requires that we hold a set amount of capital from which we may pay our power obligations when they are due. The fund is replenished as needed through invoices paid monthly to MMWEC.

PASNY

PASNY is an account held by MMWEC, our power supply agent. MMWEC requires that we hold a set amount of capital from which we may pay our power obligations for the delivery of power, and other obligations associated with the New York Power Authorities' hydro projects.

Other Postemployment Benefits (OPEB) Trust Fund

The Other Postemployment Benefits Liability Trust Fund was established by vote of the Board of Light Commissioners on December 10, 2013. The Board voted to accept the provision of MGL Chapter 32B, Section 20 which establishes a separate Fund and a funding schedule for the Fund. The Fund is held under the custodianship of the Treasurer of the Massachusetts Municipal Wholesale Electric Company (MMWEC). The balance in the trust as of December 31, 2014 was \$34,279.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF NET POSITION
DECEMBER 31, 2014 AND 2013

ASSETS

	2014	2013
CURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Operating Fund	\$ 34,556	\$ 8,862
Petty Cash	800	800
Accounts Receivable, Net of Allowance	347,145	410,143
Other Accounts Receivable	408,452	302,174
Materials and Supplies	136,999	127,655
MMWEC Working Capital	655,488	583,341
Rate Stabilization Reserve Fund	566,211	566,211
Prepaid Expenses	160,648	108,604
 TOTAL CURRENT ASSETS	 2,310,299	 2,107,790
NONCURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Depreciation Fund	669,015	558,599
Customer Meter Deposits	109,587	105,096
MA Reserve Trust	815,616	1,092,755
Preliminary Survey and Investigation Charges	0	82,845
Utility Plant Assets, Net	11,365,897	11,482,495
 TOTAL NONCURRENT ASSETS	 12,960,115	 13,321,790
 TOTAL ASSETS	 \$ 15,270,414	 \$ 15,429,580

See Accompanying Notes to Financial Statements

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF NET POSITION
DECEMBER 31, 2014 AND 2013

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2014	2013
CURRENT LIABILITIES:		
Accounts Payable	\$ 905,558	\$ 1,330,161
Accrued Interest	5,126	6,144
Current Portion of Long-Term Debt	311,625	311,625
Accrued Payroll and Vacation	22,599	18,707
Advance Deposits for Construction	33,186	25,129
	1,278,094	1,691,766
NONCURRENT LIABILITIES:		
Long-Term Debt, Less Current Portion	2,127,750	2,439,375
Customer Deposits	109,438	104,788
Other Postemployment Benefit Obligation	361,243	355,631
	2,598,431	2,899,794
TOTAL LIABILITIES	3,876,525	4,591,560
DEFERRED INFLOWS OF RESOURCES:		
Rate Stabilization Reserve	566,211	566,211
Contribution in Aid of Construction	919,053	820,001
	1,485,264	1,386,212
NET POSITION:		
Net Investment in Capital Assets	8,926,522	8,731,495
Net Position Restricted for Depreciation	669,015	558,599
Unrestricted Net Position	313,088	161,714
	9,908,625	9,451,808
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES RESOURCES AND NET POSITION	\$ 15,270,414	\$ 15,429,580

See Accompanying Notes to Financial Statements

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
OPERATING REVENUES:		
Sales of Electricity	\$ 7,713,162	\$ 7,441,272
Other Operating Revenues	83,569	75,346
	7,796,731	7,516,618
TOTAL OPERATING REVENUES		
OPERATING EXPENSES:		
Operating and Maintenance	6,707,391	6,707,789
Depreciation	504,793	521,393
	7,212,184	7,229,182
TOTAL OPERATING EXPENSES		
OPERATING INCOME	584,547	287,436
NONOPERATING REVENUES (EXPENSES):		
Miscellaneous Nonoperating Income	300	600
Interest Income	10,412	12,491
Interest Expense	(75,825)	(84,898)
Other Interest Expense	(564)	(963)
Amortization of Debt Issue Expense	0	(4,689)
	(65,677)	(77,459)
TOTAL NONOPERATING REVENUES (EXPENSES)		
Income Before Contributions and Transfers	518,870	209,977
NET POSITION - JANUARY 1	9,451,808	9,391,831
Transfers Out - Payment in Lieu of Taxes	(62,053)	(150,000)
NET POSITION - DECEMBER 31	\$ 9,908,625	\$ 9,451,808

See Accompanying Notes to Financial Statements

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 8,142,670	\$ 7,553,213
Other Operating Receipts - Renewable Energy Credits	113,408	62,873
Cash Paid to Participant - Renewable Energy Credits	(113,408)	(62,873)
Cash Paid to Suppliers	(6,189,425)	(5,404,145)
Cash Paid for Benefits	(379,482)	(374,027)
Cash Paid to Employees	(789,176)	(714,867)
Payment in Lieu of Taxes	(62,053)	(150,000)
	<u>722,534</u>	<u>910,174</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to Utility Plant Assets	(412,796)	(295,329)
Repayment on Long-Term Debt	(311,625)	(311,625)
Interest Payments on Long-Term Debt	(76,843)	(85,923)
Net Transfers to Depreciation Fund	(110,416)	(217,640)
	<u>(911,680)</u>	<u>(910,517)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Transfers to MMWEC Working Capital	(72,147)	(72,000)
Net Transfer (to)/from MA Reserve Trust	277,139	(119,471)
Other Interest Expense	(564)	(963)
Interest Income	10,412	12,491
	<u>214,840</u>	<u>(179,943)</u>
NET INCREASE (DECREASE) IN CASH	25,694	(180,286)
CASH AND CASH EQUIVALENTS, JANUARY 1	8,862	189,148
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 34,556	\$ 8,862

See Accompanying Notes to Financial Statements

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
RECONCILIATION OF OPERATING INCOME TO NET		
CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 584,547	\$ 287,436
Miscellaneous Nonoperating Income	300	600
Abandonment of Preliminary Surveys	82,845	0
Depreciation Expense	504,793	521,393
Payment in Lieu of Taxes	(62,053)	(150,000)
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Accounts Receivable	67,365	(27,678)
Meter Deposit Cash	(4,491)	(9,545)
Other Accounts Receivable	(106,278)	(39,408)
Materials and Supplies	(9,344)	(8,539)
Costs in Excess of Billings to Participants	0	22,699
Prepaid Expenses	(52,044)	246,226
Increase (Decrease) in Liabilities:		
Accounts Payable	(455,035)	7,028
Billings in Excess of Costs to Participants	29,957	41,822
Contribution in Aid of Construction	123,653	0
Other Postemployment Benefit Obligation	5,612	39,590
Advance Deposits for Construction	8,057	(30,747)
Customer Deposit Liability	4,650	9,297
Net Cash Provided by Operating Activities	\$ 722,534	\$ 910,174

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

The following amounts are considered to be cash or cash equivalents for the purpose of the statements of cash flow:

	2014	2013
Operating Fund	\$ 34,556	\$ 8,862

See Accompanying Notes to Financial Statements

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
 STATEMENTS OF NET POSITION
 DECEMBER 31, 2014 AND 2013

OPEB TRUST FUND

ASSETS

	2014	2013
Funds on Deposit with MMWEC		
Cash and Cash Equivalents	\$ 34,279	\$ 0

NET POSITION

NET POSITION - Restricted	\$ 34,279	\$ 0
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TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

OPEB TRUST FUND

	2014	2013
ADDITIONS:		
Contributions	\$ 32,617	\$ 0
Interest Earned on Invested Funds	1,662	0
Total Additions	34,279	0
CHANGES IN NET POSITION	34,279	0
NET POSITION - JANUARY 1	0	0
NET POSITION - DECEMBER 31	\$ 34,279	\$ 0

See Accompanying Notes to Financial Statements

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of Templeton Municipal Light Plant are as follows:

Reporting Entity

The Templeton Municipal Light Plant (TMLP) is an enterprise fund and a component unit of the Town of Templeton, Massachusetts. The Light Plant purchases electricity and sells it to the Town's residents and businesses at rates submitted to the Massachusetts Department of Public Utilities (DPU). The Light Plant appoints a manager who shall, under the direction of the Municipal Light Board, have full charge of the operation and management of the Plant.

Basis of Consolidation

The consolidated financial statements include the accounts of the Town of Templeton, Massachusetts Municipal Light Plant and its divisible share of its subsidiary, Massachusetts Municipal Light Department Wind Energy Cooperative Corporation (the "Coop"). Intercompany transactions have been eliminated.

Regulation and Basis of Accounting

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

Under Massachusetts law, electric rates of the Lighting Plant are set by the Municipal Light Board and may be changed not more than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities. While the DPU exercises general supervisory authority over the Lighting Plant, the Lighting Plant's rates are not subject to DPU approval. Rates must be set such that net earnings from operations, less bond principal payments, do not exceed 8% of the cost of the utility plant.

Utility Plant

The statutory provision for depreciation of utility plant is computed on the straight-line method 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 Municipal Light Plant may change from the statutory depreciation rate only with the approval of the DPU.

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

Use of Estimates

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

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

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

Compensated Absences

In accordance with the Light Plant policies, employees are allowed to accumulate sick days, up to an unlimited amount. Upon retirement from employment with the Light Plant, the employee will be paid 25% for accumulated sick time to a maximum of 25 days. Upon termination the employee will not be paid for accumulated sick time. Employees are permitted to carry over up to one week of vacation time from one year to the next. Upon termination of employment with the Light Plant, the employee will be paid for unused vacation time based on the employee's base rate of pay at the time of termination. The amount of vacation and sick time accrued as of December 31, 2014 and 2013 is \$14,868 and \$13,187, respectively.

Taxes

The Light Plant is exempt from federal and state income taxes. Although also exempt from property taxes, the Light Plant provides payments in lieu of taxes to the Town of Templeton.

Revenue

Revenues from sales of electricity are recorded on the basis of bills rendered from monthly readings taken on a cycle basis. The revenues are based on rates established by the Plant, which are applied to customer's consumption of electricity. Revenues are stated net of discounts.

Materials and Supplies

Materials and supplies inventory consists of parts and accessories purchased for use in the utility business for construction, operation and maintenance purposes, and is valued at last cost applied to all items on hand.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Plant considers only unrestricted cash on deposit with the Town Treasurer and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Sales Tax

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

Reclassification

Certain prior year amounts have been reclassified to conform to the 2014 presentation.

Net Position

The Department's net position is categorized as net investment in capital assets, restricted for depreciation and unrestricted.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

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

Customer Accounts Receivable

Customer accounts receivable are recorded net of a reserve for uncollectible accounts. For the years ended December 31, 2014 and 2013 the allowance for doubtful account balance was \$72,000. Accounts are included in the reserve when all legal avenues have been exhausted and the possibility of collection is remote.

Union Labor

Non-management labor is covered by a three-year union contract which expires December 31, 2015.

NOTE 2 – FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS:

GASB Statement 68, *Accounting and Financial Reporting for Pensions*, is required to be implemented for periods beginning after June 15, 2014. The Light Plant is currently evaluating the effect this pronouncement will have on the basic financial statements.

NOTE 3 – UNBILLED REVENUE:

No recognition is given to the amount of sales to customers which are unbilled at the end of the accounting period.

NOTE 4 – ACCOUNTS RECEIVABLE:

Accounts Receivable - Customers consists of the following:

	2014	2013
Accounts Receivable	\$ 419,145	\$ 482,143
Less: Allowance for Doubtful Accounts	72,000	72,000
Accounts Receivable, Net	\$ 347,145	\$ 410,143

Accounts Receivable – Other consists of the following:

	2014	2013
Merchandise and Jobbing	\$ 101,380	\$ 23,452
Associated Company - Templeton Water Receivable	225,786	194,958
Berkshire Wind Renewable Energy Credits Receivable	81,286	83,764
Total Other Accounts Receivable	\$ 408,452	\$ 302,174

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 5 – PREPAYMENTS:

Prepayments consist of the following items:

	2014	2013
Prepaid Insurance	\$ 30,846	\$ 30,621
Prepaid Retirement	61,562	62,712
Prepaid Purchase Power	68,240	15,271
 Total Prepayments	 \$ 160,648	 \$ 108,604

NOTE 6 – ADVANCES TO SUBSIDIARY:

Templeton Municipal Light Plant has advanced amounts to the MMLD Wind Energy Cooperative Corporation in order to pay for development costs associated with the Templeton Facilities, as well as some construction costs that were in excess of the bond proceeds. There are no specific repayment terms. As of December 31, 2014 and 2013, the total advanced to the Cooperative was \$641,625.

NOTE 7 – RELATED PARTIES:

The Plant occupies common administrative space with the Town of Templeton Water Plant and performs certain administrative duties for the Water Plant. The Plant is reimbursed by the Water Plant for employee’s labor and for certain expenses. Charges for 2014 and 2013 were \$30,828 and \$34,246, respectively. The Plant owns the building in which the Water Plant occupies space. The Plant does not charge for rent to the Water Plant.

The Plant is owned by the Town of Templeton. Electric sales to municipal buildings included in revenue was approximately \$451,514 and \$419,312 for December 31, 2014 and 2013, respectively. Accounts receivable from these departments was \$31,561 and \$43,577 for December 31, 2014 and 2013, respectively. The Plant contributed \$62,053 and \$150,000 in payments in lieu of taxes to the Town of Templeton in 2014 and 2013, respectively.

The Light Department reimburses the town for various employee benefits and services, including health insurance and Worcester Regional Retirement. During the years ended December 31, 2014 and 2013, the total amounts paid for these services were \$320,657 and \$311,219, respectively. At December 31, 2014 and 2013, amounts payable to the town were \$19,127 and \$84,952, respectively.

NOTE 8 – DEPRECIATION FUND:

Pursuant to provisions of the Commonwealth's General Laws, cash in an amount equivalent to the annual depreciation expense is transferred from unrestricted funds to the depreciation fund. Interest earned on the balance of the fund must also remain in the fund. Such cash may be used for the cost of plant, the costs of contractual commitments, and future costs related to such commitments which the Municipal Light Board determines are above market value.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
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NOTE 9 – MA RESERVE TRUST FUND:

The MA Reserve Trust Fund was created as an aftermath of the Massachusetts Electricity Restructuring Act of 1997. These funds are for unexpected escalation in costs, such as the decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices and transmission cost increases. The Rate Stabilization Fund balance at December 31, 2014 and 2013 was \$815,616 and \$1,092,722, respectively. These funds are commingled and deposited in investment pools. Accordingly, it is not practical to disclose the credit risk of such funds.

NOTE 10 – PURCHASED POWER WORKING CAPITAL:

The Plant is a member and participant of the Massachusetts Municipal Wholesale Electric Company (MMWEC). The purchased power working capital is an amount held by MMWEC. The implementation of the Working Capital Program began August 1, 1985. MMWEC participants approved certain working capital amendments to the various power purchase agreements. MMWEC requires that they hold a set amount of capital from which it may pay power obligations when they are due. They replenish the fund as needed from the monthly invoice payments. The income earned allocated to the Light Plant will be applied as a credit to MMWEC Power Sales Billing. The balance in the fund as of December 31, 2014 and 2013 is \$1,221,699 and \$1,149,552, respectively. The balance in the fund is offset by a deferred inflow of resources in the amount of \$566,211 as of December 31, 2014 and 2013.

NOTE 11 – BONDS PAYABLE:

Town of Templeton, Massachusetts Municipal Light Department

\$1,500,000 municipal bond, dated June 15, 2003; payable to First Southwest Company in twenty annual installments on June 15; interest at an average of 3.3% payable semi-annually on June 15 and December 15; matures June 15, 2022. Balance at December 31, 2014 is \$620,000.

Future payments on long-term debt are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	80,000	20,723	100,723
2016	80,000	18,183	98,183
2017	80,000	15,523	95,523
2018	80,000	12,763	92,763
2019-2022	<u>300,000</u>	<u>23,044</u>	<u>323,044</u>
	<u>\$ 620,000</u>	<u>\$ 90,236</u>	<u>\$ 710,236</u>

NOTE 12 – PRELIMINARY SURVEY ABANDONMENT:

Purchased power costs include an impairment loss of \$82,845 due to the determination that construction and operation of MMWEC Project 2006A is not feasible.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 13 – NET INVESTMENT IN CAPITAL ASSETS:

	2014	2013
Cost of Capital Assets Acquired	\$ 18,297,936	\$ 17,922,350
Less: Accumulated Depreciation	6,932,039	6,439,855
Less: Outstanding Debt Related to Capital Assets	2,439,375	2,751,000
Net Investment in Capital Assets	\$ 8,926,522	\$ 8,731,495

NOTE 14 – UTILITY PLANT ASSETS:

	Balance January 1, 2014	Increases	Decreases	Balance December 31, 2014
Capital Assets Not Being Depreciated:				
Construction Work in Progress	\$ 86,699	\$ 122,562	\$ (135,142)	\$ 74,119
Land and Land Rights	189,178	-	-	189,178
Total Capital Assets Not Being Depreciated	275,877	122,562	(135,142)	263,297
Capital Assets Being Depreciated:				
Production Plant	4,023,430	-	-	4,023,430
Distribution Plant	10,002,065	299,801	(37,210)	10,264,656
General Plant	3,620,978	125,575		3,746,553
Total Capital Assets Being Depreciated	17,646,473	425,376	(37,210)	18,034,639
Less Accumulated Depreciation for:				
Production Plant	(417,550)	(120,702)	-	(538,252)
Distribution Plant	(4,411,170)	(300,062)	37,210	(4,674,022)
General Plant	(1,611,135)	(108,630)	-	(1,719,765)
Total Accumulated Depreciation	(6,439,855)	(529,394)	37,210	(6,932,039)
Capital Assets Being Depreciated, Net	11,206,618	(104,018)	-	11,102,600
Utility Plant Assets, Net	\$ 11,482,495	\$ 18,544	\$ (135,142)	\$ 11,365,897

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 15 – CONCENTRATIONS OF CREDIT RISK:

The Plant's funds are deposited with the Town and are commingled and invested with deposits from other Town funds. Accordingly, it is not practical to disclose the related bank balance and credit risk of such cash deposits for the Plant. Funds on deposit with financial institutions are subject to the insurance coverage limits imposed by the Federal Deposit Insurance Corporation (FDIC). The amount of insurance coverage for the Plant deposits is not determinable because the limits of insurance are computed on a Town-wide basis.

NOTE 16 – RISK MANAGEMENT:

Self-Insurance Trust

Templeton Municipal Light Plant participates in Massachusetts Municipal Self-Insurance Trust Fund (the Trust) with 17 other municipalities for the purpose of sharing excess liability and officers' liability risks. General liability coverage provides for \$500,000 per occurrence, with a \$50,000 deductible that would be paid by the Plant. Environmental insurance coverage provides for \$1,500,000 per occurrence, with a \$100,000 deductible that would be paid by the Plant. Each participating municipality contributes to the Trust based on its share of the group's total kilowatt-hour sales. Payments for claims over the deductible limit are funded by trust assets or, if required, additional contributions from the participants.

Generally accepted accounting principles require that liabilities for self-insured claims be reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2014 and 2013, the Lighting Plant considers its pro rata share of these losses to be immaterial to its financial statements.

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS TRUST FUND:

The Other Postemployment Benefits Liability Trust Fund was established by vote of the Board of Light Commissioners on December 10, 2013. The Board voted to accept the provisions of MGL Chapter 32B, Section 20 which establishes a separate Fund and a funding schedule for the Fund.

The schedule and any future updates shall be designed, consistent with standards issued by the Governmental Accounting Standards Board, to reduce the unfunded actuarial liability of health care and other postemployment benefits to zero as of an actuarially acceptable period of years and to meet the normal cost of all future benefits for which the government unit is obligated. The Fund is held under the custodianship of the Treasurer of the Massachusetts Municipal Wholesale Electric Company (MMWEC). The balance in the trust as of December 31, 2014 was \$34,279.

NOTE 18 – PENSION PLAN:

The Plant, through the Town of Templeton, is a member of the Worcester Regional Retirement System, which, in turn, is a member of the Massachusetts Contributory Retirement System, which is governed by M.G.L. c.32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees. The plan is a contributory defined benefit plan for all county employees and employees of participating towns and districts except those employees who are covered by teachers' retirement board.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 18 – PENSION PLAN (Continued):

Massachusetts Contributory Retirement System benefits are uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

A \$30,000 salary cap, upon which members' benefits were calculated, was removed by the Worcester Regional Retirement System effective January 1, 1991. Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions normal retirement is at age 55).

Active members contribute 5, 7, 8 or 9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired after 1978 contribute an additional 2% of annual pay above \$30,000. These contributions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Public Employees' Retirement Administration's Commission (PERAC's) actuary. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustment granted since 1981 and any increase in other benefits imposed by state law after that year is borne by the state.

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total contributions and a portion of the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors, including: whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status, and group classification. Employees who resign from state service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total contributions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive either zero (0%) percent, fifty (50%) percent, or one hundred (100%) percent of the regular interest which has accrued upon those contributions.

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

The Department's contribution to the Retirement Plan is determined by an allocation of the total Town contribution, which is based upon projected benefits to be paid during the applicable year. The Department then reimburses the Town for the Department's share of the assessment.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 18 – PENSION PLAN (Continued):

The amount of pension expense charged to operations for the years ended December 31, 2014, 2013 and 2012 was \$124,874, \$115,126, and \$102,753, respectively.

The Plan’s separately issued financial statements can be obtained by contacting Worcester Regional Retirement System at 23 Midstate Drive, Suite 106, Auburn, Massachusetts 01501.

NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS:

The Plant implemented GASB Statement 45, *Accounting for Financial Reporting by Employers for Postemployment Benefits Other than Pensions* for the year ended December 31, 2009. As allowed by GASB 45, the Department has established the net OPEB obligation at zero at the beginning of the transition year and has applied the measurement recognition requirements of GASB 45 on a prospective basis.

Plan Description. The Plant participates in the town sponsored single employer defined benefit health plan. The Plant provides certain health care and life insurance benefits for eligible retirees and their spouses. Chapter 32B of Massachusetts General Law assigns authority to establish and amend benefit provisions of the plan.

As of January 1, 2012, the Plant’s membership consisted of the following:

Current retirees and beneficiaries	5
Current active members	11
Total	16

Funding Policy. The Plant recognizes the cost of providing these benefits, in accordance with government accounting standards, on a pay-as-you-go basis, by expensing the annual insurance premiums charged to the Plant by the Town, which aggregated approximately \$195,783 and \$191,784 for the years ended December 31, 2014 and 2013, respectively. Retired plan members and beneficiaries currently receiving benefits are required to contribute 25% of the premium cost for their post-retirement medical, dental and life insurance costs.

Annual OPEB Costs. The Plant’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (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 following page shows the components of the Light Plant’s annual OPEB cost for the years ending December 31, 2014 and 2013 the amount actually contributed to the plan, and changes in the Light Plant’s net OPEB obligation based on an actuarial valuation as of January 1, 2012.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS (Continued):

	2014	2013
Annual required contribution	\$ 119,297	\$ 120,970
Interest on net OPEB obligation	14,132	10,452
Adjustments to annual required contribution	(30,557)	(22,598)
Amortization of actuarial (Gain)/Losses	(5,109)	(13,068)
Annual OPEB expense	97,763	95,756
Expected benefit payments	(57,235)	(48,589)
Change in actuarial assumptions	(2,299)	(7,577)
Increase in net OPEB obligation	38,229	39,590
Transfers to OPEB Trust Fund	(32,617)	0
Net OPEB obligation, Beginning of year	355,631	316,041
Net OPEB obligation, End of year	\$ 361,243	\$ 355,631

The Light Plant’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 97,763	58.5%	\$ 361,243
2013	\$ 95,756	50.7%	\$ 355,631
2012	\$ 95,756	57.2%	\$ 316,041

Funded Status and Funding Progress. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence 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 revisions as actual results are compared with past expectations and new estimates are made about the future.

Legislature was passed allowing municipalities to create a trust, in order to fund their OPEB obligation. Templeton Municipal Light Plant created a trust for the year ending December 31, 2014.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2014 AND 2013

NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS (Continued):

The funded status is as follows:

Actuarial accrued liability (AAL)	\$	1,406,400
Actuarial value of plan assets		<u>34,279</u>
Unfunded actuarial accrued liability	\$	<u>1,372,121</u>
Funded ratio (actuarial value of plan assets/AAL)		2.44%
Covered payroll (active plan members)	\$	789,176
UAAL as a percentage of covered payroll		178.21%

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (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 employer and the 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.

As of the January 1, 2012 actuarial valuation, liabilities were determined using the projected unit cost credit method. The actuarial assumptions included a 4% rate of return and an annual healthcare cost trend rate initially of 11%, graded to an ultimate rate of 5% after seven years. Costs rate trend for dental benefits is projected at 8.5% initially, graded to 5% after seven years. Both rates included a 2.5% general inflation assumption. The unfunded actuarial accrued liability (UAAL) is being amortized over 30 years at a level dollar amount.

NOTE 20 – MMWEC PARTICIPATION:

The Town of Templeton, acting through its Light Plant, is a participant in certain projects of 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 (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities.

MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). Among other things, the PSAs require each Project Participant to pay its *pro rata* share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt service to be paid into a Reserve and Contingency Fund.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 20 – MMWEC PARTICIPATION (Continued):

In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of that Project's Project Capability to an additional amount not to exceed 25% of their original Participant's share of that Project's Project Capability. Project Participants have covenanted to fix, revise and collect rates at least sufficient to meet their obligations under the PSAs.

Templeton Municipal Light Plant has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both the PSAs and PPAs, the Light Plant is required to make certain payments to MMWEC payable solely from Light Plant revenues. Under the PSAs, each Participant is unconditionally obligated to make all payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

NOTE 21 – MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT WIND ENERGY
COOPERATIVE CORPORATION (COOPERATIVE):

The significant accounting principles and policies utilized by the Massachusetts Municipal Light Department Wind Energy Cooperative Corporation (Cooperative) are as follows:

Reporting Entity

The Cooperative is organized under Chapter 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Cooperative was formed by Massachusetts Municipal Wholesale Electric Company (MMWEC) and the Princeton Municipal Light Department (PMLD) for the purpose of financing, owning, constructing and operating wind generation facilities located in the town of Princeton, Massachusetts (Princeton Facilities). In October 2009, the Templeton Municipal Light & Water Plant (Templeton) joined the Cooperative in order to finance, purchase or otherwise acquire, construct, install, operate and maintain, or cause to be operated and maintained a wind turbine and ancillary equipment for the production of wind energy to be installed in Baldwinville, Massachusetts (Templeton Facilities).

The powers of the Cooperative are exercised by the Board of Directors who has the right to conduct business and carry on operations. The Board of Directors is comprised of one director who represents MMWEC and two or more Directors who represent PMLD and Templeton.

Nature of Operations

The Cooperative has constructed and is operating two 1.5-megawatt wind turbines at the PMLD's wind farm in Princeton, Massachusetts and one 1.65-megawatt wind turbine at the Templeton's wind farm in Baldwinville, Massachusetts. The Cooperative provides wind energy to PMLD and Templeton. This business is a self-sustaining operation, providing both operational and financial value to the PMLD and Templeton.

Regulation and Basis of Accounting

The financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 21 – MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT WIND ENERGY
COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

Fair Value of Financial Instruments

The Cooperative's financial instruments consist of cash and cash equivalents, accounts payable and accrued expenses and debt instruments. The estimated fair values of these financial instruments approximate their carrying values at December 31, 2014 and 2013. The estimated fair values have been determined through information obtained from market sources and management estimates.

Depreciation

Property and equipment is stated at cost. Minor additions and renewals are expensed in the year incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives using straight line method. Depreciation expense for 2014 and 2013 was \$114,901 and \$114,902, respectively.

Taxes

The Cooperative is exempt from federal income taxes.

Advances from Templeton Municipal Light Plant

Templeton has advanced amounts to the Cooperative in order to pay for development costs associated with the Templeton Facilities that are in excess of the bond proceeds. The advances are classified as long term as repayment is not anticipated within the current year. There are no specific repayment terms. As of December 31, 2014 and 2013 the total advances to the Cooperative were \$641,625.

Use of Estimates

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

Prepaid Insurance

Prepaid insurance represents insurance premiums paid in the current fiscal year benefiting future periods.

Amounts Recoverable /Payable in the Future

The difference between revenues received and expenses paid are charged to the amounts recoverable/payable in the future account which is reflected as either a deferred inflow or outflow of resources in the accompanying statements of net position. Such amounts will be recovered or settled through future billings.

Revenues and Expenses

The Cooperative distinguishes 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 the utility's principal ongoing operations. The principal operating revenues of the Cooperative will be the contract charges to Templeton. Operating expenses for the Cooperative currently include insurance, services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 21 – MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT WIND ENERGY
 COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

Reclassification

Certain prior year amounts have been reclassified to conform to the 2014 presentation.

Cash and Cash Equivalents

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

Cash:

	2014		2013	
	Carrying Value	Bank Value	Carrying Value	Bank Value
Checking Account	\$ 64,267	\$ 64,151	\$ 39,792	\$ 39,677

Custodial Credit Risk

In the event of a bank failure, the Cooperative’s deposits may not be returned. The Cooperative’s funds on deposit with financial institutions are subject to the insurance coverage limits by the Federal Deposit Insurance Corporation (FDIC) and the Deposit Insurance Fund of Massachusetts (DIF).

No formal investment policy has been adopted by the Cooperative to address custodial credit risk.

Related Parties:

On behalf of Templeton, MMWEC records and accounts for bills received and paid. MMWEC is also accounting for monthly contract charges rendered and payments received from Templeton.

The Cooperative entered into a service contract with MMWEC on October 15, 2009, under which MMWEC is to serve as the Cooperative’s agent in all matters with respect to financing the construction, purchase, ownership, lease or other acquisition by the Cooperative of the Templeton Facilities or energy generated from other facilities and other property or interest therein.

Under both the agency and service contract, MMWEC is to serve as the Cooperative’s representative in the New England Power Pool (NEPOOL) and in matters relating to ISO New England, Inc. (ISO-NE) in connection with the Templeton Facilities, the purchase and sale of energy therefrom or from other facilities and other property or interests therein.

Occasionally, Templeton will incur costs related to the Templeton Facilities and then invoice the Cooperative for these costs. During the years ended December 31, 2014 and 2013, the Cooperative incurred no charges for costs related to the Templeton Facilities. The Cooperative has an outstanding balance due to Templeton of \$641,625 at December 31, 2014 and 2013.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
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NOTE 21 – MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT WIND ENERGY
COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

Debt:

During October 2009, the Cooperative obtained a Commercial Term Loan with a bank in the amount \$993,750 (Loan) to provide term financing for the installation and operation of the Templeton Facilities. The Loan had a fixed interest rate of 5.5% per annum which was modified on August 1, 2012 to a new rate of 4% and principal on the loan is payable over 10 years in annual payments of \$99,375 commencing on October 1, 2010, and then on October 1 of each year thereafter.

Interest is payable in semi-annual installments on April 1 and October 1 of each year, with the first interest payment due on April 1, 2010. All principal and accrued interest is due and payable on demand on October 1, 2019. The Term loan is subject to a prepayment penalty of 1% of the principal prepaid if paid on or before August 1, 2017. The Term Loan is collateralized by equipment and the purchase power agreement (PPA). The outstanding balances as of December 31, 2014 and 2013 were \$496,875 and \$596,250, respectively.

A Commercial Line of Credit with a bank in the amount of \$2,000,000 (Templeton Line of Credit) was issued October 2009 in order to provide bridge financing to support the acquisition of turbines for the Templeton Facilities. On December 31, 2009, the Templeton Line of Credit was converted to a Clean Renewable Energy Bond (CREB) in the amount of \$2,116,000. The CREB has a payment term of up to sixteen years but not greater than the maximum term for a clean renewable energy bond as determined by the U.S. Treasury Department. Principal payments are due in equal installments of \$132,250 commencing December 30, 2009 and then on December 30 of each year thereafter. Interest on the CREB is fixed at 2% and is payable in semi-annual installments on June 30 and December 30 of each year. The CREB is collateralized by the purchase power agreement (PPA). As of December 31, 2014 and 2013, the Cooperative had \$1,322,500 and \$1,454,750, respectively, outstanding on the CREB.

The following is a summary of total debt service requirements for the bond and loans outstanding at December 31, 2014:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	231,625	47,096	278,721
2016	231,625	40,367	271,992
2017	231,625	33,636	265,261
2018	231,625	26,907	258,532
2019	231,625	20,175	251,800
2020-2024	<u>661,250</u>	<u>40,338</u>	<u>701,588</u>
Totals	<u>\$ 1,819,375</u>	<u>\$ 208,519</u>	<u>\$ 2,027,894</u>

Commitments and Contingencies:

Legal

The Cooperative is involved in various legal actions. In the opinion of Management, the outcome of such actions will not have material adverse effect on the financial position of the Cooperative.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 22 – COMMITMENTS AND CONTINGENCIES:

Berkshire Wind Cooperative Corporation

The Templeton Municipal Light Plant (Plant) is a Member of the Berkshire Wind Cooperative Corporation (Cooperative).

The Cooperative is organized under Chapters 157 and 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Cooperative was formed by Massachusetts Municipal Wholesale Electric Company (MMWEC) and 14 Municipal Light Departments (Members) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility).

The Cooperative has constructed and installed 10 1.5-megawatt wind turbines at the Berkshire Wind Facility. The Cooperative provides wind energy to MMWEC pursuant to the Berkshire Wind Power Purchase Agreement dated May 21, 2008 between MMWEC and the Cooperative. Under this agreement, MMWEC entered into a Power Sales Contract with the Cooperative pursuant to which MMWEC has agreed to purchase 100% of the capacity and energy output and, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of a wind power generating facility to be owned, constructed and operated by the Cooperative at the Berkshire Wind Facility.

MMWEC sells all of the capability of the Berkshire Wind Facility (Capability) to the Members of the Cooperative (Members) under Power Purchase Agreements (PPAs). Among other things, the PPAs require each Cooperative Member to pay its *pro rata* share of the costs related to the Berkshire Wind Facility, which costs include debt service on the bonds issued by the Cooperative to finance the Berkshire Wind Facility, plus 10% of the debt service to be paid into a Reserve and Contingency Fund. In addition, should a Cooperative Member fail to make any payment when due, other Cooperative Members may be required to increase (step-up) their payments and correspondingly their share of the Capability to an additional amount.

The Cooperative has issued revenue bonds, which are payable solely from, and secured solely by, the revenues derived from the Berkshire Wind Facility. The revenues are used solely to provide for the payment of any bond issue relating to the Berkshire Wind Facility and to pay the Cooperative's cost of owning and operating the Berkshire Wind Facility.

The Templeton Municipal Light Plant has entered into a PPA with the Berkshire Wind Cooperative Corporation. Under the PPA, each Participant is unconditionally obligated to make all payments due to the Berkshire Wind Cooperative Corporation, whether or not the Berkshire Wind Facility is completed or operating, and notwithstanding the suspension or interruption of the output of the Berkshire Wind Facility. In addition, under the PPA, the Plant is required to pay to the Cooperative its share of the Operation and Maintenance (O&M) costs of the Berkshire Wind Facility.

As of December 31, 2014, total capital expenditures for the Berkshire Wind Facility amounted to \$58,990,077, of which \$3,235,000, presents the amount associated with the Plant's share of the Capability of the Berkshire Wind Facility of which it is Member, although such amount is not allocated to the Plant. The Cooperative's debt outstanding for the Berkshire Wind Facility includes bonds totaling \$57,860,000 of which \$3,173,000 is associated with the Plant's share of Capability of the Berkshire Wind Facility of which it is Member, although such amount is not allocated to the Plant.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 22 – COMMITMENTS AND CONTINGENCIES (Continued):

Berkshire Wind Cooperative Corporation (continued)

As of December 31, 2014, the Cooperative’s total future debt service requirement on outstanding bonds issued for the Projects is \$86,387,000, of which \$4,737,000 is anticipated to be billed to the Plant in the future.

The estimated aggregate amount of the Templeton Municipal Light Plant required payments under the PSA, exclusive of the Reserve and Contingency Fund billings, to the Cooperative at December 31, 2014 and estimated for future years is shown below.

For the years ended December 31,	2015	\$ 296,000
	2016	296,000
	2017	296,000
	2018	296,000
	2019	296,000
	2020-2024	1,480,000
	2025-2029	1,481,000
	2030	<u>296,000</u>
	Total	<u>\$ 4,737,000</u>

MMWEC Contingencies and Liabilities

Town of Templeton, acting through its Light Plant, is a Participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable solely from, and secured solely by, the revenues derived from the Project to which the bonds relate, plus available funds pledged under MMWEC’s Amended and Restated General Bond Resolution (GBR) with respect to the bonds of that Project. The MMWEC revenues derived from each Project are used solely to provide for the payment of the bonds of any bond issue relating to such Project and to pay MMWEC’s cost of owning and operating such Project and are not used to provide for the payment of the bonds of any bond issue relating to any other Project.

MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 3.7% interest in the W.F. Wyman Unit No. 4 plant, which is operated and owned by its majority owner, FPL Energy Wyman IV, LLC, a subsidiary of NextEra Energy Resources LLC, and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. (DNCI), the majority owner and an indirect subsidiary of Dominion Resources, Inc. DNCI also owns and operates the Millstone Unit 2 nuclear unit. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

A substantial portion of MMWEC’s plant investment and financing program is an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC (NextEra Seabrook) the majority owner and an indirect subsidiary of NextEra Energy Resources LLC.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 22 – COMMITMENTS AND CONTINGENCIES (Continued):

MMWEC Contingencies and Liabilities (continued)

The operating license for Seabrook Station extends to March 15, 2030. NextEra Seabrook has submitted an application to extend the Seabrook Station operating license for an additional 20 years.

Pursuant to the PSAs, the MMWEC Seabrook and Millstone Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. Also, the Project Participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

MMWEC is involved in various legal actions. In the opinion of MMWEC management, the outcome of such actions will not have a material adverse effect on the financial position of the company.

Total capital expenditures for MMWEC’s Projects amounted to \$1,616,889,000, of which \$27,386,000 represents the amount associated with the Plant’s share of Project Capability of the Projects in which it participates, although such amount is not allocated to the Plant.

MMWEC’s debt outstanding for the Projects includes Power Supply Project Revenue Bonds totaling \$167,110,000, of which \$2,750,000 is associated with the Plant’s share of Project Capability of the Projects in which it participates, although such amount is not allocated to the Plant. As of December 31, 2014, MMWEC’s total future debt service requirement on outstanding bonds issued for the Projects is \$152,675,000, of which \$2,533,000 is anticipated to be billed to the Plant in the future.

The estimated aggregate amount of Templeton Municipal Light Plant’s required payments under the PSAs and PPAs, exclusive of the Reserve and Contingency Fund billings, to MMWEC at December 31, 2014 and estimated for future years is shown below.

		<u>ANNUAL COSTS</u>	
For the years ended December 31,	2015	\$ 995,000	
	2016	913,000	
	2017	447,000	
	2018	101,000	
	2019	<u>77,000</u>	
	TOTAL	<u>\$ 2,533,000</u>	

In addition, under the PSAs, the Plant is required to pay to MMWEC its share of the Operations and Maintenance (O&M) costs of the Projects in which it participates. The Plant’s total O&M costs including debt service under the PSAs were \$2,720,000 and 2,749,000 for the years ended December 31, 2014 and 2013, respectively.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 22 – COMMITMENTS AND CONTINGENCIES (Continued):

Other Power Supply

The Plant has entered into an All Requirements Bulk Power Sales Agreement (All Requirement Agreement) with MMWEC, under which MMWEC provides, delivers and sells all electric power and energy to the Plant whether through owned generation, purchased power contracts or other power supply arrangements.

Under the terms of the All Requirements Agreement, the Plant is committed to purchase additional power through MMWEC in the amount of \$951,351 in 2015, \$321,252 in 2016, 282,333 in 2017, \$155,928 in 2018 and \$91,323 in 2019.

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(\$000)

	PERCENTAGE SHARE	TOTAL PROJECT EXPENDITURES TO DATE	PARTICIPANT'S SHARE	DEBT ISSUED & OUTSTANDING 12/31/2014	PARTICIPANT'S SHARE	TOTAL DEBT SERVICE ON BONDS OUTSTANDING	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3894	\$ 59,275	\$ 1,416	\$ -	\$ -	\$ -	\$ -
Stony Brook Intermediate Project	1.5361	174,109	2,674	-	-	-	-
Nuclear Mix No. 1-SBK	2.2550	13,389	302	-	-	-	-
Nuclear Mix No. 1-MLS	2.2550	120,498	2,717	-	-	-	-
Nuclear Project No. 3-MLS	1.0583	150,507	1,593	32,660	346	28,657	303
Nuclear Project No. 4-SBK	1.3300	345,196	4,591	32,260	429	28,671	381
Nuclear Project No. 5-SBK	0.6488	93,686	608	9,865	64	8,867	58
Wyman Project	0.0000	8,797	-	-	-	-	-
Project No. 6-SBK	2.0700	651,432	13,485	92,325	1,911	86,480	1,791
TOTAL		<u>\$ 1,616,889</u>	<u>\$ 27,386</u>	<u>\$ 167,110</u>	<u>\$ 2,750</u>	<u>\$ 152,675</u>	<u>\$ 2,533</u>

	PERCENTAGE SHARE	OPERATION & MAINTENANCE 12/31/2013	PARTICIPANT'S SHARE	OPERATION & MAINTENANCE 12/31/2014	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3894	\$ 3,591	\$ 86	\$ 4,648	\$ 111
Stony Brook Intermediate Project	1.5361	21,672	333	32,241	495
Nuclear Mix No. 1-SBK	2.2550	1,378	31	971	22
Nuclear Mix No. 1-MLS	2.2550	11,868	268	8,743	197
Nuclear Project No. 3-MLS	1.0583	25,453	269	26,549	281
Nuclear Project No. 4-SBK	1.3300	34,522	459	30,617	407
Nuclear Project No. 5-SBK	0.6488	9,018	59	8,122	53
Wyman Project	0.0000	1,693	-	3,094	-
Project No. 6-SBK	2.0700	60,105	1,244	55,736	1,154
TOTAL		<u>\$ 169,300</u>	<u>\$ 2,749</u>	<u>\$ 170,721</u>	<u>\$ 2,720</u>

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(\$000)

	PERCENTAGE SHARE	2015 ANNUAL COST	PARTICIPANT'S SHARE	2016 ANNUAL COST	PARTICIPANT'S SHARE	2017 ANNUAL COST	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stony Brook Intermediate Project	1.5361	-	-	-	-	-	-
Nuclear Mix No. 1-SBK	2.2550	-	-	-	-	-	-
Nuclear Mix No. 1-MLS	2.2550	-	-	-	-	-	-
Nuclear Project No. 3 - MLS	1.0583	14,311	151	9,182	97	3,492	37
Nuclear Project No. 4-SBK	1.3300	13,142	175	11,128	148	4,401	59
Nuclear Project No. 5-SBK	0.6488	3,821	25	3,370	22	1,559	10
Wyman Project	0.0000	-	-	-	-	-	-
Project No. 6-SBK	2.0700	31,087	644	31,225	646	16,460	341
TOTAL		\$ 62,361	\$ 995	\$ 54,905	\$ 913	\$ 25,912	\$ 447

	PERCENTAGE SHARE	2018 ANNUAL COST	PARTICIPANT'S SHARE	2019 ANNUAL COST	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3894	\$ -	\$ -	\$ -	\$ -
Stony Brook Intermediate Project	1.5361	-	-	-	-
Nuclear Mix No. 1-SBK	2.2550	-	-	-	-
Nuclear Mix No. 1-MLS	2.2550	-	-	-	-
Nuclear Project No. 3-MLS	1.0583	1,672	18	-	-
Nuclear Project No. 4-SBK	1.3300	-	-	-	-
Nuclear Project No. 5-SBK	0.6488	117	1	-	-
Wyman Project	0.0000	-	-	-	-
Project No. 6-SBK	2.0700	3,980	82	3,728	77
TOTAL		\$ 5,769	\$ 101	\$ 3,728	\$ 77

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
 REQUIRED SUPPLEMENTARY INFORMATION
 DECEMBER 31, 2014 AND 2013

Schedule of Funding Progress - Other Postemployment Benefits

Actuarial Valuation Date	For the Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Payroll
1/1/2008	12/31/2009	\$ -	\$ 1,534,774	\$ 1,534,774	0.00%	\$ 719,860	213.20%
1/1/2010	12/31/2010	\$ -	\$ 1,591,993	\$ 1,591,993	0.00%	\$ 813,045	195.81%
1/1/2010	12/31/2011	\$ -	\$ 1,647,816	\$ 1,647,816	0.00%	\$ 767,333	214.75%
1/1/2012	12/31/2012	\$ -	\$ 1,329,744	\$ 1,329,744	0.00%	\$ 779,214	170.65%
1/1/2012	12/31/2013	\$ -	\$ 1,329,744	\$ 1,329,744	0.00%	\$ 714,867	186.01%
1/1/2012	12/31/2014	\$ 34,279	\$ 1,406,400	\$ 1,372,121	2.44%	\$ 789,176	173.87%

Schedule of Actuarial Methods and Assumptions

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

Actuarial Methods:

Valuation Date	1/1/2012
Actuarial Cost Method	Projected Unit Credit
Amortization Method	30 year Level Dollar Basis
Remaining Amortization Period	24 years

Actuarial Assumptions:

Assumed Retirement	Age 65
Discount Rate	4.00%
Projected Salary Increases	3.00%
Healthcare Cost Trend Rate	Initially 11%, graded to 5% over 4 years

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF NET POSITION
DECEMBER 31, 2014 AND 2013

ASSETS

	<u>2014</u>				<u>2013</u>			
	<u>Templeton Municipal Light Department</u>	<u>Wind Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>Templeton Municipal Light Department</u>	<u>Wind Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
CURRENT ASSETS:								
Funds on Deposit with Town Treasurer								
Operating Fund	\$ (29,711)	\$ 64,267	\$ 0	\$ 34,556	\$ (30,930)	\$ 39,792	\$ 0	\$ 8,862
Petty Cash	800	0	0	800	800	0	0	800
Accounts Receivable, Net of Allowance	340,732	78,192	(71,779)	347,145	405,757	80,532	(76,146)	410,143
Other Accounts Receivable	408,452	0	0	408,452	302,174	0	0	302,174
Materials and Supplies	136,999	0	0	136,999	127,655	0	0	127,655
MMWEC Working Capital	655,488	0	0	655,488	583,341	0	0	583,341
Rate Stabilization Reserve Fund	566,211	0	0	566,211	566,211	0	0	566,211
Prepaid Expenses	148,040	12,608	0	160,648	96,946	11,658	0	108,604
TOTAL CURRENT ASSETS	2,227,011	155,067	(71,779)	2,310,299	2,051,954	131,982	(76,146)	2,107,790
NONCURRENT ASSETS:								
Funds on Deposit with Town Treasurer								
Depreciation Fund	669,015	0	0	669,015	558,599	0	0	558,599
Customer Meter Deposits	109,587	0	0	109,587	105,096	0	0	105,096
Advances to MMLD Wind Energy Cooperative	641,625	0	(641,625)	0	641,625	0	(641,625)	0
MA Reserve Trust	815,616	0	0	815,616	1,092,755	0	0	1,092,755
Preliminary Survey and Investigation Charges	0	0	0	0	82,845	0	0	82,845
Utility Plant Assets, Net	8,029,165	3,336,732	0	11,365,897	8,030,862	3,451,633	0	11,482,495
TOTAL NONCURRENT ASSETS	10,265,008	3,336,732	(641,625)	12,960,115	10,511,782	3,451,633	(641,625)	13,321,790
TOTAL ASSETS	12,492,019	3,491,799	(713,404)	15,270,414	12,563,736	3,583,615	(717,771)	15,429,580

See Independent Auditors' Report

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2014 AND 2013

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2014</u>				<u>2013</u>			
	Templeton Municipal Light Department	Wind Energy Cooperative Corporation	Eliminations	Consolidated Amount	Templeton Municipal Light Department	Wind Energy Cooperative Corporation	Eliminations	Consolidated Amount
CURRENT LIABILITIES:								
Accounts Payable	\$ 904,215	\$ 1,343	\$ 0	\$ 905,558	\$ 1,357,289	\$ 7,196	\$ (34,324)	\$ 1,330,161
Accrued Interest	0	5,126	0	5,126	0	6,144	0	6,144
Current Portion of Long-Term Debt	80,000	231,625	0	311,625	80,000	231,625	0	311,625
Accrued Payroll and Vacation	22,599	0	0	22,599	18,707	0	0	18,707
Advance Deposits for Construction	33,186	0	0	33,186	25,129	0	0	25,129
TOTAL CURRENT LIABILITIES	1,040,000	238,094	0	1,278,094	1,481,125	244,965	(34,324)	1,691,766
NONCURRENT LIABILITIES:								
Long-Term Debt, Less Current Portion	540,000	1,587,750	0	2,127,750	620,000	1,819,375	0	2,439,375
Customer Deposits	109,438	0	0	109,438	104,788	0	0	104,788
Other Postemployment Benefit Obligation	361,243	0	0	361,243	355,631	0	0	355,631
Advances from Templeton Municipal Light Plant	0	641,625	(641,625)	0	0	641,625	(641,625)	0
TOTAL NONCURRENT LIABILITIES	1,010,681	2,229,375	(641,625)	2,598,431	1,080,419	2,461,000	(641,625)	2,899,794
TOTAL LIABILITIES	2,050,681	2,467,469	(641,625)	3,876,525	2,561,544	2,705,965	(675,949)	4,591,560
DEFERRED INFLOWS OF RESOURCES:								
Amounts Recoverable/Payable in the Future	(952,551)	952,551	0	0	(835,828)	835,828	0	0
Rate Stabilization Reserve	566,211	0	0	566,211	566,211	0	0	566,211
Billings in Excess of Costs to Participants	0	71,779	(71,779)	0	0	41,822	(41,822)	0
Contribution in Aid of Construction	919,053	0	0	919,053	820,001	0	0	820,001
TOTAL DEFERRED INFLOWS OF RESOURCES	532,713	1,024,330	(71,779)	1,485,264	550,384	877,650	(41,822)	1,386,212
NET POSITION:								
Net Investment in Capital Assets	7,409,165	1,517,357	0	8,926,522	7,330,862	1,400,633	0	8,731,495
Net Position Restricted for Depreciation	669,015	0	0	669,015	558,599	0	0	558,599
Unrestricted Net Position	1,830,445	(1,517,357)	0	313,088	1,562,347	(1,400,633)	0	161,714
TOTAL NET POSITION	9,908,625	0	0	9,908,625	9,451,808	0	0	9,451,808
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 12,492,019	\$ 3,491,799	\$ (713,404)	\$ 15,270,414	\$ 12,563,736	\$ 3,583,615	\$ (717,771)	\$ 15,429,580

See Independent Auditors' Report

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>				<u>2013</u>			
	Templeton Municipal Light Department	Wind Energy Cooperative Corporation	Eliminations	Consolidated Amount	Templeton Municipal Light Department	Wind Energy Cooperative Corporation	Eliminations	Consolidated Amount
OPERATING REVENUES:								
Sales of Electricity	\$ 7,713,162	\$ 332,027	\$ (332,027)	\$ 7,713,162	\$ 7,441,272	\$ 357,644	\$ (357,644)	\$ 7,441,272
Other Operating Revenues	83,569	0	0	83,569	75,346	0	0	75,346
TOTAL OPERATING REVENUES	7,796,731	332,027	(332,027)	7,796,731	7,516,618	357,644	(357,644)	7,516,618
OPERATING EXPENSES:								
Operating and Maintenance	6,991,678	47,740	(332,027)	6,707,391	6,998,789	66,644	(357,644)	6,707,789
Depreciation	389,892	114,901	0	504,793	406,491	114,902	0	521,393
TOTAL OPERATING EXPENSES	7,381,570	162,641	(332,027)	7,212,184	7,405,280	181,546	(357,644)	7,229,182
OPERATING INCOME	415,161	169,386	0	584,547	111,338	176,098	0	287,436
NONOPERATING REVENUES (EXPENSES):								
Miscellaneous Nonoperating Income	300	0	0	300	600	0	0	600
Interest Income	10,412	0	0	10,412	12,491	0	0	12,491
Interest Expense	(23,163)	(52,662)	0	(75,825)	(25,523)	(59,375)	0	(84,898)
Other Interest Expense	(564)	0	0	(564)	(963)	0	0	(963)
Amortization of Debt Issue Expense	0	0	0	0	(4,689)	0	0	(4,689)
Change in Amounts Payable in the Future	116,724	(116,724)	0	0	116,723	(116,723)	0	0
TOTAL NONOPERATING REVENUES (EXPENSES)	103,709	(169,386)	0	(65,677)	98,639	(176,098)	0	(77,459)
Income Before Contributions and Transfers	518,870	0	0	518,870	209,977	0	0	209,977
NET POSITION - JANUARY 1	9,451,808	0	0	9,451,808	9,391,831	0	0	9,391,831
Transfers Out - Payment in Lieu of Taxes	(62,053)	0	0	(62,053)	(150,000)	0	0	(150,000)
NET POSITION - DECEMBER 31	\$ 9,908,625	\$ 0	\$ 0	\$ 9,908,625	\$ 9,451,808	\$ 0	\$ 0	\$ 9,451,808

See Independent Auditors' Report

TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>				<u>2013</u>			
	<u>Templeton Municipal Light Department</u>	<u>Wind Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>Templeton Municipal Light Department</u>	<u>Wind Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
CASH FLOW FROM OPERATING ACTIVITIES:								
Cash Received from Customers	\$ 7,778,346	\$ 364,324	\$ 0	\$ 8,142,670	\$ 7,485,656	\$ 425,201	\$ (357,644)	\$ 7,553,213
Other Operating Receipts - Renewable Energy Credits	0	113,408	0	113,408	0	62,873	0	62,873
Cash Paid to Participant - Renewable Energy Credits	0	(113,408)	0	(113,408)	0	(62,873)	0	(62,873)
Cash Paid to Suppliers	(6,134,882)	(54,543)	0	(6,189,425)	(5,662,537)	(99,252)	357,644	(5,404,145)
Cash Paid for Benefits	(379,482)	0	0	(379,482)	(374,027)	0	0	(374,027)
Cash Paid to Employees	(789,176)	0	0	(789,176)	(714,867)	0	0	(714,867)
Payment in Lieu of Taxes	(62,053)	0	0	(62,053)	(150,000)	0	0	(150,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>412,753</u>	<u>309,781</u>	<u>0</u>	<u>722,534</u>	<u>584,225</u>	<u>325,949</u>	<u>0</u>	<u>910,174</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Additions to Utility Plant Assets	(412,796)	0	0	(412,796)	(295,329)	0	0	(295,329)
Repayment on Long-Term Debt	(80,000)	(231,625)	0	(311,625)	(80,000)	(231,625)	0	(311,625)
Interest Payments on Long-Term Debt	(23,162)	(53,681)	0	(76,843)	(25,523)	(60,400)	0	(85,923)
Net Transfers to Depreciation Fund	(110,416)	0	0	(110,416)	(217,640)	0	0	(217,640)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(626,374)</u>	<u>(285,306)</u>	<u>0</u>	<u>(911,680)</u>	<u>(618,492)</u>	<u>(292,025)</u>	<u>0</u>	<u>(910,517)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Net Transfers to MMWEC Working Capital	(72,147)	0	0	(72,147)	(72,000)	0	0	(72,000)
Net Transfer (to)/from MA Reserve Trust	277,139	0	0	277,139	(119,471)	0	0	(119,471)
Other Interest Expense	(564)	0	0	(564)	(963)	0	0	(963)
Interest Income	10,412	0	0	10,412	12,491	0	0	12,491
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>214,840</u>	<u>0</u>	<u>0</u>	<u>214,840</u>	<u>(179,943)</u>	<u>0</u>	<u>0</u>	<u>(179,943)</u>
NET INCREASE (DECREASE) IN CASH	<u>1,219</u>	<u>24,475</u>	<u>0</u>	<u>25,694</u>	<u>(214,210)</u>	<u>33,924</u>	<u>0</u>	<u>(180,286)</u>
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>(30,930)</u>	<u>39,792</u>	<u>0</u>	<u>8,862</u>	<u>183,280</u>	<u>5,868</u>	<u>0</u>	<u>189,148</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ (29,711)</u>	<u>\$ 64,267</u>	<u>\$ 0</u>	<u>\$ 34,556</u>	<u>\$ (30,930)</u>	<u>\$ 39,792</u>	<u>\$ 0</u>	<u>\$ 8,862</u>

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TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>				<u>2013</u>			
	<u>Templeton Municipal Light Department</u>	<u>Wind Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>Templeton Municipal Light Department</u>	<u>Wind Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
RECONCILIATION OF OPERATING INCOME TO								
NET CASH PROVIDED BY OPERATING								
ACTIVITIES:								
Operating Income	\$ 415,161	\$ 169,386	\$ 0	\$ 584,547	\$ 111,338	\$ 176,098	\$ 0	\$ 287,436
Miscellaneous Nonoperating Income	300	0	0	300	600	0	0	600
Abandonment of Preliminary Surveys	82,845	0	0	82,845	0	0	0	0
Depreciation Expense	389,892	114,901	0	504,793	406,491	114,902	0	521,393
Payment in Lieu of Taxes	(62,053)	0	0	(62,053)	(150,000)	0	0	(150,000)
Changes in Assets and Liabilities:								
(Increase) Decrease in Assets:								
Accounts Receivable	65,025	2,340	0	67,365	(30,714)	3,036	0	(27,678)
Meter Deposit Cash	(4,491)	0	0	(4,491)	(9,545)	0	0	(9,545)
Other Accounts Receivable	(106,278)	0	0	(106,278)	(39,408)	0	0	(39,408)
Materials and Supplies	(9,344)	0	0	(9,344)	(8,539)	0	0	(8,539)
Costs in Excess of Billings to Participants	0	0	0	0	0	22,699	0	22,699
Prepaid Expenses	(51,094)	(950)	0	(52,044)	246,587	(361)	0	246,226
Increase (Decrease) in Liabilities:								
Accounts Payable	(449,182)	(5,853)	0	(455,035)	39,275	(32,247)	0	7,028
Billings in Excess of Costs to Participants	0	29,957	0	29,957	0	41,822	0	41,822
Contribution in Aid of Construction	123,653	0	0	123,653	0	0	0	0
Other Postemployment Benefit Obligation	5,612	0	0	5,612	39,590	0	0	39,590
Advance Deposits for Construction	8,057	0	0	8,057	(30,747)	0	0	(30,747)
Customer Deposit Liability	4,650	0	0	4,650	9,297	0	0	9,297
NET CASH PROVIDED BY								
OPERATING ACTIVITIES	<u>\$ 412,753</u>	<u>\$ 309,781</u>	<u>\$ 0</u>	<u>\$ 722,534</u>	<u>\$ 584,225</u>	<u>\$ 325,949</u>	<u>\$ 0</u>	<u>\$ 910,174</u>

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TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF ELECTRIC OPERATING AND MAINTENANCE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
POWER SUPPLY EXPENSE:		
Purchased Power	\$ 5,128,653	\$ 5,243,337
Other Expenses	125,233	86,867
TOTAL POWER SUPPLY EXPENSE	5,253,886	5,330,204
DISTRIBUTION EXPENSES:		
Operation, Supervision and Engineering	92,775	89,618
Operation Labor	82,988	64,590
Operation Supplies and Expenses	4,626	8,064
Overhead Line Expense	14,525	2,982
Underground Line Expense	4,145	4,771
Street Light and Signal System Expense	6,690	7,337
Meter Expenses	5,490	5,985
Customer Installation Expense	1,809	174
Miscellaneous Distribution Expenses	69,555	71,201
Maintenance of Station Equipment	10,384	2,297
Maintenance of Overhead Lines	119,891	103,445
Maintenance of Underground Lines	419	150
Maintenance of Line Transformers	(293)	76
Maintenance of Street Lights and Signal Systems	4,263	6,280
TOTAL DISTRIBUTION EXPENSES	417,267	366,970
CUSTOMER ACCOUNT EXPENSES:		
Meter Reading	44,305	44,966
Accounting and Collection Expense	114,412	102,273
TOTAL CUSTOMER ACCOUNT EXPENSES	158,717	147,239
ADMINISTRATIVE AND GENERAL EXPENSES:		
Administration and General Salaries	142,630	133,359
Office Supplies and Expenses	35,424	39,137
Outside Services Employed	89,716	96,680
Property Insurance	38,247	36,773
Injuries and Damages	88,275	82,312
Employee Pensions and Benefits	379,482	374,027
Miscellaneous General Expense	51,476	54,470
Transportation Expense	(1,366)	(10,499)
Maintenance of General Plant	53,637	57,117
TOTAL ADMINISTRATIVE AND GENERAL EXPENSES	877,521	863,376
TOTAL OPERATING AND MAINTENANCE EXPENSES	\$ 6,707,391	\$ 6,707,789

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TEMPLETON MUNICIPAL LIGHT PLANT AND SUBSIDIARY
SCHEDULES OF SALES OF ELECTRICITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Net Revenues			Kilowatt Hours Sold			Net Revenue Per Kilowatt Hours Sold	
	2014	2013	Increases (Decreases)	2014	2013	Increases (Decreases)	2014	2013
SALES OF ELECTRICITY								
PRIVATE CUSTOMERS:								
Residential Sales	\$ 3,677,376	\$ 3,699,268	\$ (21,892)	26,199,989	26,417,881	(217,892)	\$ 0.14036	\$ 0.14003
Commercial and Industrial Sales								
Industrial	2,959,354	2,766,484	192,870	25,804,748	25,057,014	747,734	0.11468	0.11041
Commercial	546,469	485,662	60,807	4,120,601	3,864,978	255,623	0.13262	0.12566
Private Area Lighting	69,124	60,273	8,851	594,660	595,716	(1,056)	0.11624	0.10118
Public Authority	3,855	5,046	(1,191)	28,479	39,336	(10,857)	0.13536	0.12828
Total Private Customers	7,256,178	7,016,733	239,445	56,748,477	55,974,925	773,552	0.12787	0.12535
MUNICIPAL CUSTOMERS:								
Industrial	341,713	316,307	25,406	2,596,819	2,515,640	81,179	0.13159	0.12574
Commercial	87,512	77,583	9,929	623,139	618,283	4,856	0.14044	0.12548
Street Lighting	22,289	25,422	(3,133)	162,396	187,176	(24,780)	0.13725	0.13582
Total Municipal Customers	451,514	419,312	32,202	3,382,354	3,321,099	61,255	0.13349	0.12626
Other Electric Revenues	5,470	5,227	243	-	-	-	-	-
TOTAL SALES OF ELECTRICITY	\$ 7,713,162	\$ 7,441,272	\$ 271,890	60,130,831	59,296,024	834,807	\$ 0.12827	\$ 0.12549

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