

Town of Middleton Massachusetts



**Annual Reports for
Fiscal Years 2014-2018**



TOWN OF MIDDLETON
Memorial Hall, 48 South Main Street

Business Hours:

9:00 – 4:00 PM Monday –Thursday

9:00 – 6:00 PM Tuesday

9:00 – 1:00 PM Friday

Please visit our new website at www.middletonma.gov to view current town notices and volunteer opportunities. Town offices, committees and boards are listed on the website along with telephone numbers and addresses.

You will need to obtain a transfer station sticker for your trash disposal. Stickers can be purchased from the Tax Collectors Office at 48 South Main Street. The cost for residents is \$125.00 payable by cash or check to the Town Of Middleton for the first vehicle registered in Middleton (proof of registration is required) and \$25.00 for any additional sticker for other vehicles in your household. If you want to **Recycle Only** with no trash option, the recycling sticker is free. The transfer station is located off River Street at 11 Natsue Way. You can visit our website at <https://unipaygold.unibank.com/transactionInfo.aspx?CustomerID=425> or mail in a copy of your current registration along with a self-addressed return envelope and payment, we will mail your new sticker to you. Please see additional sheet for further information.

EMERGENCY NUMBERS:

Fire Non-Emergency Number

Police Non-Emergency Number

911 Ambulance – Fire – Police

978-774-2466

978-774-4424

Beverly Hospital

978-922-3000

Poison Control

1-800-682-9211

Cable Providers

Comcast and Verizon FiOS

Public Schools in Middleton

Fuller Meadow Elementary School (K-2)

143 South Main Street

978-750-4756

Howe-Manning Elementary School (3-6)

26 Central Street

978-739-2800

Masconomet Regional Middle/High School (7-12)

District (MASCO)

20 Endicott Road, Topsfield

978-887-2323

Local Newspapers

Salem Evening News

978-922-1234

Tri-Town Transcript

978-774-0505

Post Office

41 South Main Street

978-774-4367

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Interested in Town news and announcements?
Receiving board/committee meeting agendas/minutes?
Sign up for updates through the Town website at:
www.middletonma.gov/list.aspx



Upon the occasion of his retirement in June of 2018, Middleton recognizes Ted Butler's nearly eighteen years of service to Middleton's veterans and the families of veterans as Middleton's Veteran Services Officer.

The Town also recognizes his years of military service in the U. S. Navy from 1963-1966; his years of dedicated volunteer service to the youth of Middleton as a Cub Scout Leader, Boy Scout Leader and Middleton Athletic Association President; his years of dedicated volunteer service to the Town of Middleton as a member of the Masconomet School Committee, Flint Public Library Trustee, Memorial Day Committee, and Town Common Committee; and his continued dedication in a variety of roles whenever needs arise.

Thank you, Ted, for your years of service and your continued service to the people of Middleton.

MIDDLETON SCHEDULE of MEETINGS and OFFICE HOURS and TELEPHONE LISTINGS

OFFICE	DAY(S)	TIME	PLACE	TELEPHONE
Accountant	Monday – Thursday Friday (after 1:00 by appt.)	9:00 am - 5:00 pm 8:00 am-1:00 pm	Memorial Hall / 48 South Main St.	978-777-4966
Town Administrator	Monday – Thursday Friday (after 1:00 by appt.)	9:00 am - 5:00 pm 9:00 am -1:00 pm	Memorial Hall / 48 South Main St.	978-777-3617
Animal Control Officer	Variable			978-807-3097
Annual Town Meeting	3rd Tuesday in May	7:30 pm	Howe-Manning School / 26 Central	
Annual Town Election	Monday after 2nd Tuesday in May	7:00 am - 8:00 pm	Fuller Meadow School / 143 S. Main St.	
Board of Appeals Meeting	4th Thursday	7:00 pm	Fuller Meadow School / 143 S. Main	978-777-8917
Board of Appeals Office	Monday - Friday	8:00 am - 4:00 pm	195 North Main Street	978-777-8917
Board of Assessors Meeting	Tuesday	4:30 pm	Memorial Hall / 48 S. Main Street	978-774-2099
Board of Assessors' Office	Monday, Wed., Thurs. Tuesday Friday	8:00 am - 4:00 pm 8:00 am - 6:00 pm 8:00 am – 1:00pm	Memorial Hall / 48 S. Main Street	978-774-2099
Conservation Comm. Meeting	1st Tuesday	7:00 pm	Fuller Meadow School / 143 S. Main	978-777-1869
Conservation Comm. Office	Tuesday & Friday	9:00 am- 3:00 pm	195 North Main Street	978-777-1869
Council on Aging Meeting	Last Wednesday	9:30 am	Old Town Hall / 38 Maple Street.	978-777-4067
COA Senior Center	Monday-Friday	9:00 am - 3:00pm	Old Town Hall / 38 Maple Street.	978-777-4067
Department of Public Works	Monday – Friday	7:00 am - 3:00 pm	195 North Main Street	978-777-0407
Electric Light Dept. Meeting	2nd Thursday	5:00 pm	197 North Main Street	978-774-4313
Electric Light Dept. Office	Monday – Friday	8:00 am - 4:00 pm	197 North Main Street	978-774-4313
EMERGENCY	Always	24 hours	POLICE, FIRE & AMBULANCE	911
Finance Committee Meeting	Variable	7:00 pm	Variable	
FIRE Department	Always	24 hours	Non-Emergency / 4 Lake St.	978-774-2466
Fuller Meadow School	Monday - Friday	7:30 am - 3:30 pm	143 South. Main Street	978-750-4756
Board of Health Meeting	Every other 1st Wednesday	7:00 pm	Flint Public Library	978-777-1869
Board of Health Office	Monday - Friday	8:00 am - 4:00 pm	195 North Main Street	978-777-1869

OFFICE	DAY(S)	TIME	PLACE	TELEPHONE
Housing Authority Meeting	1 st Monday	5:30 pm	Orchard Circle	978-774-4333
Howe-Manning School	Monday – Friday	7:30 am - 4:00 pm	26 Central Street	978-774-3519
Inspections Office	Monday – Friday	7:00 am - 4:00 pm	195 North Main Street	978-777-2850
Library Trustees	2nd Monday	7:00 pm	Flint Public Library / 1 S. Main St.	978-774-8132
Flint Public Library/Winter	Monday – Thursday Friday Sunday	10:00 am-8:00 pm 10:00 am-5:00 pm 1:00 pm-5:00 pm	2 North Main Street	978-774-8132
Flint Public Library/Summer	Tues., Wed., Thursday Friday Sunday	10:00 am-8:00 pm 10:00 am-2:00 pm 1:00 pm-5:00pm	2 North Main Street	978-774-8132
Planning Board Meeting	2nd Wednesday	7:00 pm	Fuller Meadow School / 143 S. Main	978-777-2850
Planning Board Office	Monday – Friday	8:00 am - 4:00 pm	195 North Main Street	978-777-2850
POLICE Department	Always		65 N. Main St./Non-Emergency	978-774-4424
Recreation Commission Mtg	1st Monday	7:00 pm	Old Town Hall / 38 Maple St.	978-804-6922
Masconomet Regional School Committee Meeting	1st & 3rd Wednesdays	7:30 pm	Masconomet / Endicott Rd., Boxford	978-887-2323
Elementary School Committee Meeting	2nd Thurs & Variable	7:00 pm	Fuller Meadow School / 143 S. Main St.	978-887-0771
Board of Selectmen Meeting	Every Tuesday or as posted	7:30 pm	Fuller Meadow School / 143 S. Main	978-774-3589
Selectmen/Town Administrator's Office	Monday – Thursday Fri. (after 1:00 by appt.)	9:00 am - 5:00 pm 9:00 am – 1:00	Memorial Hall / 48 South Main St.	978-777-3617
Town Clerk's Office	Mon., Wed., & Thurs. Tuesday Friday	9:00 am - 4:00 pm 9:00 am - 6:00 pm 9:00 am - 1:00 pm	Memorial Hall / 48 South Main St.	978-774-6927
Transfer Station	Sunday, Wed, Saturday	7:00 am - 4:00 pm	Natsue Way	
Treasurer/ Collector's Office	Mon, , Wed., & Thurs. Tues. Friday (after 1:00 by appt.)	8:00 am -5:00 pm 8:00 am-6:00 pm 8:00 am-1:00 pm	Memorial Hall / 48 South Main St.	978-774-8327 978-774-1867
Tri-Town Council Hotline	Always			978-771-4619
Tri-Town Council Office			49 Main St. #6, Topsfield	978-887-6512
Tri-Town School Union	Variable		28 Middleton Rd., Boxford 01921.	978-887-0771
Listed locations and times are the usual locations and times. Please confirm locations and times at www.middletonma.gov .				



TOWN OF MIDDLETON

Public Works Department

195 North Main Street
Middleton, MA 01949

Ken Gibbons
Superintendent

Tel (978) 777-0407
Fax (978) 774-0718

Transfer Station Rules and Regulations
Hours of Operation: 8:00 a.m. - 4:00 p.m.
Wednesday, Saturday & Sunday
www.middletonma.gov

- The Transfer Station Sticker is **ONLY** valid for the vehicle it was issued.
- Stickers must be permanently attached to the vehicle's front windshield in the lower left corner to be easily visible to the attendant. Stickers **MAY NOT** be taped to the window or laminated and kept in the vehicle. If you need to transfer the sticker to a different vehicle, you must remove the sticker from the old vehicle and bring it and your new registration to the Collector's Office for a replacement sticker.
- The attendant may stop a vehicle at any time to confirm that the registration on the sticker matches the registration on the vehicle.
- Only residential refuse generated with the Town of Middleton will be accepted at the Transfer Station. The attendant has the right to randomly inspect loads in a reasonable and responsible manner and turn away any material that seems to be obviously commercial or contain hazardous or other unacceptable material. The attendant may also turn away loads that seem too large to come from a single residence.
- Any individual who accidentally or intentionally creates litter will have the responsibility of cleaning it up.
- **ALL TRASH MUST BE BAGGED.**

UNACCEPTABLE WASTE

The following material **WILL NOT** be accepted at the Transfer Station:

- Infectious or medical wastes, ammunition or other explosives, sewage waste or sludge, sealed containers including gas cylinders, animal carcasses, radioactive material, liquid or slurry waste of any kind regardless of packaging or labeling, tree stumps, boulders, rocks, stones, dirt or other non-combustible material, any barrels or other containers that hold or once held hazardous material unless inspected by the Transfer Station Operator to insure that they are empty. Construction and Demolition waste (C&D). Any recyclable material as defined below.
- Hazardous material including but not limited to gasoline, pesticides & herbicides, chemicals, oil based paint and mercury containing products such as thermometers and florescent bulbs and car batteries. *(Many of these materials can be disposed of at Hazardous Waste Days or other periodic events)*

MANDATORY RECYCLING:

The following materials will not be accepted at the trash compactor but have designated containers or areas within the Transfer Station:

- Paper including newspapers, magazines, phone books, junk mail, paperboard boxes and cardboard.
- Container glass separated into clear green and brown items. *(Note: window glass, drinking glasses, dishes and light bulbs must go in the compactor)*
- Tin and aluminum cans.
- All seven grades of container plastics.
- CRT's (Cathodes Ray Tubes), computers, monitors, laptops, televisions and video games ***(AS OF DECEMBER 15, 2016, THERE IS A MANDATORY \$15 FEE TO DISPOSE OF THESE ITEMS. THE STICKER TO SHOW PROOF OF PAYMENT MAY BE PURCHASED AT THE COLLECTOR'S OFFICE DURING NORMAL BUSINESS HOURS)***
- Rechargeable batteries.
- Passenger car and light truck tires. (Limit two per month)
- Used motor oil.
- Leaves ***(Brush will be accepted on scheduled collection dates)***
- Scrap metal and white goods (appliances) * Freon bearing appliances are prohibited ***(Freon bearing appliances must be evacuated by a certified vendor before disposal in the metal bins)***

If any section of these regulations shall be deemed illegal, invalid or unenforceable for any reason, such action shall not affect any other section of the regulations.

VIOLATORS OF THESE REGULATIONS MAY HAVE THEIR TRANSFER STATION STICKER REVOKED OR HAVE OTHER ENFORCEMENT ACTION TAKEN AGAINST THEM.

TREASURER/TAX COLLECTOR

PAYMENTS

You can pay your taxes to the Town of Middleton in several ways. Your options are mail your payment to the lock box at P O Box 764, Reading MA 01867, the Secure Drop Box located on the handicapped ramp side of Memorial Hall building at 48 South Main Street. Online payments are also available on our website www.middletonma.gov/131/Online-Payments . Click the Treasurer/ Tax Collector link to be redirected to our Unipay Gold payment center.

Once in the Unipay Gold Payment application you have two (2) options for paying your bill; either by electronic check or by credit card.

Electronic Check:

It is free to pay by electronic check. You will need one of your checks with you when you pay your bill online in order to get your account number and the bank's routing number from it. You will be shown where this information is on your check.

Credit Card:

We accept MasterCard, Visa and Discover for credit card payments. There will be a convenience fee for each online payment. The credit card service provider charges the fee to your credit card. When paying by credit card, the fee amount will appear in a separate box and will be totaled with the amount of the tax.

MIDDLETON 2019 SENATORS AND REPRESENTATIVES

STATE

SENATOR IN GENERAL COURT

FIRST ESSEX and

MIDDLESEX DISTRICT

Senator Bruce E. Tarr (R)

State House, Room 308

Boston, MA. 02133-1054

Tel: (617) 722-1600

Email: Bruce.Tarr@masenate.gov

REPRESENTATIVE IN GENERAL COURT

TWENTIETH MIDDLESEX DISTRICT

Precinct 1

20th Middlesex District

Representative Bradley H. Jones, Jr. (R)

State House, Room 124

Boston, MA. 02133-1054

Tel: (617) 722-2100

Email: Bradley.Jones@mahouse.gov

Precinct 2

Thirteenth Essex District

Representative Theodore C. Speliotis (D)

State House, Room 20

Boston, MA 02133-1054

Tel: 617-722-2410

Email: Theodore.Speliotis@mahouse.gov

GOVERNOR

The Honorable Charlie Baker

Massachusetts State House

Office of the Governor

Room 280

Boston, MA. 02133-1054

Tel: (617) 725-4005

(888) 870-7770 (in state)

Email: constituents.services@state.ma.us

FEDERAL

REPRESENTATIVE IN CONGRESS

SIXTH DISTRICT

Congressman Seth Moulton

21 Front Street

Salem, MA 01970

Tel: (978) 531-1669

Fax: (978) 224-2270

or

1408 Longworth HOB

Washington, D.C. 20515

Tel: (202) 225-8020

Fax: (202) 225-5915

Email: www.moulton.house.gov

UNITED STATES SENATOR

The Honorable Elizabeth Warren

15 New Sudbury Street

Boston, MA. 02203

Tel: (617) 565-3170

or

317 Hart Senate Office Building

Washington, D.C. 20510

Tel: (202) 224-4543

Fax: (202) 224-2417

E-mail: www.warren.senate.gov

UNITED STATES SENATOR

The Honorable Edward Markey

975 JFK Federal Building

15 New Sudbury Street

Boston, MA 02203

Tel: (617) 565-8519

or

255 Dirksen Senate Office Building

Washington, D.C. 20510

Tel: (202) 224-2742

Fax: (202) 224-8525

E-mail: www.markey.senate.gov

MIDDLETON'S ELECTED OFFICIALS

		Moderator			Planning Board	
Vacant				David M. McGlone	2021	
				Brian York	2022	
				Nicholas Bonugli	2023	
		Town Clerk		Beverly A. Popielski	2019	
Ilene B. Twiss	2020			Anthony Tierno	2020	
		Selectmen		Anthony DiGregorio (Apptd Alternate)	2018	
Timothy P. Houten	2019			Cheryl McCormick (Apptd Alternate)	2018	
Richard W. Kassiotis, Jr.	2019					
Brian M. Cresta	2020			Electric Light Commission		
Todd Moreschi	2021			Charles S. Clinch, III	2019	
Kosta E. Prentakis	2021			Frank W. Twiss	2020	
		Constable		James Carbone	2020	
Paul F. Armitage	2019			James W. Kelley	2021	
				Timothy P. Houten	2021	
		Board of Assessors				
Patricia A. Ohlson	2019			Library Trustees		
Jeffrey P. Garber	2020			Melissa L. Stankus	2019	
Deborah J. Carbone	2021			Shirley M. Raynard	2020	
		School Committee		Ann Noyes	2020	
Mark Moreschi	2019			Gretchen Hover Moreschi	2021	
Amy R. Karas	2019			Donna Bambury	2021	
Fred Clapp	2021					
Kristen Richardson	2021			Housing Authority		
(Dorian) Christine Carrol	2020			Ilene Twiss (State Apptd.)		
		Regional School Committee		Jill Mann	2021	
Arete H. Pascucci	2019			Lisa Cabral (Tenant Rep.)		
Tasha Cooper	2020			Jeffrey Garber	2019	
Kosta E. Prentakis	2020			Maria Paikos-Hantzis	2020	
Joseph Ciampa	2021					

MIDDLETON'S APPOINTED OFFICIALS

Town Administrator
Andrew J. Sheehan 2020

Assistant Town Administrator
Tanya Stepasiuk 2021

Town Accountant
Sarah Wood 2019

Custodian of Town Lands
Robert F. Murphy 2020

Treasurer/Collector
Belinda Young 2019

Assistant Treasurer
Cassandra Murphy 2020

Town Counsel
Mead Talerman and Costa 2021

Assistant Assessor
Bradford W. Swanson 2020

Administrative Assessor
Theresa A. Fontaine 2019

Assistant Town Clerk
Carmelina Fiore 2020

**Chief of the Fire Department
Director of Emergency Management**
Thomas J. Martinuk

Chief of Police
James A. DiGianvittorio

Superintendent of Schools
Scott Morrison

**Building Commissioner
Zoning Enforcement Officer
Fence Viewer & A.D.A. Officer**
Scott Fitzpatrick 2019

Director of Veterans' Services
Gary Bent 2020

Local Building Inspector
Michael Donahue 2020
E. Peter Swindell 2020

Alternate Local Building Inspector
Steven Melanson 2019

Local Cable Television Access Director
Paul A. Pellicelli 2020

**Public Health Director
Public Health Sanitarian
Conservation Commission Administrator
Hazardous Waste Coordinator**
Derek Fullerton 2020

Assistant Health Agents
Leo Cormier 2019
Ron Beauregard 2019

Planning Coordinator
Katrina O'Leary 2020

Plumbing and Gas Inspector
Todd Moreschi 2020

Alternate Plumbing & Gas Inspector
Peter Sakelakos 2019

Inspector of Wires
James Carbone 2020

Alternate Inspector of Wires
Mark Fialowski 2019

Library Director
Melissa Gaspar

**Superintendent of Public Works
Superintendent of Insect Pest Control**
Kenneth J. Gibbons 2021

**Animal Control Officer &
Inspector of Animals**
Beverly Milward 2020
Kevin Nicholas 2020

Superintendent of Burials
Leah Moreschi 2020

Director of the Council on Aging
Susan Gannon 2020

Election Officers
Warden Vacant
Eileen Bakoian, Clerk 2021

**Middleton Electric Light
Department Manager**
Michael Cloutier

**Executive Director of the
Middleton Housing Authority**
Cindy Dunn/Danvers Housing Authority

Conservation Agent
Kristin Kent 2021

**Essex North Shore Regional Agricultural
and Technical School District
Representative**
Alexandra Liteplo 12/31/20

**Liaison to the Southern Essex Sewerage
District**
John M. Knott

**Representative to the Metropolitan
Area Planning Council**
Katrina O'Leary 2020

**Municipal Hearing Officer, Parking Clerk,
& Municipal Liaison to the Ethics
Commission**
Ilene B. Twiss 2020

Finance Committee
Steven A. Cocciardi 2019
Michelle Cresta 2019
John Erickson 2020
Richard Gregorio 2020
Antionietta Mertz 2021
John Mahoney 2021
George E. Dow, Sr. 2021

Board of Appeals
Nicholas A. Yebba 2019
Anne LeBlanc-Snyder (Alternate) 2019
Craig Hartwell (Alternate) 2019
Carolyn Damato-McPherson 2020
James E. Fox 2021
Richard Nazzaro 2021
Ann Tragert Cote 2022

Conservation Commission
Michael G. Sliney 2019
Andrea Nelson 2020
Antonio Pesce 2020
Laurie York 2021
Gerald Gove 2021

Registrars of Voters
Ilene B. Twiss (ex officio)
Richard Cardinale 2019
James V. Hannon Jr. 2021
Sarah George 2020

Board of Health
Matthew Greenfield 2019
Judy Schneider 2020
George Demeritt 2020
Paul LeBlanc 2021
Raymond Cryan 2021

Water Advisory Committee
Fire Chief
Town Administrator
Selectmen's Rep.
Planning Board Representative
Supt. of DPW
Public Health Director

Cultural Council

Meghan Walter	2019
Richard Gilman	2019
Judy Schneider	2020
Diana Jackson	2020
Cathy Lindquist	2021

Council on Aging

Barbara Tilton	2019
Joan Shea-Desmond	2019
Carol Car	2019
Barbara Sogdiana (Alternate)	2019
Wendy Tirck (Alternate)	2019
Ellen Strobel (Alternate)	2019
Alice Tierney	2020
Barbara Sanborn	2020
Gerald Gove	2021
Leah Magnifico	2021
Kathryn Martinuk	2021
Francis J. Leary, Jr.	2021

Recreation Commission

Hayato Tsurumaki	2021
Michelle Creasi	2020
Diane Currier	2020
James Desrochers	2021
Jessica Sollazo (Alternate)	2019
Vacancy	2019

Master Plan Committee

Robert Murphy	2019
Timothy Houten	2019
Peter Moon	2020
John Erickson	2020
Nicholas Bonugli	2021
Annette Wilton	2021
John LeBlanc	2021
Paul Richardson	2021
Vacancy	2019

Memorial Day Committee

Ronald Draper	2019
Shirley Reynard	2020
Robert Wahl	2020
Scott Saulnier	2021
Theodore Butler	2021
Vacancy	

Community Preservation Committee

Laurie York	2019
Timothy Houten	2019
Steven Cocciardi	2019
Ilene Twiss	2020
Kosta Prentakis	2020
Ann LeBlanc-Snyder	2020
Robert Murphy	2021
Maryanne Erickson	2021
Anthony Tierno	2021

Bylaw Review Committee

Robert Ambrefe	2019
Timothy Houten	2019
Jeff Garber	2019
Beverly Popielski	2019
Ilene Twiss (ex officio)	2019
Sarah B. George	2019
Richard Cardinale	2021

Municipal Tax Relief Committee

Patricia Ohlson	
Deborah Carbone	2019
Ronald Draper	2019
Robert. F. Murphy	2020
Jeffrey Garber	2021
Belinda Young (ex officio)	2021

Complete Streets Committee

Kristin Kent	2020
Scott Fitzpatrick	2020
Derek Fullerton	2020
Katrina O'Leary	2020
Vacancy	2020
Vacancy	2020

Public Facilities Planning and Building Committee

George Dow Sr.	2019
Erik Dalen	2019
Christine Lindberg	2019
John Mahoney	2019
Lance MacInnis	2019
Bill Mertz	2019
Robert Aldenberg	2019
Richard Benevento	2019
Anthony Tierno	2019

Scholarship Committee	
Shirley Raynard	2019
Claudia Johnson	2020
Ilene B. Twiss	2022
Vacancy	2019

Alternate Members of the Planning Board	
Anthony DeGregorio	2019
Cheryl McCormick	2019

Industrial and Commercial Design Review Committee	
Michael Watkin	2019
Chuck Kozlosky	2019
Paul Richardson	2020
Robert Murphy	2021

Board of Selectmen/Town Administrator's Office

Town Administrator: **Andrew J. Sheehan**

Department Description

The Town Administrator is appointed by the five member Board of Selectmen and is the principal full-time administrative officer of the Town and the Town's Chief Procurement Officer. The Town Administrator oversees the day to day operations of the Town, and represents the Selectmen and Town at all federal, state, regional, and municipal meetings which affect the status and future of the Town. The Town Administrator assembles and presents to the Selectmen and Finance Committee the Annual Budget, including a Capital Improvement Program, and administers the adopted budget. The Town Administrator keeps the Board of Selectmen fully informed regarding all departmental operations, fiscal affairs, problems, administrative actions and provides the Board with suggested alternative courses of action.

The Town Administrator also implements all policy directives of the Board of Selectmen, negotiates all labor contracts, manages personnel and human resources, and promotes cooperation and teamwork among all Town Departments, all under the guidance of the five member Board of Selectmen.

Fiscal Year 2019 Goals and Objectives

- Oversee the day to day operations of general government to provide timely, efficient, and productive services to taxpayers from all departments.
- Undertake succession planning in anticipation of the retirements of the Veterans Agent, Police Chief, and Treasurer-Collector.
- Work with the Town's environmental engineer to ensure the former landfill areas at Natsue Way meet state and federal environmental standards.
- Continue to work with the Town's Information Technology liaison and vendor on the modernization of the Town's IT infrastructure.
- Continue to work with the Essex County Sheriff and municipal partners in support of the Essex County Regional Emergency Communications Center (RECC) to ensure its success and viability as a regional dispatch facility.
- Continue to pursue transparency initiatives by increasing the distribution of information through digital and web based-formats, cable broadcasting, and other media.

- Lead public outreach and education efforts in an effort to increase participation in Town Meetings, elections, and civic engagement. Efforts will include podcasts on the development of the budget, Town Meeting, Proposition 2 ½, and other topics.
- Working with our consultant, identify a location for a new Fire Station and secure funding for design.
- Maintain good labor relations while respecting the impact of labor contracts on taxpayers.
- Expand efforts to retain existing businesses, attract new business, and support responsible development in order to ease the property tax burden on residential property owners. Efforts will include active participation in the Middleton Board of Trade, regional economic development forums, and other outreach efforts.
- Continue to improve compliance with “good government” laws, including the Open Meeting Law, Public Records Law, and Conflict of Interest Law by providing informational materials and opportunities to department heads, boards, and committees.
- Continue to implement the recommendations of the Town’s auditor and continue implementation of best practices in financial management.
- Continue evaluation and revision of non-union personnel policies. Evaluate the need and benefit of other administrative and operational policies.
- Continue to work with the State legislative delegation, State agencies, and others to secure funding for the replacement of the Maple Street (Route 62) bridge over the Ipswich River and the reconstruction of Maple Street.
- Explore regionalization opportunities that improve service delivery and/or reduce costs.
- Be ever mindful to balance the needs and wants of the community with the financial interests of residents.
- Continue to investigate ways to improve the Town’s financial stability, both on the revenue and expenditure side.
- Initiate contract renewal negotiations with cable providers for new franchise agreements.

Fiscal Year 2018 Accomplishments

- Developed, proposed, and administered the Fiscal Year 2018 Operations & Maintenance Budget and Capital Budget.
- Continued the open and collaborative approach to budgeting introduced during the FY18 budget cycle.
- Worked with the Town's legislative delegation to file a Home Rule Petition to change the term of the Moderator from one to three years and to change the day of the Annual Town Election from Monday to Tuesday. Final action by the Legislature and Governor is pending.
- Continued to work with the Massachusetts Division of Capital Asset Management and Maintenance (DCAMM) to accept deeds to sixteen (16) parcels totaling 111 acres of riverfront property and other sensitive lands near the Ipswich River. The parcels were owned by the former Essex County.
- Completed labor negotiations and executed a contract through Fiscal Year 2020 with the Full-Time Firefighters. The contract strikes a balance between fair compensation and benefits and respect for the impact on taxpayers. Negotiations are ongoing with the Public Works Employees, Call Firefighters, and Police.
- Working with Tri-Town Union School District leaders, Finance Committee, and Board of Selectmen, successfully proposed to Town Meeting a Special Education Reserve Fund and Special Education Stabilization Fund. Both funds will build resiliency and cushion for this unpredictable expenditure.
- Successfully closed out the replacement of the roof of the older wing of the Fuller Meadow School. The project cost was offset by a 46.4% grant from the Massachusetts School Building Authority (MSBA), significantly lessening the impact on taxpayers.
- The Town maintained a Aa2 bond rating through Moody's Investor Service reflecting very strong creditworthiness. The benefit of the strong bond rating is visible in recent short term borrowing which has seen interest rates of less than 1%.
- Worked with the Town Accountant/CFO to continue modernizing financial management practices that meet both the letter and spirit of municipal finance laws and generally accepted financial management practices.
- The certified public accounting firm of Roselli, Clark & Associates completed its first annual audit of the Town's financial statements. The management letter revealed no

material weaknesses. The recommended improvements have largely been completed, including drafting updated financial management policies.

- Continued to work with the Town's Information Technology liaison and vendor to implement phase one of the information technology capital upgrades approved by Town Meeting. Upgrades included the firewall, network switches, and wireless networks at the Council on Aging, Fire Department, Police Department, DPW building and Memorial Hall, implementation of Microsoft Exchange Server, and replacement of older personal computers.
- The new website hosted by Civic Plus went live in FY18, providing a more attractive, better organized, and more easily managed website with more robust content capabilities.
- Established a social media presence to facilitate sharing information from the Town Administrator to the public.
- Began holding a Pre-Town Meeting prior to Town Meetings. The Pre-Town Meetings are an informal opportunity to preview the Town Meeting warrant and get feedback from residents prior to the Town Meeting. It is also an opportunity to explain Town Meeting procedures and jargon with the hope of making Town Meeting less imposing to new residents and others who may not be regular attendees.
- Continued the cooperative project with MELD on the conversion of streetlights from high pressure sodium to more energy efficient LED. The new LED streetlights are being purchased by the Town and installed by MELD employees. The Town anticipates the project will reduce energy consumption by 50-70% and allow for a corresponding reduction in electricity costs. The project started in 2015 and is expected to finish in 2018.
- Continued negotiations on a new inter-municipal Water agreement with the Town of Danvers to improve cost sharing and system maintenance.
- Commenced a study of public facilities with the Public Facilities Planning & Building Committee, aided by the architecture firm Gienapp Design Associates. The study focused on the Fire Station, Police Station, Memorial Hall, Council on Aging, Public Works, and Flint Public Library. The study identified the Fire Station as the first priority and led to the exploration of viable locations.
- Continued to support the Town Planner and Master Plan Committee on the development of Master Plan 300, guiding the Town through its 300th birthday in 2028.
- Led the solicitation of proposals for Town Counsel services. This resulted in the Board of Selectmen retaining Mead, Talerman & Costa as Town Counsel.

- Oversaw completion of structural repairs to Memorial Hall. The repairs were necessary in order to address failing beams and joists.

FY17 Accomplishments

- Developed, proposed, and administered the Fiscal Year 2017 Operations and Management Budget and Capital Budget. A balanced budget was predicated on an override of Proposition 2 ½ which was approved by the voters at the May 2016 Annual Town Election. The amount of the override was reduced by the successful adoption of practices that increase revenues while lessening the reliance on property taxes. The budget stability that was established by these changes restores the Town's strong financial condition.
- Unveiled a more open and collaborative approach to budgeting for the FY18 budget cycle.
- Led the recruitment and hiring of several key staff. Captain Thomas Martinuk was promoted to Fire Chief, Sarah Wood was hired as Town Accountant/Chief Financial Officer, and Scott Fitzpatrick was hired as Building Commissioner.
- Worked with the Town's legislative delegation to file a Home Rule Petition establishing a special education reserve fund to mitigate the effects of unexpected increases in special education costs at the elementary school level. This local legislation was adopted State-wide as part of the Municipal Modernization Act.
- Continued to work with the Massachusetts Division of Capital Asset Management and Maintenance (DCAMM) to accept deeds to sixteen (16) parcels totaling 111 acres of riverfront property and other sensitive lands near the Ipswich River. The parcels were owned by the former Essex County.
- Completed labor negotiations and contracts through Fiscal Year 2019 with the Clerical Employees, through August 2019 with the Middleton Educators' Association, and through June 30, 2017 with the Middleton Police Benevolent Association. The contracts strike a balance between fair compensation and benefits and respect for the impact on taxpayers.
- Working with Tri-Town Union School District leaders, completed the replacement of the roof of the older wing of the Fuller Meadow School. Significant coordination efforts were required among the Town, project engineer and general contractor to ensure the remaining work was satisfactorily completed. The project cost was offset by a 46.4% grant from the Massachusetts School Building Authority (MSBA), the maximum grant allowed under the law.

- The Town maintained a Aa2 bond rating through Moody's Investor Service reflecting very strong creditworthiness. The benefit of the strong bond rating is visible in recent short term borrowing which has seen interest rates of less than 1%.
- Worked with the Town Accountant/CFO to implement financial management practices that meet both the letter and spirit of municipal finance laws and generally accepted financial management practices.
- Solicited proposals and retained the services of a new certified public accountant to perform the annual audit of the Town's financial statements.
- Working with the Town Planner, applied for and received Community Compact grant funds for master plan visioning, development of a housing plan, and development of a bicycle & pedestrian plan. To date, \$20,000 has been provided to the Town. In addition, the Town received a \$93,727 grant through the Community Compact Information Technology Grant Program to upgrade the financial management software package at the Tri-Town Union School District.
- Continued to work with the Town's Information Technology liaison and vendor to oversee implementation of phase one of the information technology capital upgrades approved by the 2015 Town Meeting. Capital upgrades included a replacement server at the Police Station, upgrades to the firewall, network switches, and wireless networks at the Council on Aging, Fire Department, Police Department, DPW building and Memorial Hall, implementation of Microsoft Exchange Server, and replacement of older personal computers.
- Contracted with Civic Plus to design, construct, and host a new Town website. The new website is under design and construction and is expected to go live near the end of FY17. The website will be more attractive, better organized, more easily managed, and will have more robust content capabilities.
- Continued the cooperative project with MELD on the conversion of streetlights from high pressure sodium to more energy efficient LED streetlights. The new LED streetlights are being purchased by the Town and installed by MELD employees. The Town anticipates the project will reduce energy consumption by 50-70% and allow for a corresponding reduction in electricity costs to the Town. The project started in 2015 and is expected to finish in 2017.
- Initiated negotiations on a new inter-municipal Water Agreement with the Town of Danvers to increase financial reimbursement.

FY16 Accomplishments

- Town Administrator, Ira Singer retired on October 2, 2015, after thirty-four years of dedicated and exceptional service to the Town. The Board of Selectmen oversaw a multi-month search for a new Town Administrator and the recruitment was aided by Municipal Resources, Inc. (MRI). Forty-three applications were received from eleven states. Six candidates were interviewed by a community interview panel on October 31, 2015 with the panel recommending four finalists to the Board of Selectmen. The Board interviewed the four candidates on November 2nd and voted the following evening, November 3rd, to appoint Andrew Sheehan as Town Administrator. Mr. Sheehan served most recently as the Town Administrator in Townsend, Massachusetts and began working for the Town on December 15, 2015.
- The Town Administrator's Office's part-time Administrative Aide, Rhonda Draper retired on December 18, 2015. The office has hired Michelle Creasi as Ms. Draper's replacement. On behalf of the Board of Selectmen and Town Administrator's Office, we thank Rhonda for her dedication and service to the Town.
- Participated in the recruitment and hiring of other Town staff including the Assistant Town Clerk, Erika Ballard, full-time Administrative Assistant at the Police Station, Paula Steinmetz, and part-time Multi-Department Clerk to the Health Department and Town Planner, Lisa Brown.
- Worked with the Town's legislative delegation to file and pass an amendment to the supplemental Fiscal Year 2015 budget. The bill addresses a technical error in Section 54 of Chapter 286 of the Acts of 2014 which mistakenly cited "11 parcels" instead of correct figure of "16 parcels". This amendment to the original bill was requested by Massachusetts Division of Capital Asset Management and Maintenance (DCAMM) as a requirement for the transfer of approximately 111 acres of riverfront property and other sensitive lands near the Ipswich River acquired by the former Essex County. The Town will be working with DCAMM staff to formally transfer these parcels from the Commonwealth to the Town.
- Completed labor negotiations and contracts through Fiscal Year 2017 for the Call Fire Fighters Association, Permanent Firefighters, Local #3097 and Public Works Employees' Organization. The contracts strike a balance between fair, market rate wages and respect for the impact on taxpayers. The Town Administrator's Office continues to negotiate with the Middleton Police Benevolent Association on an updated contract through Fiscal Year 2017.
- Worked the Tri-Town Union School administrators over the summer of 2015 to oversee the replacement of the roof of the older wing of the Fuller Meadow School. Significant

coordination efforts were required among the Town, project engineer and general contractor to ensure the work was substantially completed prior to the opening of the school in late August. The project cost will be offset by a 46.4% grant from the Massachusetts School Building Authority (MSBA), the maximum grant allowed under the law.

- Developed, proposed, and administered the Fiscal Year 2016 Operations and Management Budget and Capital Budget. Voters at the May 18, 2015 election approved a debt exclusion to replace the roof of the older wing of the Fuller Meadow School. Overrides to fund the Middleton Elementary School (\$284,333), Masconomet Regional School District (\$287,939), and Essex North Shore Agricultural and Technical School District (\$118,682) were not approved at the election. A combination of budget cuts and use of reserves will be used to balance the budget. The Town maintains a Aa2 bond rating through Moody's Investor Service reflecting very strong creditworthiness.
- Oversaw the full upgrade of the Public, Educational and Government (PEG) access television studios at the Fuller Meadow School Nathan Media Room and Flint Public Library downstairs conference room. The upgrade included the replacement of all cameras and will eventually allow the Town to broadcast meetings and events in high-definition (HD). The primary benefit of the upgrade will be to allow for live broadcasts from the Flint Public Library. The Town is also working on expanding our programming options by taking advantage of free content available to PEG broadcasters.
- Worked with the Town Accountant/CFO and to develop a new quarterly financial report for the Board of Selectmen. The reports help the Board keep current on the fiscal condition of the Town.
- The May 12, 2015 Town Meeting provided residents with two options for the future use of the former landfill off Natsue Way: a solar farm or recreation area. Town Meeting rejected Article 22 which would have authorized a long-term lease for a solar generation facility. The Middleton Electric Light Department (MELD) sponsored the proposal in partnership with a private solar energy provider. Residents instead emphasized the need for additional recreation and open space and expressed their desire to develop the entire Natsue Way area, including the 4.6 acres which the 2014 Town Meeting voted to purchase, as a recreation area. The Town Administrator's Office has accordingly been actively working with an environmental engineer to have a bid in hand for the 2016 Town Meeting for the renovation of the Natsue Way area. The current plan for the area includes the development of two tennis and basketball courts, two playgrounds, a multi-purpose field, baseball/multi-purpose field and walking paths.
- Worked cooperatively with MELD on the beginning phases of the change out of high pressure sodium to more energy efficient LED streetlights. The 2014 Town Meeting appropriated \$130,000 for Phase One of the street light change out. MELD is prioritizing replacement of the higher wattage streetlights to maximize the reduction in billed

wattage to the Town. The new LED streetlights are being purchased by the Town and are being installed by MELD employees. The Town anticipates the street light upgrade will reduce energy consumption by 50-70% and allow for a corresponding reduction in electricity costs to the Town.

FY15 Accomplishments

- Improved daily management of departmental operations through the Assistant Town Administrator's active oversight of budgeting, human resource management, citizen customer service, uniform departmental purchasing. Implemented new administrative, financial, and program reporting, enhanced web site presence, explored new state/federal grant opportunities, and provided additional administrative assistance to all departments.
- Worked with the Town's State legislative delegation to file and pass a Special Act to transfer from the Massachusetts Division of Capital Asset Management and Maintenance (DCAMM) up to 111 acres of riverfront property and other sensitive lands near the Ipswich River acquired by the former Essex County.
- Completed labor negotiations and contracts with most unions including the elementary and regional school teacher contracts for Fiscal Year 2015 striking a balance between paying fair and market employee wages while not burdening taxpayers with excess settlement costs.
- Recruited and hired the new Chief Financial Officer/Town Accountant, Nicole McGee, to replace Andrew Vanni who left to take another position. Ms. McGee's background as a municipal auditor and Certified Public Accountant brings in depth experience perfectly matching the responsibilities of this key position.
- Continued to improve the financial condition and professionalize the administrative operations of Middleton's retirement system [called the Essex Regional Retirement System] through active membership of the Town Administrator on the Board of Directors.
- Administered the Town's application for the Fuller Meadow School older wing roof replacement to the Massachusetts School Building Authority securing the opportunity for up to 46.4%, (maximum allowable under the law) of state grant funding for this important project.
- Developed, proposed, and administered the Fiscal Year 2015 Operations and Management Budget and Capital Budget within the limits of Proposition 2-1/2 while building adequate financial reserves for future needs. The Town's Bond Rating was reaffirmed at AA2 by Moody's Inc.

- Directed the work of the Town's first Planning Coordinator with the Planning Board, Board of Appeals, and Master Plan Committee to strengthen the Town's capacity to respond to growth, improve its internal regulatory process and plan for the future needs of the community.
- Maintained Middleton's per capita cost for the RECC of \$16.26 at the same rate as the previous fiscal year. The Town Administrator acts as Chairperson of the Financial Advisory Board at the Regional Emergency Communication Center in Middleton. Worked with the Executive Director and the Sheriff to improve and expand dispatching services to the Town's public safety departments allowing more on-duty staff to respond to medical aids, accidents and general calls for assistance.
- Worked closely with project managers during the repaving of Route 114 (South and North Main Streets for the first time in more than 25 years) through the Massachusetts Department Transportation – Highway Division to minimize disruptions to businesses and residents and maximize road, sidewalk, and shoulder repairs and improvements. Coordinated these improvements with a town funded sidewalk repair project throughout Middleton Square.
- Collaborating with a "Rails to Trails" Committee to begin planning the construction of a 5.2 mile bike and pedestrian pathway which will extend from Sharpner Pond Road at the North Andover town line to Gregory Street in South Middleton near the Danvers town line.
- Named several new public ways after long serving public officials, including all of the new Howe-Manning School access roads to honor retired Superintendent Frank Fitzgerald, retired Howe-Manning Principal Michelle Fitzpatrick and current Superintendent Bernard Creeden.
- Collaborated with DCAMM to preserve dozens of large trees surrounding the state owned property which is housing the on-going construction of the new Department of Youth Services Regional Office and Detention Center on Gregory Street.

FY14 Accomplishments

- Improved daily management of departmental operations through the Town's first Assistant Town Administrator assumption of responsibilities in budgeting, human resource management, citizen customer service, uniform departmental purchasing. Implemented new administrative, financial, and program reporting, enhanced web site presence, explored new state/federal grant opportunities, and provided additional administrative assistance to all departments.

- Completed labor negotiations and contracts with all unions including the elementary and regional school teacher contracts for Fiscal Year 2014 striking a balance between paying fair and market employee wages while not burdening taxpayers with excess settlement costs.
- Completed the reorganization of the Treasurer/Collector Office to match the growing work demands to available resources while strengthening the Town's fiscal management capacity.
- Continued to improve the financial conditions and administrative operations of Middleton's retirement system [called the Essex Regional Retirement System] through active membership of the Town Administrator on the Board of Directors.
- Closed out the Massachusetts School Building Authority's Project (Howe-Manning School) Grant Agreement with the Middleton School Building Committee to insure the Town receives the maximum state grant reimbursement under the law.
- Developed, proposed, and administered the Fiscal Year 2014 Operations and Management Budget and Capital Budget within the limits of Proposition 2-1/2 while building adequate financial reserves for future needs.
- Recruited and hired the Town's first Planning Coordinator to work with the Planning Board, Board of Appeals, Master Plan Committee, and Board of Selectmen to strengthen the Town's capacity to respond to growth, improve its internal regulatory process, and plan for the future needs of the community.
- Assisted with the start up of the new Regional Emergency Communication Center in Middleton through Chairmanship of its Financial Advisory Board of Directors
- Successfully lobbied for state funding for the complete repaving of all of Route 114 (South and North Main Streets for the first time in more than 25 years) through the Massachusetts Department of Highways.
- Appointed a "Rails to Trails" Committee to begin planning the construction of a 5.2 mile bike and pedestrian pathway which will extend from Sharpner Pond Road at the North Andover town line to Gregory Street in South Middleton near the Danvers town line.

FY13 Accomplishments

- Recruited and hired the Town's first Assistant Town Administrator. Primary responsibilities of the new position include budget, human resources, citizen customer service and purchasing, and grant writing and administration

- Completed labor negotiations and contracts with all unions for Fiscal Year 2013 striking a balance between paying fair and market employee wages while not burdening taxpayers with excess settlement costs
- Completed the bond funding for the new Howe-Manning School while maintaining a bond rating from Moody's of "AA3" and securing a historically low interest rate on the school's \$14,000,000 debt service
- Continued to improve the financial conditions and administrative operations of Middleton's retirement system [called the Essex Regional Retirement System] through active membership of the Town Administrator on the Board of Directors
- Managed the Massachusetts School Building Authority's Project [Howe-Manning School] Grant Agreement with the Middleton School Building Committee to insure the Town receives the maximum state grant reimbursement under the law
- Developed, proposed, and administered the Fiscal Year 2013 Operations and Management Budget and Capital Budget within the limits of Proposition 2-1/2 while building adequate financial reserves for future needs
- Obtained state grant and private funds to assist with the purchase of 18 acres of open space on East Street
- Assisted with the start up of the new Regional Emergency Communication Center in Middleton through active membership on its Board of Directors

Town Accountant/Chief Financial Officer (CFO)

Town Accountant/CFO: Sarah Wood

Department Description

The Town Accountant/Chief Financial Officer (CFO) Office is responsible for all financial matters for the Town. The Town Accountant/CFO oversees the Accounting Department and supervises the Treasurer/Collector's Department. The CFO maintains a complete set of financial records for all town accounts, appropriations, and debts. The CFO prepares financial data, financial statements for the State, annual reports, Free Cash certification, Schedule A, official statements, supports the preparation of the Town Budget, and oversees insurance matters.

The Department manages the expenditures and revenues of all town and school funds, examines all department bills and payrolls for accuracy, legality and availability of funds before payment by the Treasurer. The Department oversees and prepares biweekly town and school payables warrants.

Fiscal Year 2019 Goals and Objectives

- Assist the Treasurer's Office with implementing procedures for the tracking of departmental online payment.
- Continue to work on recommendations from the independent auditors.
- Help the Treasurer's office with the hiring of new staff within their office due to the retirement of the current Treasurer.
- Work with the Treasurer's Office to ensure smooth transition of staff in the coming year.
- Work with town departments to streamline the accounting ledger. This would be inclusive up updating account names and creating new accounts to segregate revenues for a more transparent accounting ledger.

Fiscal Year 2018 Accomplishments

- The Town was able to close the fiscal year, certify free cash, and submit the Schedule A and other forms required by the State as part of the Tax Rate setting process within a timely manner.
- Fieldwork for the Town's audit was completed before the end of the first quarter of the fiscal year.

- Worked with the Town Administrator's office to put together comprehensive financial policies and procedures.
- Assisted the Town Administrator's office in preparing budget schedules to distribute to Town departments as well as assist in preparing budget projections.
- Worked with the Assistant Treasurer/Collector to streamline the payroll process and remove the redundancy occurring between the two offices.
- Worked with the Treasurer/Collector's office to formulate and/or update the following policies: petty cash, debt management, risk assessment, fraud, and departmental policies and procedures.
- Assisted the Assistant Treasurer/Collector with the implementation of vacation/sick time accruals within MUNIS.

FY17 Accomplishments

- This was a transition year with three individuals maintaining the Town's financial records: the former Town Accountant/CFO, an interim accountant, and finally the newly appointed Town Accountant/CFO. Between the efforts of all these individuals, the Town was able to close the fiscal year, certify free cash, and submit the Schedule A and other forms required by the State as part of the Tax Rate setting process within a timely manner.
- Sharon Bainbridge, Assistant Town Accountant maintained the day-to-day operations of the Accounting department during the two and a half month transition period between the former and new Town Accountant/CFO.
- Worked to successfully transition in the new independent audit firm to issue the FY 16 draft financials in a timely manner.
- Assisted the Town Administrator's office in preparing budget schedules to distribute to Town departments as well as assist in preparing budget projections.
- The former Town Accountant/CFO worked in partner with the Treasurer's Office to expand the Unibank online payment system to include Town Clerk fees, Assessor fees, Animal Control fees, Library fees and Fire Department fees.

FY16 Accomplishments

- Created a uniform departmental receipts policy. This policy created stronger internal controls for the handling of departmental receipts. It also created consistency between

departments in the way that departmental receipts and receipt records are handled and submitted to the Treasurer and Town Accountant/CFO.

- Began providing quarterly financial reports to the Board of Selectmen and Finance Committee.
- Worked with the Treasurer/Collector's Office to transition to a new primary bank that improved the security of town assets and increased efficiency in the Treasurer/Collector's office. This included issuing a Request for Proposals, holding a pre-proposal conference, opening and reviewing bids, and awarding a bank with a contract. Switching to Eastern Bank allowed the Town to utilize check and ACH positive pay, remote capture machines, locked bank deposit bags, and have fully collateralized funds. Eastern provides services that allow for increased automation in the Treasurer/Collector's office by providing monthly reports that used to be done manually in the Treasurer/Collector's office. Finally, Eastern Bank allows the Town to earn interest on funds placed in our bank accounts.
- Increased the efficiencies in the Town Accountant/CFO and Treasurer/Collector's office for day-to-day operations. This included an automated check printing process that increased security of Town issued checks. We also began delivering pay advices electronically which reduced the workload of both departments and is more environmental friendly.
- Updated various accounts in the Town's general ledger to make them compliant in accordance with the provisions of the Governmental Accounting Standards Board (GASB) and the Massachusetts Department of Revenue (DOR).
- Trained several departments on how to run various accounting reports on the Town's accounting software which will help them manage their department's budgets in real-time.
- Implemented new ways of processing payroll and the senior and veteran's tax abatement programs to be compliant with IRS regulations.

FY15 Accomplishments

- Compiled the Town's Fiscal Year 2014 fixed assets for the audit in accordance with GASB 34. This reduced costs to the Town as the compilation of fixed assets had previously been outsourced.
- Created a formalized monthly receivable reconciliation spreadsheet that the Town Accountant/CFO and Treasurer/Collector review and sign off on to ensure that both the general ledger and tax collector's system agree with each other.

- This was a transition year with three individuals maintaining the Towns financial records: the former Town Accountant/CFO, an interim accountant, and finally the newly appointed Town Accountant/CFO. Between the efforts of all three individuals the Town was able to certify free cash, submit the Schedule A and other forms required by the State as part of the Tax Rate setting process in a timely manner.
- Sharon Bainbridge assisted with the day-to-day operations of the Accounting Department during the three month transition period between the former and new Town Accountant/CFO.
- The Department successfully converted to a bi-weekly payroll and vendor warrant from a weekly warrant.

FY14 Accomplishments

- Restructured the Treasurer/Collector Office, consolidating two part-time positions into one full-time Assistant Treasurer Collector. Will continue with the cross training program in FY15 to support both finance offices.
- Once again I assumed the role of the Treasurer (within the limits of the law) when the Treasurer was out on medical leave this year. This was the fourth time I have done this for the Town. My involvement kept the Treasurer's office running for a 2 to 3 month period, while also taking care of the accounting functions at the same time. I was still able to close the year timely, certified Free Cash and completed all of the other accounting functions on a timely basis.
- Sharon Bainbridge created the new Budget Spreadsheets that are being used for the FY15 Budget coming out of the Selectman's office.

FY13 Accomplishments

- Restructured the Treasurer/Collector Office, consolidating two part-time positions into one full-time Assistant Treasurer Collector. Will implement cross training program in FY14 to support both finance offices.
- Converted real estate tax payments by mail to a bank lockbox and eliminated manual tabulation of thousands of payments by mail
- Integrated tax title program into existing MUNIS financial software eliminating former stand alone system

Board of Assessors

Assistant Assessor: Bradford W. Swanson M.A.A.

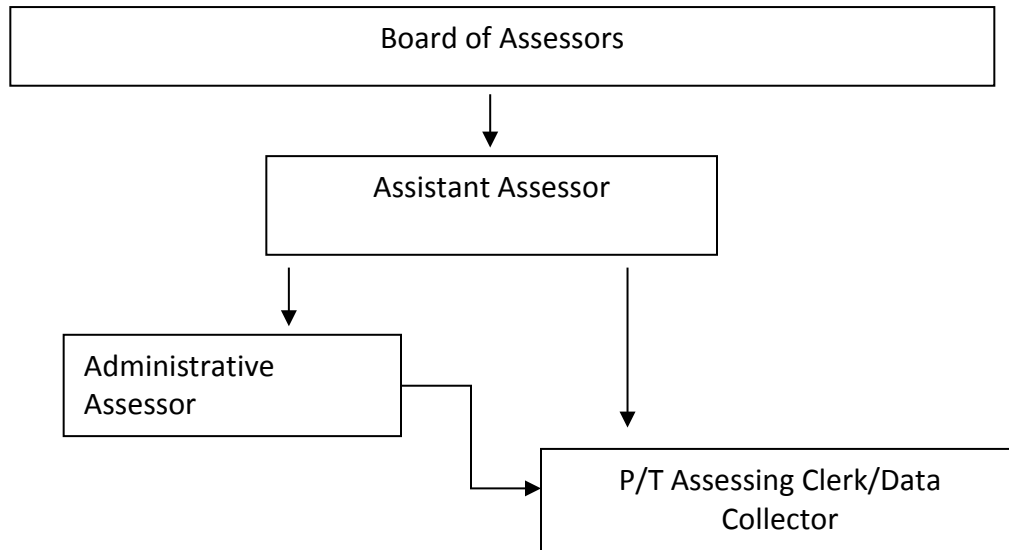
Department Description

The mission of the Board of Assessors and its' staff is to value Real and Personal Property in accordance with the laws of the Commonwealth of Massachusetts, administer exemption, abatement, and excise programs and assist taxpayers, as well as other town departments, in a courteous, innovative and fiscally responsible manner.

Some of the major responsibilities include:

- Apply Assessment Administration practices to the appraisal of real and personal property and to maintain the level of assessment at its full and fair cash value as required by the laws of the Commonwealth of Massachusetts.
- Develop and maintain accurate records of all real estate parcels and personal property accounts within the Town, including property record folders, electronic databases, tax maps, deed references, etc.
- Systematically review and inspect all Middleton property and update electronic data files.
- Administer motor vehicle excise tax programs that include commitment of excise tax bills and the abatement/ appeal process related to individual taxpayer's excise bills.
- The Assessors provide information to the Board of Selectmen and work cooperatively with other departments annually so that a tax rate can be established and submitted.
- The Assessors commit to the Treasurer/Collector the annual real and personal property taxes to be collected, including betterments and liens.
- This department also defends property values and addresses issues of taxability before the Massachusetts Appellate Tax Board.

Department Organization



Fiscal Year 2019 Goals and Objectives

Our main focus for this year is:

- To complete Interim Adjustment of Values in a timely manner.
- Continue updating all property photographs in our valuation system by office staff.
- Development of new cyclical inspection program for residential homes as required by Department of Revenue mandate to maintain accurate data.
- Layer development with other departments for the GIS system. We are working with other departments such as Fire, Health, Planning and possibly DPW to develop their respective layers.

One of our continued goals is to encourage staff development by providing coursework and professional certification opportunities so that we comply with professional standards, Department of Revenue requirements and expectations of Middleton residents.

Some examples include:

- Maintaining MAA designations for the Board, Assistant Assessor and Administrative Assessor.
- Education for part-time Clerk position and Board members.

- Continue coursework for Assistant Assessor to obtain IAAO certifications, where funding allows.

Fiscal Year 2018 Accomplishments

- Completion of Interim Adjustment of Values.
- Submitting and receiving a tax rate by December 18, 2017.
- Finalizing the tax billing file by December 18th, 2017.
- G.I.S. layers: Voting precincts for Town Clerk and Conservation and Open Lands for multiple departments.

FY17 Accomplishments

- Completion of Certified Revaluation.
- Submitting and receiving a tax rate by December 12, 2016.
- Finalizing the tax billing file by December 16th, 2016.
- Hiring of new Administrative Assessor to fill vacancy.

FY16 Accomplishments

- Completion of Interim Adjustment of values internally.
- Submitting and receiving a tax rate by December 1st, 2015.
- Finalizing the tax billing file by December 7th, 2015.
- Processing most all FY 2016 exemptions by December 21st, 2015.
- Added private staff layers to new GIS system for internal use.
- New Board member and part-time Clerk attended and passed the State mandated Course 101.

FY15 Accomplishments

In the last year this department has successfully transitioned through some major staffing changes while completing:

- Completion of Interim Adjustment of values internally.
- Submitting and receiving a tax rate by December 10th, 2014.
- Finalizing the tax billing file by December 15th, 2014.
- Processing most all FY 2015 exemptions by January 6th, 2014.
- Launch of Geographic Information System (GIS) for the Town. Conversion of map data to a digitized format was completed by CAI Associates, Inc. An online tool for the public was launched this past autumn and can be found at our website.
- Completion of education for Administrative Assessor. Toulia Guarino was able to complete all her courses by January 1st, 2015 to attain her MAA designation. She was awarded two scholarships through the state and county associations to cover the costs of two courses.

FY14 Accomplishments

In the last year this department has successfully transitioned through some major staffing changes while completing:

- Completion of Certified Revaluation with D.O.R. within reasonable timeframe
- Submitting and receiving a tax rate by December 11th, 2013
- Finalizing the tax billing file by December 13th, 2013
- Processing most all FY 2014 exemptions January 14th, 2014
- Digitization of town maps to facilitate GIS mapping for the town

FY13 Accomplishments

In the last year this department has successfully transitioned through some major staffing changes while completing:

- Moving property information on-line with our vendor Patriot Properties in June of 2012

- An interim year adjustment of values
- Submitting and receiving a tax rate by December 6th, 2012
- Finalizing the tax billing file by December 7th, 2012 earlier than ever done
- Processing most all FY 2013 exemptions January 8th, 2013
- Started the transition to GIS mapping for the town

Treasurer/Collector

Treasurer/Collector: Belinda Young

Department Description

The Treasurer/Collector's Office is responsible for the investment of all town funds and the collection of real estate taxes, personal property taxes, motor vehicle taxes, and all departmental receipts. The Office is responsible for all municipal borrowings, balancing cash and accounts receivables with the Town Accountant, selling Transfer Station stickers, the billing and collection of South Essex Sewerage District charges, issuing municipal lien certificates, and managing tax title properties. Other duties include processing payroll and administering benefits for all active and retired town employees.

Fiscal Year 2019 Goals and Objectives

- To maintain the highest possible level of service to tax payers, employees, and retirees by providing same day problem resolution whenever possible and employing a zero defect goal in processing, payroll, collections, payments and billing.
- To hire and train new Assistant Treasurer/Collector.
- Continue the education and certification process for both the new Treasurer/Collector and new assistant Treasurer/Collector.
- To maintain an effective, fair, and aggressive collection process to maximize real estate, personal property and motor vehicle excise tax collections
- Continue to reduce the number of properties in tax title through collections to increase certified free cash
- Continue to cross train employees to provide redundancy ensuring more than one employee can undertake critical functions when necessary (i.e. payroll, W-2s, municipal lien certificates, payment application, accounts payables, etc.)

Fiscal Year 2018 Accomplishments

- Completed the vacation and accrual tracking in MUNIS and reporting on payroll advices
- Completed the Land of Low Value foreclosure process on 20 Tax Title properties.
- Worked with the Town Accountant to go live with payroll processing thereby eliminating the need to double enter payrolls

- Expanded the Unibank online payment system to include Board of Health, Inspections and Permitting. Worked with those departments to successfully implement the integration of the Citizenserve software with Unibank.
- Transitioned duties of Treasurer to Assistant Treasurer in anticipation of retirement of Treasurer at end of Fiscal Year 2018.

FY17 Accomplishments

- Our Assistant Treasurer Collector completed the MCTA Treasurer Certification requirements and successfully completed the Supervisory Leadership Development Program sponsored by the Mass. Municipal Personnel Association
- Initiated the Land of Low Value foreclosure process on 20 Tax Title properties.
- Transitioned the Senior Workoff program payments in to compliance with federal regulations.
- Reduced Tax Title outstanding accounts to \$215,000 from a high of \$699,000 in 2011.
- Expanded the Unibank online payment system to include Town Clerk fees, Assessor fees, Animal Control fees, Library fees, and Fire Department fees.

FY16 Accomplishments

- Implement e-mail direct deposit advices for all employees in FY16.
- Streamlined miscellaneous cash receipt processing
- Finalized the Fruameni Tax Title account collecting over \$330,000
- Worked with the Account's Office to transition to a new primary bank that improved the security of town assets and increased efficiency in the Treasurer/Collector's office. This included issuing a Request for Proposals, holding a pre-proposal conference, opening and reviewing bids, and awarding a bank with a contract. Switching to Eastern Bank allowed the Town to utilize check and ACH positive pay (fraud protection), remote capture machines (fewer trips to the bank), locked bank deposit bags, and have fully collateralized funds. Eastern provides services that allow for increased automation in the Treasurer/Collector's office by providing monthly reports that used to be done manually in the Treasurer/Collector's office. Finally, Eastern Bank allows the Town to earn interest on funds placed in our bank accounts.

FY15 Accomplishments

- Converted the Town's payroll to bi-weekly from weekly at the start of FY15.
- SESD billing and accounts receivable process to a Quick Books application from the previous multiple Excel spreadsheets. The new system will easily track receivables, add penalties and send bills and dunning notices.
- Placed liens for SESD past due receivables on to real estate bills for the first time in FY15.

FY14 Accomplishments

- During FY14 the Office reorganization was completed converting two part time positions to a full time Assistant Treasurer Collector
- The Office has acquired, through foreclosure, a third real estate parcel with a single home

FY13 Accomplishments

- During FY13 the Office has been reorganized from two part time employees to a full time Assistant Treasurer Collector
- The Office has acquired two real estate parcels which includes two homes and anticipates a third before year end.

Town Clerk/Elections

Town Clerk: Ilene B. Twiss

Department Description

The Middleton Town Clerk's Office is committed to being a provider of reliable information and courteous, competent, and efficient service. We are dedicated to the careful preservation of the Town's official records including Town Meeting minutes, birth, death and marriage records, and historical documents, and to running elections that go smoothly and inspire confidence.

This office serves as a central information point for local government. We respond to inquiries from the public as well as from other departments, boards and committees. We act as a source of information on federal, state and local regulations and town bylaws, rules and regulations.

The Town Clerk is the chief election official who oversees the polls and the conduct of all elections and election-related activity for federal, state, and local elections. This includes registering voters, and maintaining accurate voting lists, distributing and receiving nomination papers, preparing and ordering ballots, distributing applications for, mailing, and recording the return of absentee ballots, and transmitting all election results to the Secretary of the Commonwealth's Office.

The office also conducts the annual census and maintains the street and voter lists. This includes supervising the creation and mailing of the census forms, entering the data received from the returns, and conducting follow-up procedures for all forms not returned.

As the Town's Custodian of Records, the Clerk keeps records relating to the governance of the Town from the 17th century to the present. This includes records of all births, marriages and deaths, all actions of Town Meeting, results of elections, zoning decisions, Planning Board decisions and Annual Reports. In this capacity, the Clerk occasionally goes to court on behalf of the Town. The Clerk's Office maintains the municipal code, the official Town bulletin boards, records of oaths of office, appointments and resignations of all Town Officials.

The office also issues some state licenses and permits, including marriage licenses, business certificates & renewals, dog licenses, fuel storage licenses, raffle/bazaar permits and requests for public documents.

FY17 Accomplishments

- This was the first full year for the Town Clerk, Ilene Twiss along with the Assistant Town Clerk, Erika Ballard.

- Completion of the 2016/2017 Election season which included the Annual Town Meeting, May 10, 2016 and the Annual Town Election, May 16, 2016, the Presidential Primary on March 1, 2016, the State Primary on September 8, 2016, Early Voting on October 24, 2016 through November 4, 2016, and the State Election on November 8, 2016. We will finish this election year with the Annual Town Election on Monday, May 16, 2017, as well as the Annual Town Meeting on Tuesday, May 10, 2017. We will also have a Special Town Meeting on February 28, 2017. For this busy election year, we continued to implement many changes to streamline the election process for our residents; including the Online Voter Registration system. We continued to work in collaboration with the School Department, the Department of Public Works, the Town Administrator's Office, the Police and Fire Departments to better serve the community.
- The implementation of the new Early Voting Law for 2016 posed tremendous challenges. Our office went beyond the minimal requirements of the law and provided substantial early voting opportunities for our community. The feedback we received was quite positive. Our community was awarded with the Silver Medal in the Massachusetts Election Modernization's Early Voting Coalition Challenge; recognizing Middleton among the best in the state when it came to an early voting plan and its overall success.
- In depth review of the voter registrations in preparation for the 2016 Election season.
- We continued to expand our utilization of a new program for tracking appointments to our many boards and commissions more efficiently. It has allowed us to keep track of the Town's compliance with the Conflict of Interest and Open Meeting laws as well as facilitate the appointment process in the Town Administrator's Office.
- Our dog licensing program made processing more efficient as we registered and managed approximately 1,000 dog licenses for the year.
- Completion of the 2016 Census with 92% of Households responding.
- Processed and managed all applications, decisions and files from the Applicants, Planning Department and Board of Appeals.
- Completion of the implementation and utilization of a statewide death registration system.
- The Office supervised two workers through the Community Service Initiative Program and also a Masconomet intern who continues to assist with various clerical tasks, computer work and exposure to various duties and responsibilities of the Town Clerk's Office.
- We attended courses and educational sessions expanding our understanding and implementation of the new Massachusetts Election Laws and the rules and regulations

surrounding them, policies & procedures to comply with the regulations of the MA State Lottery Charitable Gaming Commission, Municipal Law Issues affecting the Town Clerk's Office and the new Public Records Law changes.

- We have experienced an increase of issuance of "Doing Business As" (DBA) certificates and managing renewals and changes for our growing businesses in town.
- The Office has completed the expansion and reorganization our office space to accommodate our growing responsibilities and duties.
- And perhaps most importantly, we continue the process of researching the best system of digitizing and indexing the records in the Town Clerk's Office to make records retrieval more efficient along with the further preservation of them.

FY16 Accomplishments

- This office has transitioned smoothly from the tenure of long serving Town Clerk, Sarah George to that of newly appointed Town Clerk Ilene Twiss.
- In addition to the Annual Town Election, May 16, 2016 and the Annual Town Meeting, May 10, 2016, FY16, will bring an additional election: the Presidential Primary on March 1, 2016. For these elections we will continue to implement the changes we instituted at last year's Annual Town Election. Working in collaboration with the School Department, the Department of Public Works, the Town Administrator's Office the Police and Fire Departments, and the Currier family, we improved the parking and access to the polls for all voters.
- We continued to expand our utilization of a new program for tracking appointments to our many boards and commissions more efficiently. It has allowed us to keep track of the Town's compliance with the Conflict of Interest and Open Meeting laws as well as facilitate the appointment process in the Town Administrator's Office. Additionally our newly acquired dog licensing program makes processing more efficient.
- We have revised our procedures for taking the Annual Census by hiring part time workers and producing and mailing the forms in house rather than using an outside vendor.
- The Office supervised three different workers through the Community Service Initiative Program and also two Masconomet interns who assisted with various clerical tasks and computer work and who were exposed to some of the duties and responsibilities of the Town Clerk's Office

- We attended courses and educational sessions expanding our understanding and implementation of the new Massachusetts Election Laws and the rules and regulations surrounding them, policies & procedures to comply with the regulations of the MA State Lottery Charitable Gaming Commission and Municipal Law Issues affecting the Town Clerk's Office.
- And perhaps most importantly, we continued the process of researching the best system of digitizing and indexing the records in the Town Clerk's Office to make records retrieval more efficient and the further preserve them.

FY15 Accomplishments

This year, as well as running two state elections and one local election, we acquired a new program for tracking appointments to our many boards and commissions more efficiently. It will keep track of the Town's compliance with the Conflict of Interest and Open Meeting laws as well as facilitate the appointment process in the Town Administrator's Office. We also bought a more up to date dog licensing program that will make this process more efficient. The Office supervised three different interns who assisted with various clerical and computer work and exposed them to some of the workings of Town government. And perhaps most importantly, we continued the process of researching the best system of digitizing and indexing the records in the Town Clerk's Office to make records retrieval more efficient and the further preserve them.

FY14 Accomplishments

FY14 saw a full year of training for the new Assistant Town Clerk. This includes many different types of work and has kept us both very busy. We have acquired a new computer for dog licensing and rabies-vaccination tracking. We have begun the process of researching the best system of digitizing and indexing the records in the Town Clerk's Office to make records retrieval more efficient and to further preserve them.

FY13 Accomplishments

In FY13 this office has already run two elections, the State Primary and Presidential Election, and will run three more before the end of the year. The Presidential had a record 4656 voters (84% turnout) and yet there was almost no waiting. Absentee voting was also at a record high of over 300 and processing them was extremely time consuming. For the first time we were able to process overseas absentees electronically.

Conservation Commission

Conservation Agent: Kristin Kent

Department Description

The Conservation Commission administers the Massachusetts Wetlands Protection Act (WPA) in order to protect private and public water supplies, ground water supplies, provide flood control and storm damage prevention, prevent pollution, protect fisheries and protect wildlife habitat within the Town of Middleton. The Commission reviews all proposed projects within 100 feet of wetlands and within 200 feet of the Ipswich River and other perennial streams. The Commission holds monthly public meetings to discuss projects within WPA jurisdiction and a permit must be issued before any work can commence. The Commission also deals with illegal wetland filling and alterations, which can result in the issuance of an enforcement order and fines.

The Town, through the Conservation Commission, holds Conservation Restrictions and/or Conservation Easements on numerous parcels of land within the community. The Town of Middleton has over 1,000 acres of land protected by local, state, federal and nonprofit agencies such as the Town of Middleton, Division of Capital Asset Management and Maintenance, MA Department of Agriculture, N.E. Forestry, and the Essex County Greenbelt Association. Approximately 40% (407+ acres) of the acreage is under the care and custody of the Middleton Conservation Commission. With the anticipated addition of the Division of Capital Asset Management and Maintenance properties (+110 acres), this percentage will increase to over 50% under the care and custody of the Commission.

Fiscal Year 2019 Goals and Objectives

- Roll out the Middleton Open Space Program to the public through creation of a page on the Town website that includes information on Conservation properties and access points.
- Re-initiate Town involvement in the Greenscapes North Shore Coalition in coordination with the Department of Public Works. The Greenscapes program is a regional collaborative that works on outreach and education about water resources.
- Work with Cumberland Farms to permit and install a walking path and bridge connecting South Main Street and Maple Street to the Town properties on Maple Street/King Street and Memorial Hall.

Fiscal Year 2018 Accomplishments

- The Thunder Bridge Beach improvement project was completed in coordination with the Department of Public Works. The project improved stormwater runoff through infiltration and improved the aesthetics of the beach.
- Supported the ongoing effort to transfer the Division of Capital Asset Management and Maintenance properties in the Town of Middleton to the care and control of the Conservation Commission.
- The Commission established a policy for the installation of wetland/no disturb markers on properties when a permit is requested from the Commission. The markers are intended to increase awareness regarding the presence of wetland resource areas and the need for protection.
- Facilitated the transition of Conservation approvals to the new online Citizen Serve permitting software.
- Advanced the Middleton Open Space Program framework, in coordination with the Town Planner and the Town Assessor, by inventorying open space properties under the control of the Conservation Commission and updating Middleton GIS mapping to reflect ownership, easements and conservation restrictions.

FY17 Accomplishments

- A Thunder Bridge Beach improvement project was designed and permitted in coordination with the Department of Public Works. The project will treat stormwater through infiltration and improve the aesthetics of the beach. Work is anticipated to be completed in the spring/early summer of 2017.
- Supported the ongoing effort to transfer of the Division of Capital Asset Management and Maintenance properties in the Town of Middleton to the care and control of the Conservation Commission.
- A Middleton Open Space Program framework was created in coordination with the Town Planner. The framework includes a database of Town-owned conservation properties and Conservation Restrictions held by the Town.
- Oversaw the application of Conservation Restrictions on a series of properties located off of East Street, along the Ipswich River.

FY16 Accomplishments

- A local wetlands protection bylaw was proposed for adoption at Town Meeting in 2015. Although the proposal was not successful, the effort sparked the formation of a Wetlands Bylaw Subcommittee, composed of several Conservation Commission members and local residents to explore the issue further.
- The Conservation Department website has been updated to provide additional information to the public, including meeting schedule and filing deadlines and submission forms.
- The addition of supplemental hours to the Conservation Agent schedule has allowed for increased oversight of permits once construction work has begun; helping to ensure projects are constructed pursuant to permit conditions.
- The Conservation Department has worked with members of the Middleton Stream Team to explore enhancements to the riverfront park on Log Bridge Road and to support a grant application for improvements to the Bay Circuit Trail off of North Liberty Street.
- The Conservation Department has been working with the Ipswich River Watershed Association to facilitate timely permitting and execution of the South Middleton Dam removal project. Construction is expected to begin in the summer of 2016.

FY15 Accomplishments

Over the past year, each department has contributed in ways that have assisted in staying within our budget limits while improving departmental efficiency and productivity. These contributions include:

- **2013 Middleton Open Space and Recreation Plan:** The Conservation Agent continued accomplishing tasks outlined with the action plan to have the plan officially adopted.
- **Transfer of former Essex County Conservation properties currently held by the Massachusetts Division of Capital Asset Management and Maintenance (DCAMM) to the Town of Middleton:** The Commission and Agent worked closely with the State DCAMM to provide support in the form of data collection, technical assistance and/or other services to facilitate the acquisition of the Middleton DCAMM parcels (110 acres).
- **Stormwater Management Bylaw:** Assisted the stormwater management team in bringing Middleton into compliance with the EPA Stormwater requirements through the finalization, adoption and implementation of Storm water and Illicit Discharge Bylaw regulations.

Planning Department

Town Planner: Katrina O'Leary

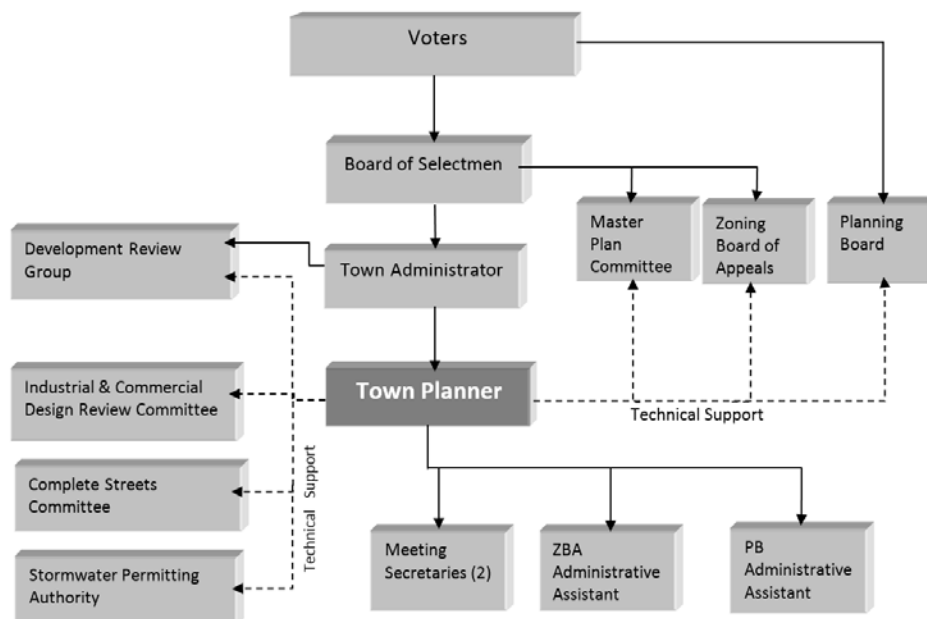
Department Description

The Planning Department strives to manage growth and promote the highest quality of development within the Town by providing coordination between several land use departments, boards, and committees and by providing sound professional planning advice.

The Department guides the development of land in Middleton via the regulatory process, the preparation and implementation of plans and policies, and by providing support and guidance to the following boards and committees: Planning Board, Zoning Board of Appeals, Board of Selectmen, Master Plan Committee, Industrial & Commercial Design Review Committee, Development Review Group, Complete Streets Committee, Rails to Trails Committee, and the Stormwater Permitting Authority.

Below is an organizational chart that provides a graphic representation of the Planning Department and the relationship between Town staff and the boards and committees served.

Planning Department Organizational Chart



The department's primary functions include:

- Performing professional and administrative duties in planning, organizing, coordinating, and administering the town's planning, land use, and community development functions and activities
- Providing administrative support for the Zoning Board of Appeals, Planning Board, Complete Streets Committee, Master Plan Committee, Stormwater Permitting Authority, and Development Review Group
- Providing information and technical assistance to other Town departments, boards, committees, and officials
- Increasing communication between existing Town Departments
- Establishing planning goals and priorities
- Researching and drafting Zoning Bylaws
- Researching grant opportunities and writing grant applications

Fiscal Year 2019 Goals and Objectives

- Help conduct a Zoning Board of Appeals workshop with the goal of educating new ZBA members and updating the existing ZBA Rules under Section 260 of the Town Code.
- Encourage the Planning Board to work on updating their Subdivision Rules & Regulations to include Low Impact Development best practices and Complete Streets principles.
- Work to create a Sidewalk Priority Plan so that available sidewalk funds may be targeted to appropriate areas in town.
- Continue overall support to the Planning Board, Master Plan Committee, and Zoning Board of Appeals.
- Maintain a high level of customer service by keeping the office website up to date.

Fiscal Year 2018 Accomplishments

Over the past year, the Planning Department has worked on the following projects:



- **Master Plan 300** The town began the process of updating its 1999 Master Plan in 2016. Named "Master Plan 300" in honor of the town's upcoming tercentennial in 2028, the process began with Phase I: the Visioning Process which was paid for in full by \$20,000 in Community Compact funds and \$5,000 from MAPC. The Town Planner assisted our hired consultant, the Metropolitan Area Planning Council (MAPC), with the process of creating a "vision" for Middleton's future. Results of the Visioning process were presented at the May

2017 Town Meeting, at which voters approved \$55,000 toward Phase II of the Master Plan process. With an additional grant of \$58,000 from MAPC and \$15,000 from

Community Compact Funds, MAPC began Phase II of the Master Plan process in September 2017 and plan to finish in the summer of 2018.

- **Community Compact Program** In 2017 the Town received \$15,000 toward the creation of a Housing Production Plan. Once approved, this plan will create a guide for creating affordable housing in Middleton as well as possibly protect the Town from future Comprehensive Permit applications. The Metropolitan area Planning Council has been hired to create the Housing Production plan as part of the updated Master Plan.
- **Development Review** 2017 was a busy year for the Development Review Group, which is composed of town departments involved in development. This group reviewed a residential development proposed for 97 North Main Street, commercial developments at 221 and 193 South Main Street, the rehabilitation of the Market Basket Plaza parking lot, and a proposed Solar installation at 208R South Main Street (behind Market Basket).
- **Paperless Permitting** Starting in 2018, both the Zoning Board of Appeals and the Planning Board will be going “paperless” at meetings and making use of new Chromebooks that will be available for both boards to use at their meeting sites.
- **Employee Handbook/Personnel Policy Review** The Town Planner is working with a committee consisting of the Town Administrator, Assistant Town Administrator, Finance Director, Treasurer, and Assistant Treasurer to review the town’s personnel bylaws and policies and make recommendations for any needed modifications and improvements. Currently, the group is working on putting together an “Employee Handbook” that will be a useful tool for both hiring new employees and will be a handy reference guide for current employees.
- **Massachusetts Municipal Management Certificate Program** The Town Planner is currently attending a 9 month course offered through Suffolk University for Municipal Management and Administration. Professional development provides town staff with the ability to adapt to changing economic conditions and changes in regulations and allows staff to better serve the town of Middleton.

FY17 Accomplishments

Over the past year, the Planning Department has worked on the following projects:



- **Master Plan 300 Visioning** The town began the process of updating its 1999 Master Plan in 2016. This Master Plan will be called “Master Plan 300” in honor of the town’s upcoming tercentennial in 2028. The Visioning Process, Phase I of the Master Plan update was paid for in full by \$20,000 in Community Compact funds. The Town Planner assisted our hired consultant, the Metropolitan Area Planning Council (MAPC), with the process of creating a “vision” for Middleton’s future. Results of the Visioning process will be presented at the May 2017 Town Meeting. It is hoped that a recent request for District Local Technical Assistance funds will result in a reduced cost to finish the rest of the Master Plan update.

- **Bicycle & Pedestrian Network Master Plan** The Town Planner successfully applied for District Local Technical Assistance funds through the Metropolitan Area Planning Council for the creation of a “Bicycle & Pedestrian Network Master Plan” for the town. This plan puts into practice the recently adopted “Complete Streets Policy” and will be finished in early 2017. The results of the plan will help the town prioritize necessary improvements to bicycle and pedestrian amenities in town.

- **Middleton Walk-Bike Alliance** This group was initiated by the Town Planner as an off-shoot of both the Bicycle-Pedestrian Network Master Plan and the Complete Streets Policy. The goal is to create a permanent group of residents interested in carrying the torch for bicycle/pedestrian amenities in town. So far the Facebook page created for this group and updated on a regular basis has received a positive response from residents: <https://www.facebook.com/MiddletonWalkBike/>



- **Community Compact Program** The Town Planner initiated the submittal of an application to the state that resulted in the Town signing a “Community Compact” that included three areas the town would concentrate on: Housing & Economic Development, Complete Streets, and Sustainable Development. Signing the compact resulted in \$20,000 for our Master Plan visioning process, \$10,000 toward a Bicycle & Pedestrian Network Master Plan, and \$94,000 for new accounting software for the Tri-Town School District. In late May, several towns met in Middleton’s Memorial Hall with Lieutenant Governor Polito to sign their individual “Community Compacts.”

- **IT Grant** Under the auspices of the Community Compact program, the town planner partnered with the Tri-Town School district to secure almost \$94,000 in funds for the Tri-town School district to upgrade accounting software – saving all three towns their share of the full cost.
- **Development Review** - The Planning Department is responsible for administering the Development Review Process in town. In 2016, the DRG reviewed the large industrial park project located at 161-163 North Main Street. This project includes approximately 190,000 sq. ft. of new industrial space.
- **Natsue Way Recreation Area** – in 2016, work continued on the Natsue Way Recreation Concept Plan. If the Town decides to move forward with this project, the Town Planner will be responsible for submitting applications for over \$400,000 in grant funds to offset the cost to the town.

FY16 Accomplishments

Over the past year, the Planning Department has worked on the following projects:

- **Complete Streets Policy Adoption/Implementation** - The Planning Department worked with the Metropolitan Area Planning Council to draft a “Complete Streets Policy” for the town that was subsequently adopted by the Board of Selectmen. Complete Streets Policies direct towns to design and build streets that provide everyone with safe, convenient access to transportation routes. In February 2015 the town learned that its policy was voted as one of the top ten policies in the nation by Smart Growth America’s National Complete Streets Coalition. Since then, the Town has held a public forum to create interest and also hired a traffic consultant to review town documents and offer recommendations on possible changes that will help the town implement the principles of the Complete Streets policy. The Complete Streets Committee has also been active and has developed a list of goals that it will work on in the next year.
- **Mass in Motion Grant** – The Planning Department successfully partnered with the Health Department to utilize Mass in Motion grant funds to hire a consultant to review town documents for conformance with the newly adopted Complete Streets Policy and to hire a nationally recognized speaker to lead a Community Forum to promote community design to increase physical activity within the Town.
- **Development Review** - The Planning Department is responsible for administering the Development Review Process in town. In 2015, the DRG reviewed the following projects:
 - 0 Debush: 15,000 sq. ft. new steel building for chimney repair business
 - 4 So. Main St.: Replacement of existing Cumberland Farms business with new 4,500 sq. ft. convenience store and gas pumps

- Natsue Way Recreation Concept Plan & Town Common Concept Plan: two Town sponsored recreation projects
- **Planning Board Special Permit Rules** - The Planning Department assisted the Planning Board in revising their outdated Special Permit Rules to correlate with the latest Zoning Bylaw updates.
- **Stormwater Management Bylaw** - The Planning Department administers the town's Stormwater Bylaw by coordinating efforts of the Stormwater Permit Granting Authority. In the first year after adoption of this bylaw, 16 Simple Stormwater Permits and 16 Exemptions were issued.
- **Zoning Proposals** – At the 2015 Spring Town Meeting, the town adopted a new Medical Marijuana Overlay District Bylaw which was drafted by the Town Planner. The Town also deleted the Conservancy Overlay District. In the fall of 2015, the Town Planner worked with the Master Plan Committee on changes to Business and Industrial Uses and also worked with the Planning Board on proposed changes to dimensional requirements. Both proposals will be submitted for inclusion on the spring 2016 town warrant. Additionally, the town planner has drafted zoning amendments to delete the obsolete Section 7.4 (Development Schedule) and to update Section 2.3 (Zoning Map).
- **Natsue Way Recreation Area** – in 2015, work continued on the Natsue Way Recreation Concept Plan. The Town Planner attends all Master Plan Committee meetings and was actively involved in the progress made to date in regards to this proposed recreation area.
- **American Institute of Certified Planners** – Town Planner Katrina O'Leary was certified as a member of the American Institute of Certified Planners (AICP) after passing the AICP exam in November. To take the exam, individuals must fulfill a series of requirements including education and job experience. Certified planners bring extra value to their employers and community, demonstrating a higher level of leadership, education and professionalism. As a certified planner, individuals are required to operate in a professional manner and uphold a code of ethics.

FY15 Accomplishments

Over the past year, the Planning Department has worked on the following projects:

- **Development Review** - The Planning Department is now responsible for administering the Development Review Process in town. In 2014, the DRG reviewed four separate projects in Town, including the redevelopment of the former North Shore Technical School and a proposed hockey rink and indoor playing field on Manning Road.

- **Planning Board Rules & Regulations** - The Planning Department assisted the Planning Board in revising the Subdivision Rules & Regulations to reflect the newly adopted Stormwater Bylaw. Fees were increased for the first time since the 1980's.
- **Zoning Board of Appeals Rules** - The ZBA held a workshop in 2014 to review and revise their Rules. These revisions, although not yet complete, will include guidance on reviewing and approving "modifications" to special permit projects.
- **Staff Reports** - Both Planning Board and the Zoning Board of Appeals members now receive a written report before each scheduled meeting that includes information regarding current projects, agenda items, and important deadlines. Time is set aside at each meeting to allow the Planning Coordinator to update board members on ongoing or upcoming planning activities.
- **Rails to Trails** - Technical support provided to the Rails to Trails Committee included attendance at all meetings and working on a Division of Conservation Services Recreational Trail grant for a future portion of the proposed Rail Trail.
- **Roadway Acceptance Procedures** - In 2014, the Planning Department drafted a complete set of procedures for the Selectmen's office to be used by those petitioning the Town for Roadway Acceptance. At the 2014 Town Meeting five new streets were accepted by the Town after using the newly adopted procedures. Four new streets are expected to use the new procedure in 2015.
- **GIS mapping** - The Planning Department performed a thorough historical research of all zoning map changes in Town. This research was instrumental in allowing the Town's GIS consultant to finalize a new GIS system for Town staff and residents.
- **Stormwater Management Bylaw** - The Planning Department led the successful effort to adopt the Town's first Stormwater Management Bylaw and worked with other town departments to create a smooth administration process. The stormwater bylaw benefits all residents by protecting the Town's water sources.
- **Zoning Proposals** - Current zoning initiatives for the 2015 Town Meeting: Main Street Rezoning, Medical Marijuana Treatment Center Overlay District, changes to dimensional requirements, and shifting zone lines to align with existing lot lines where practical (a recommendation by our GIS consultants).
- **Department of Youth Services (DYS) Facility** - The Planning office worked closely with the Town Administrator's office and the Conservation Commission to persuade the state to reconfigure the proposed DYS layout on Gregory Street so that the existing tree buffer could be saved.

- **Natsue Way Recreation Area & Town Common Master Plan** - As technical support to the Master Plan Committee, the office has been closely involved with both the Natsue Way Recreation Area and the Town Common Master Plan. Staff provided graphic services to depict the current Town Common Master Plan changes, thereby saving the Town the cost of hiring an engineer/architect.
- **Recreational Amenities Map** - A webpage was created on the Town website that provides an interactive map to assist users in finding recreational opportunities in Middleton. It is the intent of the Planning Office to create an improved interactive map when the Town gains access to ESRI mapmaking software in the next year.
- **Complete Streets Community** - Middleton is now one of a handful of communities in Massachusetts that has become a "Complete Streets Community." The Planning Office initiated the successful adoption of this policy which requires that the Town think about providing pedestrian and bicycle amenities whenever infrastructure improvements are made. Over \$5,000,000 in state funds have been set aside for towns that have adopted a Complete Streets policy.
- **Sidewalk Improvement Policy** – A Sidewalk Improvement Policy was drafted last year and after fine tuning to reflect the Complete Streets Policy, staff will submit the policy to the Selectmen for their consideration. This policy will result in a map of the town showing areas needing new or renovated sidewalks, all based on criteria included in the policy.
- **Grants** - The office is currently working on grants for Rail Trail construction and Brownfield cleanup.

FY14 Accomplishments

Planning Coordinator:

The newly created position of Planning Coordinator was filled in October, 2013. In the first two months of work, the Planning Coordinator has made progress on the following projects and tasks:

- Assisted both the Board of Appeals and the Planning Board with applications for special permits, site plan review, and applications submitted under Subdivision Control
- Fine tuning of the development review process for new which will lead to a more streamlined development process
- Drafted several zoning bylaw amendments for the Planning Board to review before eventual submission to the Selectmen
- Coordinated review of proposed Stormwater Management and Illicit Discharge Bylaws for adoption at Spring 2014 Town Meeting
- Working with the Rails to Trails Group to build a pedestrian trail from Danvers to North Andover

- Created new web pages for both the "Planning Department" and "Stormwater Management" on the Town website to increase communication between Town Services and the residents
- Researched all Zoning Map amendments from 1955 to the present in order to have the Town's GIS consultant covert accurate zone lines into a digital format - the end result will be an online mapping tool for use by Town employees and residents
- Drafted a "Roadway Acceptance Procedure Policy" adopted by the Selectmen in January 2014

Planning Board:

The Planning Board worked on the following applications in 2013:

- 13 Approval Not Required Plans: 11 approved, 1 denied, 1 withdrawn
- 2 Definitive Plans: 1 approved, 1 pending
- 1 Definitive Plan Modification: approved
- 1 Special Permit for Two family: approved
- 1 Road Improvement Plan: 1 denied
- 18 ZBA recommendations: 17 positive, 1 no action taken
- 14 Zoning Amendment recommendations: 13 positive, 1 no action taken
- 1 Warrant Article recommendation: 4 positive, 2 negative

Zoning Board of Appeals:

The Zoning Board of Appeals received applications for the following projects in 2013:

- 16 Special permits: 14 approved, 2 withdrawn
- 1 Special permit modification: approved
- 1 Variance: approved
- 1 Use Variance: approved
- 1 Appeal: no action taken
- 3 Site Plans: 3 approved
- 10 Site Plan Modifications: 8 approved, 2 withdrawn

Police Department

Police Chief: Chief James DiGianvittorio

Department Description

Society's perception of law enforcement is changing. We see evidence of this change every day across the nation. The culture of a police department begins at the top. The Chief establishes the tone for everything from the style of uniform to policies governing the use of force and procedures for dealing with victims and suspects. I have tried to work with a three step method of policing. The first step is addressing how the police force interacts with the public. The second is how the public perceives the police in our community. And the most important of all is how the chief interacts with the department. Working in both directions is essential because one won't work without the other. None of these steps will be a "quick fix" for the police department in the midst of a crisis. However, all are crucial to build an effective police force in the 21st century. Well-known football coach Vince Lombardi once said, "The achievements of an organization are the results of the combined effort of each individual".

The Law enforcement field is frequently reactive: Officers respond to calls for service, quell disturbances and make arrests. Today more than ever, law enforcement work is also proactive. Escalating crime rates and diminishing municipal budgets are motivating police departments across the country to develop new ways of deploying services.

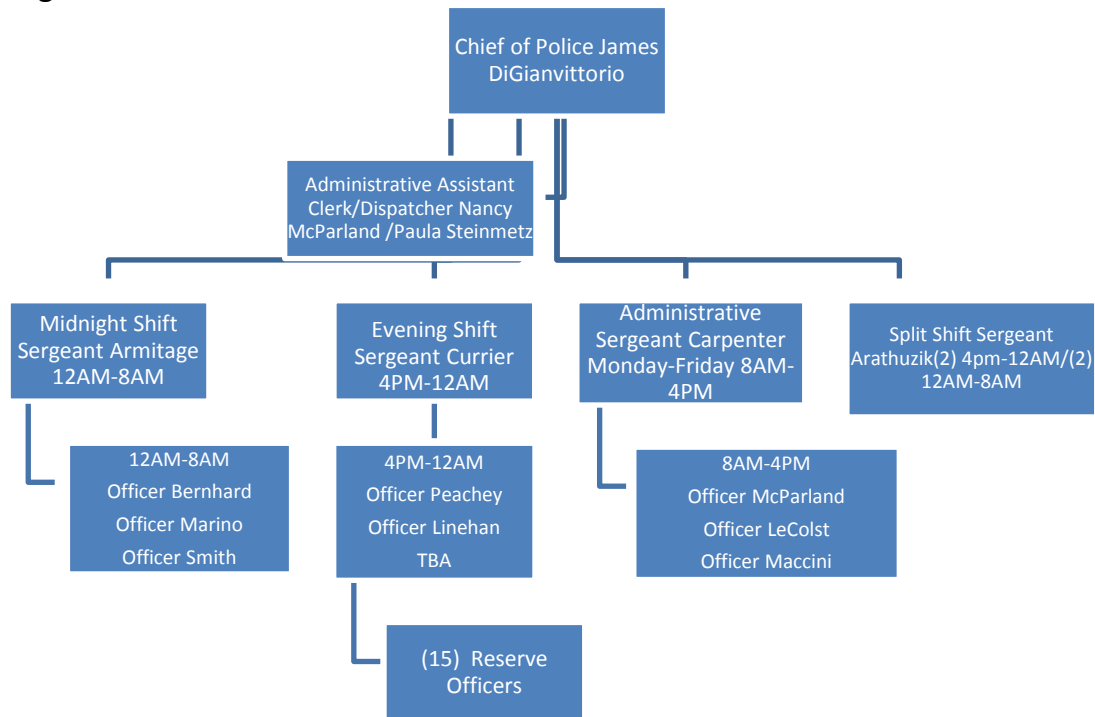
We find ourselves going back to the basic concept established in the 1980's which "Community Policing" is. The basic idea behind community policing is that the community must be involved with police to solve problems. As simple as this may sound, police must accept the fact that the community has to be involved in the process from the beginning. The goal is to promote police community partnerships. Problem solving is a new way of policing to address not only the causes of crime and the fear of crime but all quality of life issues in the community.

The Middleton Police Department will attempt to work to change the mindset of the public by:

- Encourage officers of all ranks and assignments to engage in some kind of community service outreach or services, on and off duty.
- Bring back our Citizen Police Academy.
- Ensure that our command staff members model a service mind-set and community engagement.
- Reward officers who go the extra mile" to help a distressed citizen or work with a community group to address a problem.
- Lend official endorsement and provide release time for officers to participate in such events as Special Olympics and the DARE Program.

These types of activities humanize the police in the eyes of the public while, at the same time, provide officers with a positive interaction with the community.

2017 Organizational Chart



Fiscal Year 2019 Goals and Objectives

The Department has established the following goals in order to provide the community with the level of police services it demands and the level of safety it expects:

1. To maintain competent staff to ensure the delivery of quality service to the community.

Objectives:

- Recruit and hire quality employees.
- Train employees and develop leadership skills, by sending members of the Command Staff to the FBI Law Enforcement Executive Development Seminars.
- Encourage employees to seek college education to further their training and commitment in the law enforcement field. We have established programs within the department to help defray the cost of schooling for the officers and help them strive to better educate themselves.
- Be accountable to all members of the Department by giving the officers the tools to successfully execute their duties and responsibilities.
- We have instituted a “Wellness Program” to allow officers to maintain good physical fitness.

2. To obtain resources necessary to achieve our mission from broad and diverse sources.

Objectives:

- Plan for the future, by soliciting ideas from the staff to better serve the residents of this community.
- Evaluate the cost effectiveness of programs and create a checks and balances system to assure full cooperation.
- Develop and use strong management practices.

3. To maintain a high level of support and trust from the community we serve.

Objectives:

- Be involved in the community; Develop positive public perceptions of the Department, by reinstituting the Citizens Police Academy.
- Promote mutual understanding and trust between business owners and officers in a proactive policing approach.
- Assure a fair, honest, open and responsive approach to community needs.
- Build citizen trust in our programs and personnel.
- We are working towards Statewide Certification in the Accreditation process.

4. To provide the citizens of Middleton the opportunity to enhance and improve the public safety rule of the road.

Objectives:

- Promote roadway safety through fair and consistent traffic enforcement with assistance from the Governor's Highway Safety Bureau grants. Promote roadway safety through public education, safety meetings and training in conjunction with the Town of Middleton Senior Center.
- Work closely with the Design Review Committee to identify and correct traffic control design issues.

5. To provide an environment in which the community feels secure from crime.

Objectives:

- Take equal and timely enforcement action on violations of criminal law.
- Take the necessary steps toward crime prevention by creating a proactive community outreach program.
- Actively engage in positive programs for the youth of the community.

6. To maintain social order consistent with community standards and statutory requirements.

Objectives:

- Deliver police services based on community needs.
- Address safety concerns with the community.
- Provide services consistent with statutory requirement.

Every day we ask our officers to put their lives on the line to ensure the safety of all, and for that they deserve everyone's respect and appreciation.

Fiscal Year 2018 Accomplishments

- The Middleton Police Department promoted its first full-time Detective. Detective Adam Maccini has been a patrolman for the department for the past ten years. He has been attending specialty training in all aspects of investigation since his new role as detective begun.
- The Department hired longtime DPW employee Karen Matsubara as the new Executive Secretary for the Police Department, Karen has just completed her first full year with the department.
- Our Department is currently in the process of becoming State Certified by the Massachusetts State Accreditation Commission.
- Officer Henry Bouchard IV graduated the fulltime academy in February of 2017. Henry is the grandson of the late Middleton Police Officer Henry Bouchard who worked for this community for many years.
- Continued to work with the school departments with our School resource officer, DARE Officers.

The Middleton Police Department will work to change the mindset of the public by:

- Encouraging officers of all ranks and assignments to engage in some kind of community service outreach or services, on and off duty.
- Bringing back our Citizen Police Academy.
- Ensuring that our command staff members model a service mind-set and community engagement.
- Rewarding officers who go the “extra mile” to help a distressed citizen or work with a community group to address a problem.

These types of activities humanize the police in the eyes of the public while, at the same time, provide officers with a positive interaction with the community.

One way we can combat these changing times is through increased transparency. Police have a natural tendency to want to keep department tactics, processes, and even procedures within the agency and close to the chest. However, we are under a microscope and the best way to stay vigilant is to stay transparent.

I promise to be an open, accountable, accessible Police Chief. I will be responsive to the concerns of the department and the community in which we serve. I will be an advocate for the community’s needs by being transparent and accountable to each and every one of you.

I would like to thank the officers of this department for the work that they do every day to protect and serve the citizens of this fine community.

FY17 Accomplishments

- On November 18, 2016, The Middleton Police Department, the Middleton Police Benevolent Association and the organization known as “Cops for Kid with Cancer” held a fund raising initiative here at the Middleton Police Station and raised over \$10,000 with the help of our local businesses. The event was for a 3 year old child named Lola Rose Anderson whose family has strong ties to the community for many years and is battling cancer.

The Middleton Police Department sponsored a request through the “Cops for Kids with Cancer” for a grant for the family who resides in Middleton. Lola was first diagnosed with “chordoma” cancer while she lived in New York with her family. The family was advised that at this time her cancer was in remission. Unfortunately, three days after closing on a house in Middleton, it was found that Lola’s cancer had returned. Due to the child’s condition the mother is unable to work because of Lola’s sickness and they also have a one year old baby at home. The father who works as a cabinet maker has had to take off a lot of time from work in order to care for Lola and to take her to her many hospital visits and treatments. Needless to say this has created a severe financial hardship for the family. The Anderson family purchased this home with the intention of fixing it up but certainly didn’t expect they would be dealing with emotional and financial stresses of another cancer diagnosis. Currently the house they purchased is not in livable condition so the family has been renting an apartment while also paying a mortgage.

- On December 15, 2016 I had the privileged to be elected as the new 2017 President of the Massachusetts Chiefs of Police Association.
- In December, I was fortunate enough to be part of the Massachusetts Counter –Terrorism seminar in Israel, a nine day event sponsored by the Anti-Defamation League. I traveled with 15 members of Law Enforcement from around the Commonwealth. We had the opportunity to learn counter-terrorism strategies and tactics, with special emphasis on suicide bombings and securing transportation infrastructure. The training was done through presentations and site visits conducted by senior personnel in the Israel National Police, intelligence and securities services, and the Israel Defense forces. I returned from this trip with a new perspective.

I realized that our Nation, despite the struggles, the setbacks, and the issues we face... we still live in a country where the possibility and the opportunity for peace, love and prosperity are a reality. Life, liberty and the pursuit of happiness are not distant ideals, but genuine concepts that we abide by.

Locally, I urge everyone not to become complacent, be more vigilant “see something, say something”, during my visit to Israel as we sat in the ADL office in Tel Aviv there was a terrorist attack not just a few miles away from where we were, we witnessed the low key response from the media, it turned out to be on the 7th page of the news that day. They don’t let terrorism or acts of violence rule their lives, they deal with it and move on. Here in the States we tend to dwell on it.

Every day we ask our officers to put their lives on the line to ensure the safety of all, and for that they deserve everyone’s respect and appreciation.

FY16 Accomplishments

- Each officer was issued a new bullet-proof vest. This was made possible with funds from a Federal and State Grant
- The Town purchased all new AED’s “Automated Defibrillators” for each Patrol vehicle.
- Purchased each officer Full-time and Part-time a new winter jacket.
- Purchased a new copier for the police department.
- Upgraded our computer systems and in the process of purchasing a new computer server for the department.
- Upgraded the closed circuit camera system at the police station made possible through a MIIA Grant.
- This year we outfitted the entire police department with new key fob technology which was also made possible through a MIIA Grant.

FY15 Accomplishments

- In 2014 the Middleton Police Department was able to institute the first ever K-9 unit in the Town of Middleton. This endeavor was made possible through funds from a grant by the Stanton Foundation. Officer Peachey and his one year old German Sheppard partner Kai went through an extensive (14 week) training program with the Boston Police K-9 Division. This training ensures that the K-9 officers are prepared to handle the work conditions they face. The training included crime prevention, searches, property crimes, thefts and missing persons. The key objective of the K-9 Unit’s mission is to enhance community relations and provide better officer safety measures. This has proven to be a very valuable tool and is especially critical to police work in small towns such as Middleton where the number of sworn officers are small and the areas that we cover are very large. Officer Peachey and Kai also attended a six week specialty course in narcotics detection.



Photo courtesy of Tri-Town Transcript.

- The Town has entered into a collaborative consortium with four other cities and towns to form the New Essex Regional Dispatch Center located in Middleton on the grounds of the Essex County House of Correction on Manning Avenue. Middleton, Essex, Amesbury, Wenham and Topsfield have signed onto this agreement. All communities are working cooperatively through some of the growing pains associated with being the first regional dispatch center in the Commonwealth.
- The Middleton Police Department purchased a state of the art Live Scan System, for the Department. This computer hardware allows our department the capability to electronically submit our fingerprint cards to the State through the Criminal History Systems Board and the Criminal Justice Information Services (CJIS) system for all arrested subjects.
- In an effort to provide better service to the community the Middleton Police Department has purchased (6) new Automated External Defibrillators (AEDs) these six new units are to replace the ones purchased in 2002. These units allow our officers the ability to deliver a therapeutic dose of electrical energy to the heart for the treatment of a life threatening cardiac dysrhythmias.
- The Middleton Police Department is in the final stages of background checks to hire four more reserve police officers in an effort to help augment the patrol force. We have continued to promote from our reserve police pool of officers to full-time status which has left us with some vacancies. Over the course of the past six months we have interviewed and tested numerous applicants for these positions and will be sending out letters of job offerings in the very near future.

FY14 Accomplishments

- 2013 has been a very challenging year for the Middleton Police Department and for Law Enforcement in general. Once again we were forced to deal with cowards with a cause when we experienced the bombings at the Boston Marathon. This horrific event taxed the resources of all of law enforcement across the state. Closer to home our department had to endure some very violent crimes in the past year. I want to publicly commend all the men and woman of the Middleton Police department for their courage, dedication and professionalism in these trying times. I am very proud of the work that these officers perform day in and day out along with the in-house staff that helps keep the department running smoothly.
- The completion of all three phases of the Police Station Capital Improvement Plan wrapped up in early 2013. This project has alleviated the immediacy to build a new police station, however, the fact that a new public safety facility is still a major priority for both police and fire.
- The Middleton Police Station has successfully secured a \$25,000 grant from the Stanton Foundation for the implementation of a K-9 unit. This will allow the Town to have a trained canine at its disposal, rather than being dependent on the resources from other departments.
- The Town has entered into a collaborative consortium with five other cities and towns to form the New Essex Regional Dispatch Center located in Middleton on the grounds of the Essex County House of Correction on Manning Avenue. Middleton, Essex, Beverly, Amesbury, Wenham and Topsfield have signed on to this agreement.

FY13 Accomplishments

- With the Successful completion of Phase I and Phase II of the Police Station Capital Improvement Plan behind us, we are now in the third and final phase of the project. Students from the North Shore Technical High School are working diligently to help us complete this project. The new façade has been constructed and the renovation to the existing portion of the building is underway.
- Worked in conjunction with (5) five other communities on the Essex County Regional Emergency Communications Center which is slated to open in the spring of 2013. Construction of the center, which was overseen by the Massachusetts Division of Capital Asset management (DCAM), is in its final stages. Both the Police and Fire Advisory Boards have actively participated in the state mandated procurement process to select a vendor for the technology portion of the program, along with creating "Policy and Procedures" for the enrolled police departments.

- The Middleton Police Department implemented a new Use of Force policy which included the training and deployment of “Electrical Control Weapons”, often referred to by a common brand name-TASER- are electro-muscular disruptors that override the central nervous system. Such weapons provide officers with another control option. Since the deployment of these tools the Middleton Police Department has not had an officer involved injury to date.
- In recent months the members of the Middleton Police Department were given awards from the AAA of Southern New England for going above and beyond to make the Town of Middleton a safe place to live and visit.
- The Middleton Police department has complied with the Federal Communications Commission who mandated that all public and industrial/business licenses convert existing 25 kHz radio systems to minimum narrowband 12.5 kHz efficiency. The purpose of the narrowband mandate is to promote more efficient use of the VHF and UHF land mobile frequency bands.
- Realigned Personnel within the Command Staff to improve internal and external services. Streamlined and crossed trained the four Sergeants within the police department to improve the quality of services internally for the officers and externally for the members of the public.

Fire Department

Fire Chief: Chief Thomas Martinuk

Department Description

The Middleton Fire Department is a full-spectrum life-saving agency protecting more than 9,000 persons daily who reside in a community consisting over 13 square miles.

The Middleton Fire Department, which is currently under the direction of Chief Frank W. Twiss, consists of 1 fire station that is centrally located in the community and employs 33 men and women who are a mix of both full-time and part-time personnel. These members participate in a variety of functions and duties including fire suppression, emergency medical services (both advanced and basic), hazardous materials mitigation, disaster response, public education and community service.

The department currently has 13 trained at the EMT-Basic level, and 20 are trained at the EMT-Paramedic level.

Fiscal Year 2019 Goals and Objectives

- The Chief and members of the Department will continue to work with the architects and design professional to help with the placement and design of a new fire station.
- The Department will again receive grant funds for the Student Awareness of Fire Education (SAFE) program. In addition, we will receive grant funds for the Senior SAFE Program, which is for fire safety education in our senior population. The fire service has recognized that statistically our vulnerable populations are the very young and our elderly, but the funds for elderly fire safety education have never been available until recently. Chief Martinuk will continue to work with firefighter Kelsen to help enhance the programs and to teach firefighter Kelsen how to write and administer the SAFE grants.
- The Department will research and develop more effective training programs utilizing current technology. There are vendors who provide online training for various subjects, and the members can participate in the online programs during their shift or off time, with the “hands-on” or practical exercises still occurring on Monday evenings or weekends. There is also a “home-made” component that allows our training officers to create programs for new pieces of equipment or other policies/ procedures that would otherwise be conducted on training nights. This will allow for more participation by members who may not be available due to scheduling conflicts, and a standardization of the delivery of the programs. We will also focus on a “back to basics” concept to review core firefighting skills and concepts to keep our firefighters safe while on the fire ground.

The basic skills are being formulated into programs that the firefighters can perform while on-duty, being administered by the Officer-in Charge.

- The Department will apply for grants to help the operation of the department while defraying some of the cost from the taxpayers. This will include the Assistance to Firefighters Grant (which the department has been very successful receiving in the past) this will be used to replace all the Self- contained breathing apparatus.
- The Department will continue to replace outdated and worn apparatus and equipment to ensure safety and efficiency in its operation. Requests for FY 2019 will include a new pumper, to replace a nineteen-year-old pumper (by the time the vehicle arrives the old one will be twenty years old), Multi gas meters (the old ones have outlived their useful lives and you cannot get parts anymore).
- The Department will need to look at ways to update its communication network, working with Verizon who is discontinuing the use of copper phone lines, and find ways to increase its efficiency.
- In February, the Chief will be attending the professional development conference sponsored by the Fire Chiefs Association of Massachusetts.

Fiscal Year 2018 Accomplishments

- On September 11, 2017 Zachary Ingraham was hired as the tenth full time firefighter. Zach is the nephew of the late, Sgt. Gayle Haley.
- Appointed two new call firefighters: Sean O'Brien and Michael Madruga.
- One Call Firefighter, Mark Cecieta had to resign when he took a full-time position in Danvers.
- The Department continues to work closely with the Essex County Regional Communications Center (RECC) to develop procedures, training and familiarization for dispatchers to better serve our unique dispatch needs.
- The Department finished the mold removal and insulation project on the second floor and continues to make repairs to keep the building livable until a new facility is built sometime in the future.
- The Department, with the help of the Assistant Town Administrator, was able to dispose of some old, outdated equipment that was taking up space behind the fire station and

around town. We continue to work with the federal excess program coordinator to return outdated and unusable equipment obtained from this program to continue the cleanup.

- The Department put in service a gear extractor and gear dryer obtained through the Assistance to Firefighters Grant program saving the town \$17,000. This gear extractor will help keep the firefighters and public safer by allowing the gear to be washed after fires and other incidents lowering the chances of anyone being exposed to cancer-causing materials. This, in conjunction with the firefighters having two sets of gear, will make it a safer working environment for everyone involved.
- The Department was able to secure a 1989, five-ton army truck through the government surplus program (This vehicle new cost \$90,000). This will replace the 1968 Duce and a half that we use for forest fires that is well worn and not safe to use. This new unit is safer and will be able to carry more water once it is outfitted with a tank and pump. This vehicle has been painted and is awaiting a tank to be built and pump and equipment to be installed. It should be ready for the 2018 brush season.
- EMS-The Department's Emergency Medical Services Director, Captain Douglas LeColst, continues to dedicate a tremendous amount of time and energy to make our Advanced Life Support (ALS) ambulance service the best transporting service possible. The department has been providing ALS to the town since the late 1970's and has continually grown in scope and service. Captain LeColst continually teaches CPR/AED and first aid classes to the public and town employees. The importance of early CPR and defibrillation were even more evident after Chief Twiss (retired) suffered a sudden cardiac event in 2016 at the fire station.
- The Department continues to participate in joint EMS training with the North Reading Fire Department to provide cost-sharing of EMT instructors. The program has been a successful and cost-effective method of delivering high-quality training to our members.
- Fire Prevention-The department's Fire Prevention division is now led by Lieutenant Daniel Kessel. Lt. Kessel works tirelessly to keep up with the growing needs of the department and the town in this division, reviewing plans, conducting inspections, keeping up with the ever-changing codes (both locally and nationally). Lt. Kessel works closely with the code enforcement team under the town's building commissioner. The workload continues to grow as the town grows and the demands on the department increase.
- Public Education-Now under the direction of firefighter David Kelsen, the department continues to work in the schools teaching fire and life safety education. We are fortunate to have firefighter Kelsen, who is a familiar face around the schools, to dedicate his time to the staff and the students on fire safety education. Firefighter Kelsen has also been able to teach the senior citizens at the senior center this year. To assist with the training, the department has been fortunate to receive funding annually from the Student

Awareness of Fire Education (SAFE) and the Senior SAFE grants from the state to cover training and backfill along with supplies.

- Training- The training division, led by Lt. Tyler Dechene and Lt. David Leary, has also been busy trying to keep all members trained to the highest level possible while trying to fit the training to fit everyone's extremely busy schedules, both on and off duty.
- Participated in the annual inspection of Bostik in accordance with Chapter 148 of the Code of the Town of Middleton. The two-day inspection was conducted in November 2017 by HDI Global and assisted by representatives of Arkema and Bostik along with Lt. Kessel from the Middleton Fire Department.

FY17 Accomplishments

- Fire Chief, Frank Twiss retired on August 30, 2016, after thirty-six years of dedicated and exceptional service to the Town of Middleton. The Town Administrator and Assistant Town Administrator conducted a multi month search for a new fire chief and were assisted in interviews by high ranking officials from other communities. In July of 2016 the search committee unanimously voted to recommend Middleton Captain Thomas J. Martinuk as the new fire chief. On August second 2016 The Board of Selectman unanimously appointed Thomas J. Martinuk as the new Chief of the Middleton Fire Department effective September 1, 2016.
- Douglas LeColst was promoted from lieutenant to Captain and remains in charge of our busy EMS system. He also took over the job of scheduling that was previously performed by Captain Martinuk.
- Daniel Kessel was promoted to Lieutenant and put in charge of fire prevention. This function was previously performed by Captain Martinuk.
- David Kelsen was put in charge of public education and took over another job that Captain Martinuk previously performed.
- On January sixth 2016 Jarrod Mackenzie was hired as a new full-time firefighter, filling the spot that was opened by the upward movement of the other members of the department.
- Appointed two new call firefighters: Charles Gerard and Joseph Tardiff
- Four call firefighters graduated from the Massachusetts Firefighting Academies Firefighter I/II class: Mark Cecieta, Steven Grasso, Michael LeBlanc and Reid Warnock.

- The department continues to work closely with the Essex County Regional Communications Center (RECC) to develop procedures, training and familiarization for dispatchers to better serve our unique dispatch needs.
- The department has continued to replace the portable radios (through a \$28,000 warrant article) that are an integral part of every firefighter's personal protective equipment and a safety lifeline to the communications center. This year we replaced the officer's radios with dual band radios. This allows them to communicate with communities outside of our frequency range without carrying two radios. This is safer and more efficient.
- The department has also continued to replace turnout gear (through a \$29,000 warrant article). For safety reasons, there is a ten-year life span on the gear and must be replaced. There are also new findings that the gear must be kept clean due to cancer dangers from any carcinogens generated by fire or other fire related activities.
- The department has also purchased a new ambulance (through a \$255,000 warrant article) which will replace a very worn eleven-year-old ambulance. The new ambulance was delivered on January 19, 2017.
- The department replaced a thirty-year-old S.C.B.A filling station and compressor with a brand-new unit that is more efficient, safer and takes up substantially less room than the old unit. This was purchased through the Assistance to Firefighters Grant, which is administered through FEMA. The grant was for \$53,000.
- The department was able to secure a 1989, five-ton army truck through the government surplus program (This vehicle new cost \$90,000). This will replace the 1968 duce and a half that we use for forest fires that is well worn and not safe to use. This new unit is safer and will be able to carry more water once it is outfitted with a tank and pump.
- The Department was also able to secure a "banana boat" through the government surplus program. This unit is compact and used for ice rescues and can be kept in the compartment of the pumper. (Delivery TBD)
- EMS-The Department's Emergency Medical Services Director, Captain Douglas LeColst, continues to dedicate a tremendous amount of time and energy to make our Advanced Life Support (ALS) ambulance service the best transporting service possible. The department has been providing ALS to the town since the late 1970's and has continually grown in scope and service. Captain LeColst continually teaches CPR/AED and first aid classes to the public and town employees. The importance of early CPR and defibrillation

were even more evident after Chief Twiss (retired) suffered a sudden cardiac event earlier this year in the fire station.

- The Department continues to participate in joint EMS training with the North Reading Fire Department to provide cost-sharing of EMT instructors. The program has been a successful and cost-effective method of delivering high-quality training to our members.
- Fire Prevention-The departments Fire Prevention division is now led by Lieutenant Daniel Kessel. Lt. Kessel works tirelessly to keep up with the growing needs of the department and the town in this division, reviewing plans, conducting inspections, keeping up with the ever-changing codes (both locally and nationally). Lt. Kessel works closely with the code enforcement team under the towns building commissioner. The workload continues to grow as the town grows and the demands on the department increase.
- Public Education-Now under the direction of firefighter David Kelsen, the department continues to work in the schools teaching fire and life safety education. We are fortunate to have firefighter Kelsen, who is a familiar face around the schools, to dedicate his time to the staff and the students on fire safety education. Firefighter Kelsen has also been able to teach the senior citizens at the senior center this year. To assist with the training, the department has been fortunate to receive funding annually from the Student Awareness of Fire Education (SAFE) and the Senior SAFE grants from the state to cover training and backfill along with supplies.
- Training- The training division, led by Lt. Tyler Dechene and Lt. David Leary, has also been busy trying to keep all members trained to the highest level possible while trying to fit the training to fit everyone's extremely busy schedules, both on and off duty.
- Participated in the annual inspection of Bostik in accordance with Chapter 148 of the Code of the Town of Middleton. The two-day inspection was conducted in December 2016 by FM Global and assisted by representatives of Arkema and Bostik along with Lt. Kessel from the Middleton Fire Department.
- Department members have visited the site of the new DYS Facility on Gregory Street on numerous occasions to familiarize themselves with the construction features of the building and the operation of the new facility that opened in September.
- Department members have worked with and visited the new sports complex on Manning Avenue becoming familiar with its layout and operation. The facility partially opened in November.

FY16 Accomplishments

During the year, the town continues to utilize the dispatch services of the Essex County Regional Emergency Communications Center (RECC), which is located on the property of the Essex County Correctional Facility. On July 1, 2013, the RECC opened and began serving the towns of Wenham and Essex. Since that time, the center handles all E-911 calls and dispatching for Middleton, Topsfield, Wenham, Essex, and Amesbury. In addition to the dispatching responsibilities, the center answers wireless E-911 calls from all of Essex County and a portion of Middlesex County. This project is a result of a tremendous amount of work from the member communities and the RECC administration. Shad Ahmed replaced Tom Dubas as the RECC Director and has worked tirelessly to continually improve the services provided to the communities. Middleton firefighters have also played a role in the development of procedures, training and familiarization for dispatchers, and integration of technology and communications. However, our work continues with the RECC staff to further refine our unique dispatch needs and ensure that our firefighters and our residents receive the product they expect and deserve.

Other examples of how the RECC is committed to improving services to the public include the formation of an IT User Group and a Community Liaison Program. The IT User Group is made up of select RECC staff and designated individuals from each police and fire department. These individuals meet on a regular basis and bring their expertise, experience, and knowledge to the table to deal with any IT-related business. The Community Liaison Program designates a member of the RECC staff and a member from each department to help improve communication between agencies.

In the last year, the fire department has begun the process of replacing some of the portable radios that are issued to the firefighters. The portable radio has become a critical lifeline of communication between each other and the RECC, and is considered a basic component of each firefighter's personal protective ensemble. This year's purchase replaced some of the oldest units and FY 2017 will hopefully continue this trend of replacement.

At the May 2015 Annual Town Meeting, the voters approved a \$31,000 warrant article to purchase 15 sets of firefighter turnout gear. After a series of meetings with our command staff and demos by various manufacturers, the department selected Globe "G-Xtreme" as the brand to outfit our firefighters. Globe has been in business for over 125 years and is the chosen brand in many area communities including Danvers and Beverly. The gear is made in New Hampshire which makes any repairs much easier and quicker to manage. A representative from Bergeron Protective Clothing visited the station and measured the firefighters for proper fit, and the gear arrived and was placed in-service in December 2015.

Another warrant article included \$25,000 for the purchase of new Hurst Tools, or "Jaws of Life" rescue tools. The new tools are powered by an integrated battery, similar to the hand tools by Milwaukee or Black and Decker. The new technology replaces the traditional gasoline-powered hydraulic unit and hydraulic lines with this "all-in-one" design which can compete with the most powerful tools. The units require less maintenance, are easier and quicker to deploy, and have

an adapter to AC power in the event of prolonged use. The new cutter and new spreader will be mounted in the new Engine 2 (scheduled to arrive in the Summer of 2016).

Other accomplishments include:

- Participated in the annual inspection of Bostik in accordance with Chapter 148 of the Code of the Town of Middleton. The two-day inspection was conducted in December 2015 by FM Global and assisted by representatives of Arkema and Bostik along with Middleton FD. This was the first year that FM Global conducted the inspection and overall the plant received positive feedback from their inspectors and engineers.
- Call Firefighter David Thibault, Jr. was promoted to full-time firefighter.
- Appointed three new call firefighters: Mark Cecieta, Daniel Soffron, and James McNeilly.
- In the last year, the department accepted the retirement notices from call firefighters John Messer, Michael Mortalo, Scott L'Abbe, and Charles Clinch IV. These four individuals represented over 60 years of cumulative service to the Town of Middleton, and we sincerely appreciate their dedicated service to our community.
- During the month of December 2015, Fire Chief Frank W. Twiss announced his retirement to the Board of Selectmen. The chief's last day will be August 31, 2016.
- Under the direction of the department's Fire Prevention Officer, Captain Thomas Martinuk, the department continues to work in the schools teaching fire and life safety education. In addition, Captain Martinuk and other members work closely with the Middleton Police and the schools and participate in lock-down drills to ensure that our schools are safe and we are ready to respond in the event of an incident. We are fortunate to have Captain Martinuk, who is a familiar face around the schools, to dedicate his time to the staff and the students on fire safety education. To assist with the training, the department has been fortunate to receive funding annually from the Student Awareness of Fire Education (SAFE) and the Senior SAFE grants from the state to cover training and backfill along with supplies.
- The department's Emergency Medical Services Director, Lieutenant Douglas LeColst, continues to dedicate a tremendous amount of time and energy to make our Advanced Life Support (ALS) ambulance service the best transporting service possible. The department has been providing ALS to the town since the late 1970's and has continually grown in scope and service. Some of the initiatives in the past year include a Sepsis Special Project Waiver, which involves an early blood test to quickly assess for signs of systemic infection. This intervention can help guide our early decision making and helps the hospital triage the patient appropriately so they receive more aggressive treatment

when needed. Our paramedics can help to guide the patients along with the hospital to improve outcomes.

- Members of the department participated in a new method of CPR called Cardio-Cerebral Resuscitation, or CCR, which emphasizes effective compressions over airway. The training stresses hard and fast compressions and minimal interruptions to ensure adequate blood flow along with rapid defibrillation to increase the chances of the return of spontaneous circulation.
- Members have visited the site of the DYS Facility on Gregory Street on numerous occasions to familiarize themselves with the construction features of the building.
- The department continues to participate in joint EMS training with the North Reading Fire Department to provide cost-sharing of EMT instructors. The program has been a successful and cost-effective method of delivering high-quality training to our members.
- Members of the Ambulance Committee have spent many hours developing and finalizing specifications for a new ambulance that will be requested at the May 2016 Annual Town Meeting.

FY15 Accomplishments

During the year, the town continues to utilize the dispatch services of the Essex County Regional Emergency Communications Center (RECC), which is located on the property of the Essex County Correctional Facility. On July 1, 2013, the RECC opened and began serving the towns of Wenham and Essex. As of early 2015, the center handles all E-911 calls and dispatching for Middleton, Topsfield, Wenham, Essex, and Amesbury. In addition to the dispatching responsibilities, the center answers wireless E-911 calls from all of Essex County and a portion of Middlesex County. This project is a result of a tremendous amount of work from the member communities and the RECC Director, Thomas Dubas, who is retiring in January 2015. Middleton firefighters have also played a role in the development of procedures, training and familiarization for dispatchers, and integration of technology and communications. The Town's work continues with the RECC staff to further refine our unique dispatch needs and ensure that our firefighters receive the level of service necessary to protect the residents of Middleton.

At some point in the near future, the next generation of E-911 services will be unveiled and will include technology enhancements and the ability to communicate E-911 information via text messaging.

In the last year, the fire department purchased a new Stryker Power Pro XT power lift stretcher for Rescue 1. The new unit is battery powered, and is capable of raising and lowering itself and the patient (up to 700 pounds) hydraulically using a switch on the handle. This new stretcher has performed flawlessly and has been extremely valuable in assisting crews with the safe transport of patients.

During the summer of 2014, the department placed in-service four new Thermal Imaging Cameras that will assist firefighters in a smoke-filled environment. Through extensive research and testing by department members, the decision was made to purchase FLIR thermal imagers which are manufactured and serviced in New Hampshire. The Department also purchased a new Hurst "Jaws of Life" power unit to replace an original unit that has been rebuilt on two separate occasions.

Other accomplishments include:

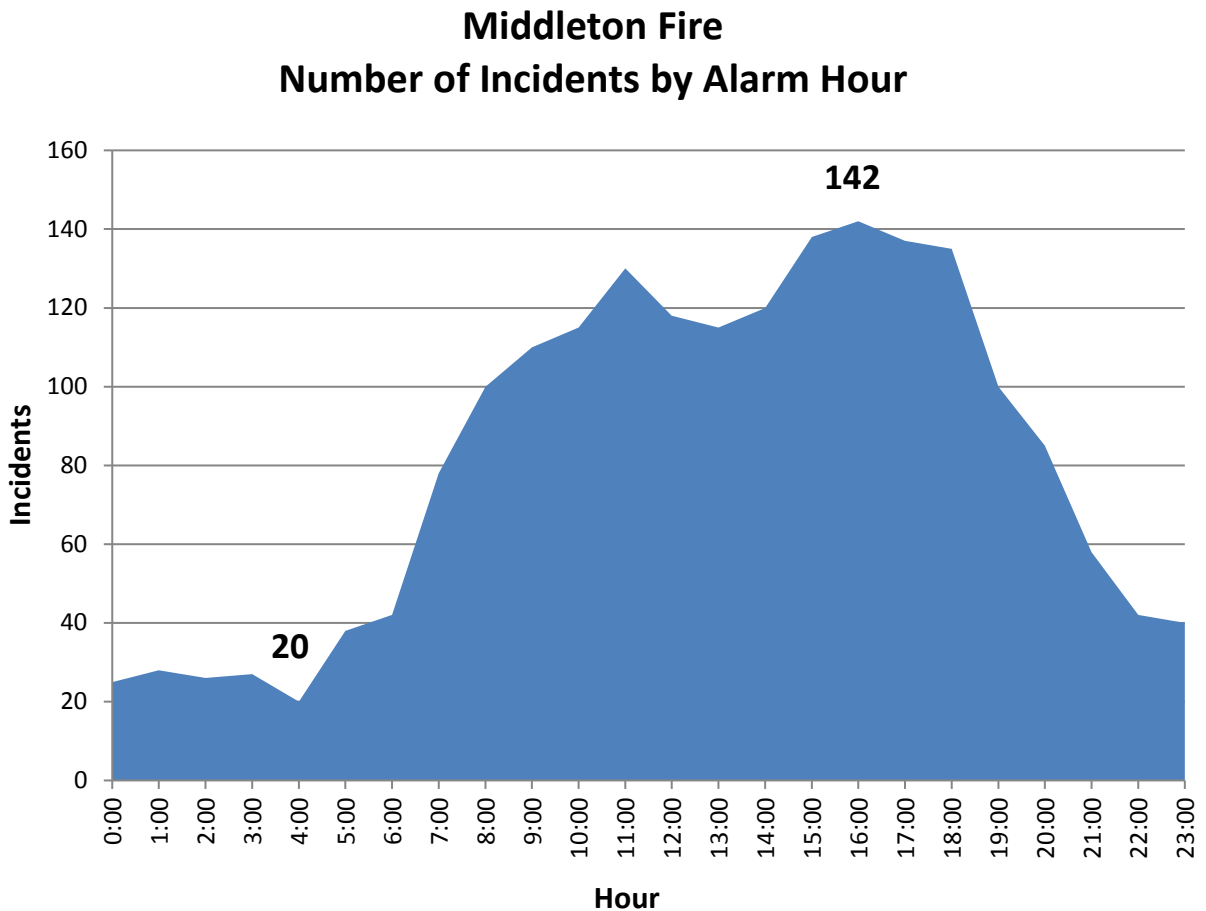
- Continued to attend numerous meetings with Bostik officials over the past year regarding both the rebuilding and demolition efforts at the facility. The Department worked closely with the new plant manager and other key members to ensure compliance with the local haz/mat bylaw and the newly adopted Massachusetts regulation "Processing of Hazardous Materials" under 527CMR 33.00. A major project included the beginning of the replacement of the fire alarm system for the entire facility, which involved both the new construction and the existing buildings. This project is scheduled to be completed in February 2015.
- Call Firefighter David Thibault, Jr. has recently completed paramedic training.
- Appointed four new call firefighters: Michael LeBlanc, Steven Grasso, Patrick Carritte, and James Hannon III.
- In December 2014, the Department accepted the retirement notice from full-time Lieutenant William O'Neil. Lieutenant O'Neil began his 37 year career as a call firefighter in 1978, and became full-time in 1987. Lieutenant O'Neil was a tremendous asset to the Department. Thank you Lieutenant O'Neil for your dedicated service to the Town of Middleton.
- In March 2015, the Department accepted the retirement notice from full-time Lieutenant Kenneth LeColst. Lieutenant LeColst began his 40 year career as a call firefighter in 1975, and became full-time in 1995. Lieutenant LeColst also serves the Department in the role of mechanic, working tirelessly to keep our fleet in excellent condition. We are fortunate that Lieutenant LeColst will remain as the Department mechanic, working part-time at both the Fire Department and the Department of Public Works. Thank you Lieutenant LeColst for your 40 years of dedicated service as a firefighter and your continued service as the mechanic to the Town.
- Under the direction of the Department's Fire Prevention Officer, Captain Thomas Martinuk, the Department continues to be a strong presence in the schools with fire safety training and education. In addition, Captain Martinuk and other members work closely with the Middleton Police and the schools and participate in lock-down drills to ensure that our schools are safe and we are ready to respond in the event of an incident.

- The Department's Emergency Medical Services Director, Lieutenant Douglas LeColst, was the recipient of the 2014 Firemark Award, sponsored by Liberty Mutual Insurance. Every year, Liberty Mutual offers the Firemark Award for two categories that honor different aspects of the valor and selfless spirit demonstrated by firefighters who go beyond the call of duty to keep our cities and towns safe. Lieutenant LeColst was awarded the Firemark Award for Community Service, an award that recognizes him for giving back to his community beyond his daily responsibilities. As a CPR instructor, Lieutenant LeColst has trained numerous individuals on this valuable lifesaving skill and has been a pioneer in providing the best possible emergency medical services through our Town's Fire Department. His dedication to the Department, coupled with his desire to teach lifesaving skills, makes him an obvious choice for this prestigious award.
- On September 29, 2014, the town received the results of the Insurance Services Office (ISO) Public Protection Classification survey. This survey plays an important role in the underwriting process by insurance companies. Most of the insurers use this information as part of the decision making relative to coverage and rates. We are happy to report that the Town has maintained our rating where Town water is available and improved our rating in areas of town with no public water supply.
- Continue to work closely with DCAMM on the construction of the DYS Facility on Gregory Street.
- The Department continues to participate in joint EMS training with the North Reading Fire Department. The program has been a successful and cost-effective method of delivering high-quality training to our members.
- Members of the Truck Committee have spent many hours developing and finalizing specifications for our new pumper that was funded at the May 2014 Annual Town Meeting.
- A new fire alarm system has been installed at the fire station, and the energy efficient lighting project is nearing completion. The department has successfully reduced our monthly electric bill an average of \$200 per month since the lighting project began.

FY14 Accomplishments

Middleton Fire Department has been the town's primary dispatch center for decades, dating back to the days when only one firefighter was in the fire station and the police station was closed. In the spring of 1997, E-911 was introduced to the Town of Middleton and it was housed in the fire station and operated by firefighters. As the times change, our dispatch responsibilities will transition to a new facility and our current personnel will now be able to respond to incidents and not be in the station (which is a better utilization of their skills as firefighters and EMT's).

Beginning in FY 2014, the town will switch E-911 and dispatch to the new Essex County Regional Emergency Communications Center (RECC), which is located on the property of the Essex County Correctional Facility. On July 1, 2013, the RECC opened and began serving the towns of Wenham and Essex. During the year, the center will be handling all E-911 calls and dispatching for Middleton, Topsfield, Wenham, Essex, Amesbury and Beverly. This project is a result of a tremendous amount of work from the member communities and the RECC Director, Thomas Dubas and the RECC Deputy Director, Chris Ryan. In addition to the dispatching responsibilities, the center recently began to receive wireless E-911 calls from all of Essex County and a portion of Middlesex County. The ability of the Middleton center to take over this essential service in the area is a tremendous help to ease the burden in the other three centers in the state.



As a result of the transition, the department lost our long-time Dispatcher/ Clerk Lily McCormack to the RECC, where she can share her 27 years of dispatching experience with the staff. Lily was a person who wore many hats in our building, and we really miss her being in the station with our fire department family. However, when we hear her voice at the RECC we know that she will continue to be a true professional and make sure we are all safe and we receive the high level of dispatch services we need and deserve. The department had both an informal and formal party for Lily to recognize her service to the community and we wish her the best of luck in her new

position. We also lost our part-time dispatchers, Robert Aldenberg, David Leary, Sr., and Matthew Newman. Thank you Lily, Bob, David, and Matt for your service!

In the last year, the fire department purchased a new “Squad 5” utility vehicle to replace the 2000 Ford F-450 vehicle that was transitioned to a utility vehicle for the DPW. The new squad is similar in size to the old vehicle, with the exception of a snow plow (which has been utilized on numerous occasions over the last 2 winter seasons).

During the summer of 2013, the apparatus floor area received additional work including new storm windows and gear racks for the firefighter’s turnout gear. The new rack system stores the gear in a cleaner and more organized fashion, and allows for the gear to dry more quickly after an incident. Each member has their own area to hang the coat and store the other gear without any mixing of others gear and belongings. During that same time, the building’s 20+ year-old air conditioning system was replaced with a new energy efficient unit, which has resulted in a lower cost of usage and better/ more reliable service. The original system consisted of 2 units that were donated to the department from a building that was being demolished.

Other accomplishments include:

- Continue to attend numerous meetings with Bostik officials over the past year regarding both the rebuilding and demolition efforts at the facility. The department worked closely with the new plant manager and other key members to ensure compliance with the local hazardous materials bylaw and the newly adopted Massachusetts regulation “Processing of Hazardous Materials” under 527CMR 33.00. A major project included the beginning of the replacement of the fire alarm system for the entire facility, which involved both the new construction and the existing buildings.
- Three call firefighters completed paramedic training: Brittany LeColst, David Kelsen, and Sean Merrigan.
- Appointed one new call firefighter: Thomas Raymond. The department also accepted the retirement notice from Captain Peter Francis. Captain Francis worked as a call firefighter since 1978, and was a tremendous asset to the department, bringing his experience as a full-time firefighter at Massport to our community. Thank you Captain Francis for your dedicated service to the Town of Middleton.
- Under the direction of the department’s Fire Prevention Officer, Captain Thomas Martinuk, the department continues to be a strong presence in the schools with fire safety training and education. In addition, Captain Martinuk and other members work closely with the Middleton Police and the schools and participate in lock-down drills to ensure that our schools are safe and we are ready to respond in the event of an incident.
- The department’s Emergency Medical Services Director, Lieutenant Douglas LeColst, conducted numerous CPR classes for both town employees and citizens. Lt. LeColst is also

actively involved with the Essex County Fire chief's Association EMS Division, as well as the regional Zoll E-PCR project, which partners area ambulance services with Beverly Hospital to provide a cost-effective method of creating and storing patient care reports.

- Worked closely with DCAMM on the construction of the new Regional Intake Facility at the Correctional Facility and the DYS Facility on Gregory Street.
- The department continues to participate in joint EMS training with the North Reading Fire Department to provide cost-sharing of EMT instructors. The first year of the program was very successful.
- The department mechanic, Lieutenant Kenneth LeColst, continues to provide a cost-effective service to both the fire department and the DPW. Lt. LeColst saves the town money by performing many repairs "in-house" as opposed to sending the vehicles to repair facilities, which can cost up to \$100 per hour. To assist Lt. LeColst with his responsibilities, we removed the old body from the department's 1993 Ford F-350 fire alarm truck and placed the body from the 2000 Ford F-450 to create a maintenance vehicle at virtually no cost to the town.
- MIIA Instructor Ken Jones provided the department with a comprehensive Emergency Vehicle Operator's Course, which involved both a classroom and practical components. The classroom consisted of a review of the basic rules of the road and our responsibilities and vehicle operators to safely drive these heavy and very expensive vehicles to and from incidents safely. The practical exercise took place at the DiGrazia property off Sharpner's Pond Road, and involved a review of air brakes, the pre-trip inspection, and a series of practical maneuvers similar to the CDL process. We received positive feedback from all who participated.

FY13 Accomplishments

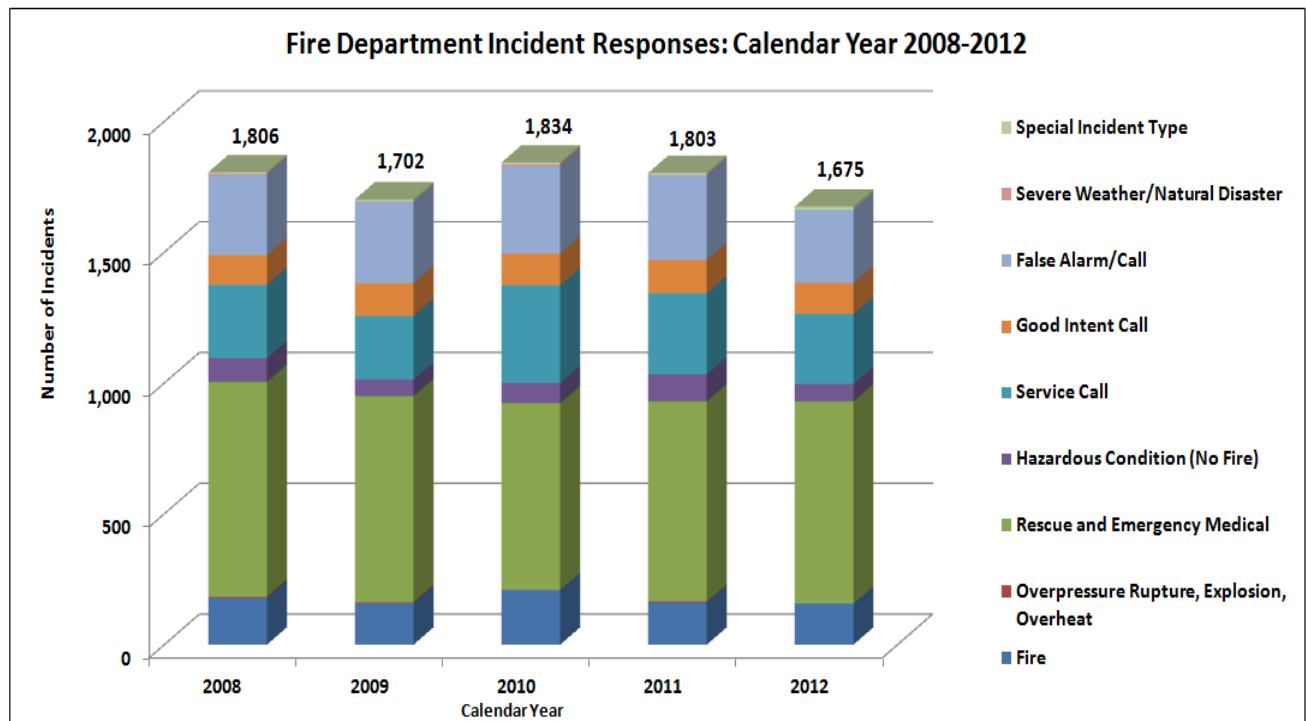
Middleton Fire Department has been the town's primary dispatch center for decades, dating back to the days when only one firefighter was in the fire station and the police station was closed. In the spring of 1997, E-911 was introduced to the Town of Middleton and it was housed in the fire station and operated by firefighters. All firefighters are cross-trained as E-911 telecommunicators and have done a tremendous job handling the additional responsibilities.

Beginning in FY 2014, the town will switch E-911 and dispatch to the new Essex County Regional Emergency Communications Center (RECC), which is located on the property of the Essex County Correctional Facility. On July 1, 2013, the RECC will be handling all E-911 calls and dispatching for Middleton, Topsfield, Wenham, Essex, Amesbury and Beverly. This project is the culmination of years of planning and community support that will finally become a reality. We are proud to be a charter member of this project that has been strongly supported by our

community, our legislative delegation, Sheriff Frank Cousins, the State 911 Department, Governor Deval Patrick and Lt. Governor Timothy Murray. This successful regionalization effort will be the first new regional center, and will also be a designated center for the answering and processing wireless E-911 calls.

In the last year, the fire department was the recipient of a \$200,000 Assistance to Firefighters Grant from the Federal Emergency Management Agency. The grant allowed the town to purchase a new 2012 Freightliner/ Rosenbauer tanker, which replaced an aging tanker that was originally an oil truck. This modern vehicle has a 750 gallon per minute fire pump and carries 2,500 gallons of water for the protection of life and property in areas with no public water supply.

During the summer of 2012, the apparatus floor of the fire station was refurbished with funds allocated from the May 2011 Annual Town Meeting. This project spanned over 4 weeks and the scope of work included extensive concrete repair and the re-sealing of the surface. The project originated as a result of a full-thickness crack in the suspended slab that was detected when water leaked onto the vehicles in the lower level. The crack was repaired during the winter and the remainder of the project took place during the summer, so the fire vehicles could be parked outside.



Other accomplishments include:

- Attended numerous meetings with Bostik officials over the past year regarding the rebuilding effort at the facility. The department worked closely with key members to ensure compliance with the local haz/mat bylaw and the newly adopted Massachusetts regulation “Processing of Hazardous Materials” under 527CMR 33.00.
- Two call firefighters completed paramedic training: Andrew LeColst and Conor Brown.
- Appointed two new call firefighters: Philip Cloutier and David Thibault, Jr.
- Graduated three firefighters from the Massachusetts Call/ Volunteer Firefighter I/ II training program.
- Under the direction of the department’s Fire Prevention Officer, Captain Thomas Martinuk, the department continued to be a strong presence in the schools with fire safety training and education.
- The department’s Emergency Medical Services Director, Lieutenant Douglas LeColst, conducted numerous CPR classes for both town employees and citizens.
- Worked closely with the Sheriff’s Department and DCAM on the construction of the new Regional Emergency Communications Center.
- The department began joint EMS training with the North Reading Fire Department to provide cost-sharing of EMT instructors.
- Installed energy efficient lighting with motion sensors on the apparatus floor and realized immediate cost savings.
- Partnered with Northeast Regional Ambulance Service to provide the state mandated Emergency Medical Dispatch for our E-911 center.

Inspectional Services Department

Building Commissioner/Zoning Enforcement Officer:

Scott Fitzpatrick

Department Description

The Inspectional Services Department is dedicated to providing exceptional customer service to contractors and town residents by aiding in the construction process via the administration and enforcement of the State Building, Electrical, Plumbing, Gas and Accessibility Codes, as well as the Town of Middleton Zoning Bylaws which regulates the use of structures and land within the town.

The department, along with members of the Town of Middleton Fire Prevention Bureau, also conduct annual inspections in accordance with Section 110 of the Massachusetts State Building Code of all multi-unit residential dwellings, schools, restaurants and other places of assembly to ensure that the basic life safety systems are properly functioning and the facilities are maintained in a manner to ensure the safety of all the occupants.

Fiscal Year 2019 Goals and Objectives

Permitting – During fiscal year 2018 the department successfully developed and implemented the new permitting program, Citizenserve. The new program moved from a server based platform to a cloud based program which has the capability of providing online permit submission. The online permitting submission process has allowed contractors and homeowners the ability to apply for permits at any hour of the day from the comfort of their home or office and cut down on the number of trips required to the department office. This process also allows for the electronic circulation of the applications for inter-departmental reviews which will streamline the review process and ultimately cut down on review time and lead to permits being issued more quickly. The new program has also made online payments possible which will cut down on processing time as well.

During FY 19 it is our goal to continue to expand our online permitting system first by adding the DPW as well as the Fire Prevention office to the Citizenserve permitting system. This change will further expedite the review process for the Stormwater By-Law as well as Fire Prevention Regulations which will help reduce the overall review time on permit applications. Secondly, we will be providing our inspectors with wireless tablets which will give the inspectors access to all of the plans and permit documents associated with the permit while out in the field. Having the information at their fingertips will allow for smoother inspections and dramatically reduce the need to return to the office and review a file before an inspection can be passed or failed. This will save the inspectors and contractors valuable time, and will also allow the inspectors to record all inspections on the spot and then email the contractor/owner an inspection report before stepping off the job.

Zoning - Work with the Bylaw Study Committee and Town Planner to address zoning bylaw issues and any needed housekeeping changes to the Town Bylaws for the 2018 Town Meeting.

Training – Continue the training and education of the Inspectional Services staff in the Commonwealth’s building, energy, plumbing and electrical codes as well as continued training on our new permitting software system for use in the field for immediate recording of all inspections.

Significant Code Changes in Fiscal Year 2019

The State of Massachusetts adopted new building codes effective January 2, 2018. This was a change from the 2009 I Codes to the 2015 I Codes with Massachusetts Amendments for the Building Industry.

- IECC 2015 Energy Conservation Code
- IRC 2015 International Residential Building Code
- IBC 2015 International Building Code
- IMC 2015 International Mechanical Code
- IEBC 2015 International Existing Buildings Code

With the adoption of the new building codes, the department’s inspectors will participate in extensive education sessions offered by the Commonwealth of Massachusetts Board of Building Regulation and Standards which will allow the inspectors to become proficient in the new codes all well as gain the knowledge necessary to help educate contractors and homeowners in the new codes.

Significant Code Changes in 2015

The State of Massachusetts will be adopting new Building codes in the upcoming year from the 2009 I Codes to the 2015 I Codes for the Building Industry.

- IECC 2015 Energy Conservation Code
- IRC 2015 International Residential Building Code
- IBC 2015 International Building Code
- IMC 2015 International Mechanical Code
- IEBC 2015 International Existing Buildings Code

FY14 Accomplishments

Oversaw completion of phase three and final phase four of the Police Station renovations.

FY13 Accomplishments

- Implemented the in-field use of an I-Pad in conjunction with existing permitting software
- Evaluation with the ISO (Insurance Services Office) resulting in the improvement of the Town’s ISO rating

- Oversaw completion of phases one and two of the police station renovations
- Administrative Assistant, Karen Matsubara received International Code Council Certification as a Permit Technician and Zoning Officer
- Plumbing & Gas Inspector, Ray Abbott received International Code Council Certification as a Mechanical Inspector
- Local Inspector, Scott Vandewalle and Building Commissioner, Richard Bienvenue attended the annual International Code Council Conference.

Animal Control

Animal Control Officer: Beverly Milward

Department Description

The Animal Control Officer (ACO) enforces local and state ordinances, bylaws, and laws concerning the control and care of animals and to prevent the spread of disease. The ACO canvasses public areas looking for potential signs of at large and distressed animals and works directly with citizens concerning animal control issues and lost domestic pets.

Fiscal Year 2019 Goals and Objectives

The Animal Control Department will continue current projects and implement new goals for the upcoming year as follows:

- **Organizational Goal:** Explore Cross Jurisdictional Sharing for Animal Control Services
Objective: Explore with surrounding communities to create cross jurisdictional sharing options for areas such as, but not limited to, personnel, animal shelter/boarding, and equipment.

Fiscal Year 2018 Accomplishments

- **Rabies Vaccination Clinic:** The ACO coordinated with a local veterinary clinic to host a dog and cat rabies vaccination clinic.
- **Disease Prevention:** The ACO responded to dog and bat to human potential exposures within residents homes and coordinated the delivery of the specimens to the Massachusetts Department of Public Health for rabies testing.
- **Quarantine Oversight:** The ACO issued quarantine orders for pets that had wounds of unknown origins or from other animals for rabies surveillance.
- **Timely Response:** The ACO responded in a timely fashion to all animal response requests from citizens and the Health and Police Departments.

FY17 Accomplishments

- **Rabies Vaccination Clinic:** The ACO coordinated with a local veterinary clinic to host a dog and cat rabies vaccination clinic.
- **Disease Prevention:** The ACO responded to many bat to human potential exposures within residents homes and coordinated the delivery of the bat to the Massachusetts Department of Public Health for rabies testing.

- **Quarantine Oversight:** The ACO issued quarantine orders for pets that had wounds of unknown origins or from other animals for rabies surveillance.
- **Timely Response:** The ACO responded in a timely fashion to all animal response requests from citizens and the Health and Police Departments.

FY16 Accomplishments

- **Rabies Vaccination Clinic:** The ACO coordinated with a local veterinary clinic to host a dog and cat rabies vaccination clinic.
- **Disease Prevention:** The ACO responded to many bat to human potential exposures within residents homes and coordinated the delivery of the bat to the Massachusetts Department of Public Health for rabies testing.
- **Quarantine Oversight:** The ACO issued quarantine orders for pets that had wounds of unknown origins or from other animals for rabies surveillance.
- **Timely Response:** The ACO responded in a timely fashion to all animal response requests from citizens and the Health and Police Departments.

FY15 Accomplishments

- **Rabies Vaccination Clinic:** The ACO coordinated with a local veterinary clinic to host a dog and cat rabies vaccination clinic.
- **Disease Prevention:** The ACO responded to many bat to human potential exposures within residents homes and coordinated the delivery of the bat to the Massachusetts Department of Public Health for rabies testing.
- **Quarantine Oversight:** The ACO issued quarantine orders for pets that had wounds of unknown origins or from other animals for rabies surveillance.
- **Timely Response:** The ACO responded in a timely fashion to all animal response requests from citizens and the Health and Police Departments.

Public Works

DPW Superintendent: Ken Gibbons

Department Description

The Department of Public Works (DPW) constructs, maintains, preserves, and protects the infrastructure resources of the Town in the most cost efficient and professional manner. The Department provides guidance and support to the citizens of Middleton regarding the development and protection of property; design, construction, and maintenance of roadways, traffic, drainage systems, trees, water distribution, cemeteries, parks, and solid waste disposal, in order to maximize safety, benefit, and convenience to the public.

Fiscal Year 2019 Goals and Objectives

Water: DPW will be working with a consultant to analyze the overall system in Middleton to develop a prioritization plan to plan capital improvements in the system.

Asset Management: We anticipate the arrival of our GIS infrastructure layers to our department. Over the next year, this information will be installed on our network so that the public will be able to access this information. Our department will also be working on the improvement of the new DPW website. Improvements to the content and links to our information will be worked accomplished. Additionally, we plan to widen our communications through the use of other platforms such as Facebook and Twitter.

Roads: Continue work on the Towns Road program. We are now moving out of the road reclamation phase of the program. Although there will still be roads to be fully reconstructed, we will be primarily working on roads that need to have the wearing surface milled and repaved. This will allow our money to go a lot further with our paving. Additionally, we have included a pavement management aspect to our GIS contract. We will be working with our consultant to go over every town accepted road and develop an existing conditions rating to help develop a more in-depth capital plan.

Fiscal Year 2018 Accomplishments

Public Works has worked diligently over the last several years to provide the taxpayers with the same services they expect with minimal increases in funding. Of note, the transfer station sticker fee of \$100 accounts for only about 40% of the total cost for the management and disposal of solid waste. Beyond the regular maintenance, DPW has worked on a number of projects over the past year including:

- **Rubchinuk Athletic Park:** The parking lot at the athletic facility saw the final course of asphalt placed as well as the striping for the parking spaces completed. As part of the

project, the landscaping was started. Landscaping included installation of trees, shrubs and grasses as well as an irrigation well and some irrigation heads. Work on the landscaping will be completed in the spring of 2018.

- **Road Projects:** Each construction season our department uses Chapter 90 state funding and Town funds to advance the roads program. To keep costs at a minimum, the Town utilizes the Tri-town Consortium to solicit contracts for various services related to road construction. Since numerous contractors are used on a project, the DPW acts as the general contractor. In doing so, there are a number of items that need to be addressed including the removal and disposal of asphalt curb, loaming and seeding, blowing off the road prior to paving, signage installation, and general clean up. These items take time and keep our staff from other daily maintenance items. Road projects for the 2017 construction season consisted of milling a 1 ½" of old paving and installing a new 1 ½" of paving along East Street in the first phase of a three phase project along East Street. We also did a full depth reconstruction of Mill Street from Acorn Street to Peabody Street. The final phase of River Street was also completed this year. This final phase was in the area where we had installed a new 8" water main. This area saw 1 ½" milling of the old road surface followed by the installation of a new 1 ½" bituminous asphalt wearing surface.
- **Water Department:** The DPW hired Weston and Sampson to perform a hydraulic study for the Lakeview Avenue neighborhood. The study and subsequent report has been completed and submitted to the Town with recommendations. The DPW is now requesting bids for the recommendations to be constructed.
- **Miscellaneous Projects:** The DPW employees are proud their projects that are not part to their regular maintenance. Some of these projects included repair of a large sinkhole from a water main easement on Lt. Cabral Drive. Our crew was also dispatched to repair water main breaks during the year. The water main on Highland Road ruptured in the middle of the night and was repaired by the morning commute and a 12" gate valve ruptured on Forest Street and was replaced in with the help of a contractor. Also, the DPW continued on a new program to clean out the large inventory of subdivision storm water control areas. This program includes cutting down the overgrown trees and underbrush and clearing out the piping. Other completed projects included installation of an infiltration drainage system at Thunder Bridge Beach, welding and painting of our recycling bins and the purchase of a new F-550 Ford 1 ton dump truck with a plow. The DPW employees again worked diligently plowing and deicing the Town throughout the winter months and again I can thank them enough for their time, professionalism, and commitment to making sure the roads were clear of snow in a timely manner.

FY17 Accomplishments

Public Works has worked diligently over the last several years to provide the taxpayers with the same services they expect with minimal increases in funding. Of note, the transfer station sticker fee of \$100 accounts for only about 40% of the total cost for the management and disposal of

solid waste. Beyond the regular maintenance, DPW has worked on a number of projects over the past year including:

- **Henry Tragert Town Common:** The residents of the Town approved funding for improvements to the land surrounding the Memorial Hall. The DPW completed the paving of a walkway from Maple Street to Memorial Hall and around the soccer field. Additionally, a brick paved hardscape was constructed with landscaping adjacent to the playground along with new granite curbing throughout the expanded parking lot. The DPW employees have also cleared out the hill between the Memorial Hall parking lot and Maple Street (former Hagen property) and have installed hay bales at the bottom of the hill for children of all ages enjoy sledding during the winter months.
- **Road Projects:** Each construction season our department uses Chapter 90 state funding and Town funds to advance the roads program. To keep costs at a minimum, the Town utilizes the Tri-town Consortium to solicit contracts for various services related to road construction. Since numerous contractors are used on a project, the DPW acts as the general contractor. In doing so, there are a number of items that need to be addressed including the removal and disposal of asphalt curb, loaming and seeding, blowing off the road prior to paving, signage installation, and general clean up. These items take time and keep our staff from other daily maintenance items. Road projects for the 2016 construction season consisted of milling a 1 ½ "of old paving and installing a new 1 ½ "of paving along Vera Rd., Stanley Rd., Burke Rd., Village Rd., and Lake Street from North Main Street to the end of the paved portion. We also did a full reconstruction of Mill Street Extension from Peabody Street to the first cul-de-sac and the entire length of The Greenway. Town Meeting also approved 50% funding for the full depth reconstruction of a private way know as Old Hundred Lane and this was completed as well.
- **Water Department:** The DPW worked hard to bid out the project for the installation of 2,600 linear feet of 8 inch water main on River Street from Hilldale Avenue to Northwoods Road. This project was identified by a consultant for improvement of water quality and flow from Boston Street to the Danvers town line. The project was identified in our capital planning and was paid for under the water rate. The project was awarded to JJ Phelan and Son out of Tewksbury. The water main has been installed and is operational at this time and we anticipate the final 10% of the project to be completed in March of 2017.
- **Miscellaneous Projects:** The DPW employees are proud their projects that are not part to their regular maintenance. Some of these projects included replacement of a culvert on Lake Street prior to the road being repaved. Also, the DPW started on a new program to clean out the large inventory of subdivision storm water control areas. This year the DPW employees worked on the detention ponds on Ogden Lane, Nichols Lane, and Towne Road. This project include cutting down the overgrown trees and underbrush and clearing out the piping. Other completed projects include purchasing and installing a new shade structure at the playground/ballfield at the Howe Manning School and the installation of roofs on the existing dugouts at Rubchinuk Park. Additionally, the vehicles went out to be

sandblasted and repainted. These vehicles included the loader, trash roll-off truck, and sander. The DPW employees again worked diligently plowing and deicing the Town throughout the winter months and again I can thank them enough for their time, professionalism, and commitment to making sure the roads were clear of snow in a timely manner.

FY16 Accomplishments

Public Works has worked diligently over the last several years to provide the taxpayers with the same services they expect with minimal increases in funding. Of note, the transfer station sticker fee of \$100 accounts for only about 40% of the total cost for the management and disposal of solid waste. Beyond the regular maintenance, DPW has worked on a number of projects over the past year including:

- **Henry Tragert Town Common:** The residents of the Town have approved improvements to the land surrounding the Memorial Hall. The DPW put out a bid to construct a walkway from Maple Street through the former Hagen property up to Memorial Hall parking lot. The walkway will continue across the parking lot and around the soccer field out to Mt. Vernon Street. The walkway has been excavated and structural fill placed prior the winter with a schedule for paving of the walkway and extended parking in the spring of 2016. Landscaping, benches and tables will be installed along the walkway will also be completed in the spring of 2016.
- **Miscellaneous Projects:** The DPW employees are proud their projects that are not part to their regular maintenance. Some of these projects included replacement of 1,500 linear feet of water line within the Oakdale Cemetery. This project replaced a 60 plus year old iron water pipe that was leaking in several locations. The DPW purchased a hand held GPS data collector and was able to inventory all of the towns' storm water and water distribution infrastructure. Additionally, the town worked collaboratively with a contractor to replace the clay infield on the baseball field at the Howe Manning School. The clay that had been used from the beginning was high maintenance and was found to be a safety issue. The clay was replaced with a more maintenance friendly material and the grass infield was replaced with new sod. Who can forget about the winter storms of 2015? The DPW employees worked diligently for weeks on end working during the long duration snow events and the weeks of clean up after the storms. The Town of Middleton received 8 feet of snow between January 24th and February 15th of 2015. I can't thank the DPW staff enough for their time, professionalism, and commitment to making sure the roads were clear of snow in a timely manner.
- **Road Projects:** Each construction season our department uses Chapter 90 state funding and Town funds to advance the roads program. To keep costs at a minimum, the Town utilizes the Tri-town Consortium to solicit contracts for various services related to road construction. Since numerous contractors are used on a project, the DPW acts as the general contractor. In doing so, there are a number of items that need to be addressed

including the removal and disposal of asphalt curb, loaming and seeding, blowing off the road prior to paving, signage installation, and general clean up. These items time and keep our staff from other daily maintenance items. Road projects for the 2015 construction season consisted of milling a 1 ½ "of old paving and installing a new 1 ½ "of paving along River Street from Boston Street to Northwoods Road. We also did a full reconstruction of Debush Avenue and Mill Street from Liberty Street to Acorn Street. Included in our paving schedule was a full reconstruction of several roadways within the Oakdale Cemetery with final paving to be completed in the spring of 2016.

FY15 Accomplishments

Public Works has worked diligently over the last several years to provide the taxpayers with the same services they expect with minimal increases in funding. Of note, the transfer station sticker fee of \$100 accounts for only about 40% of the total cost for the management and disposal of solid waste. Beyond the regular maintenance, DPW has worked on a number of projects over the past year including:

- **Flint Public Library:** The residents of the Town have approved improvements to the land surrounding the library and Memorial Hall. The DPW put out a bid to replace the brick sidewalk along Route 114. The project was started in October 2014 and was completed in November 2014 by Allied Paving. The DPW employees also worked hard to improve the landscaping around the new parking spaces on Pleasant Street by installing three separated planting beds that soften the look of the area. Lastly, as part of the same approved article, the DPW employees worked with Miracle Playgrounds to install a new playground behind Memorial Hall. A new modern playground was installed with a new swing set that is handicap accessible. Benches and tables were also installed.
- **Miscellaneous Projects:** The DPW employees are proud their projects that are not part to their regular maintenance. Some of these projects include a landscape berm located behind Howe Manning School. This berm was installed as an aesthetic demarcation line between the playground structure and the Boy Scout Building. The employees also worked diligently on the Upton Hills Lane by loaming and seeding the whole area to make the final construction project complete. The Rubchinuk Park parking lot project started this construction season. The DPW employees dug out all unsuitable materials and placed the necessary structural fill and graded the area for the installation of bituminous asphalt. This project will be completed in 2015.
- **Road Projects:** Each construction season our department uses Chapter 90 state funding and Town funds to advance the roads program. To keep costs at a minimum, the Town utilizes the Tri-town Consortium to solicit contracts for various services related to road construction. Since numerous contractors are used on a project, the DPW acts as the general contractor. In doing so, there are a number of items that need to be addressed including the removal and disposal of asphalt curb, loaming and seeding, blowing off the road prior to paving, signage installation, and general clean up. These items time and

keep our staff from other daily maintenance items. Road projects for the 2014 construction season consisted of milling an 1 ½ " of old paving and installing a new 1 ½ " of paving along River Street from Route 114 to Natsue Way. We also did a full reconstruction of Upton Hills Lane and Donovan's Way.

FY14 Accomplishments

Highway: The DPW's road resurfacing program for FY 2013 consisted of the following projects:

The total reconstruction of Meadow Dr., Edgewood Rd., Fuller Rd., and Fairway Dr. These roadways are all within the Brigadoon Subdivision and consisted of 11,250 linear feet of roadway. The construction included reclamation of the roadway, regrading the profile of the road, placement of four inches of bituminous asphalt, installation of a bituminous asphalt curb, and loam and seed along the roadway shoulders. The total cost of the project was \$480,000 and the funding was provided by the State Chapter 90 Program.

The roadways that surround the newly built Howe Manning School were reconstructed by the Town. The entire length of Park Street was reconstructed which included reclamation, regrading, and installation of four inches of bituminous asphalt. Central Street and Washington Street were milled to remove the top 1.5 of asphalt and a new wearing course of bituminous asphalt installed. As part of this project, the granite and concrete sidewalk was extended down Central Street to the parking lot at the end. The total cost of the project was \$160,000 funded through the school building project.

Public Works repaved Boston Street from South Main Street to Thornton Circle. The project consisted of milling 1.5 inches of bituminous asphalt and installing a new wearing course of bituminous asphalt for a length of approximately 5,000 linear feet. The total cost of the project was approximately \$100,000 and funded via the town contribution to the capital budget.

The street crack sealing program was continued as part of the DPW road maintenance program with 1,715 gallons of fiber reinforced sealant placed.

The patching of potholes and various road defects required the placement of 24 tons of bituminous asphalt during this year in order to make Town roads safe.

This fiscal year the Town received Chapter 90 funds from the Commonwealth of Massachusetts totaling \$300,594.

The Town's 2.7 miles of gravel roads were graded once during the year with select materials added where needed.

The Town's accepted road mileage now stands at 48.3 linear miles with a total road inventory of 57.8 miles. New subdivisions in the planning and construction stages will soon increase this total.

Snow and Ice: The 2012-2013 winter season proved to be a slightly above average season with a final snow accumulation of 70 inches (average 66 inches). There were nine measurable snow events. The first snowfall event occurred on Saturday, December 29, 2012 (4.5 inches) and concluded with a final snowfall on Tuesday, March 19, 2013 (10 inches). Private contractors were called out six times to help town forces plow roadways during the winter season.

The largest storm occurred on Saturday, February 9, 2013 in which over 28.0 inches of snow accumulated in Middleton. Due to the snowfall and call outs for icy roads, the DPW's snow and ice budget of \$242,500 was over budget by \$4,870.12. Throughout this period, the deicing trucks placed approximately 1,500 tons of salt, 450 tons of sand, and 1,000 gallons of liquid calcium chloride on Town roads to make the roads safe for residents and commuters.

Cemetery: During the past year there were 47 internments at Oakdale Cemetery (30 full burials and 17 cremations). A total of 36 new lots were sold of which 15 were single graves, 17 were double graves and 4 were four grave lot sales. Revenue collected from the sale of lots amounted to \$9,930. DPW personnel installed 7 monument foundations, 4 flush markers and 10 veteran's markers during this period.

The DPW crews spent many hours cutting and pruning the ten acres of grounds of the Oakdale Cemetery in preparation for Memorial Day and throughout the summer in order to maintain this beautiful memorial park. We will continue to landscape the expanded area of the cemetery and provide a buffer to the back stockpile area and we repaved approximately 750 linear feet of roadway within the cemetery. DPW also continued maintaining several smaller historic burial grounds throughout town during this period.

Parks and Playgrounds: Municipal recreation areas were addressed routinely during the year with grass cutting, tree and shrub pruning, trash removal and fertilization on a regularly scheduled basis. All baseball and soccer fields were maintained initially at the beginning of the season and thereafter with weekly grass mowing, fertilization, aeration, over seeding, infield grooming, and line painting. School grounds were maintained with grass cutting, weeding of beds and mulch applications.

Water: During the past year the Middleton Water Division performed and accomplished the following tasks:

- Repaired 5 fire hydrants
- Raised or repaired approximately 12 buried water gate service boxes
- Issued 45 permits for new water services and 5 permits for renewal of water services. This enabled the collection of \$57,400 in water connection fees
- Published the Annual Consumer Confidence Report as well as a number of other reports required by the Department of Environmental Protection

- Completed two rounds of testing of all backflow prevention devices in town as required by the Massachusetts Department of Environmental Protection's (DEP) mandated Cross-Connection Program
- Conducted weekly water sampling throughout the Town for bacteriological analysis, chlorine residual and pH as required by the DEP
- Completed the annual hydrant-flushing program of the entire system in April expending approximately 1,310,000 gallons of water
- Continued the ongoing gate/valve exercising program
- Performed maintenance (sanding, painting and lubricating) on 100 of the Town's inventory of fire hydrants
- Continued enforcement of the water conservation bylaw which restricts outside irrigation from May through September

Eleven years ago the DEP issued an Order to Complete along with Modified Water Withdrawal Permits to all towns withdrawing water from the Ipswich River Watershed Basin. A settlement between the DEP and the Danvers/Middleton water system was reached in the spring of 2006. The Modified Permits now demand that those entities complete a wide array of water conservation measures. Included in this order is the lowering of the water per day per capita to 65 gallons per capita/per day. Presently the residential average daily consumption is approximately 60.13 gallons per day per person.

The May 10, 2005 Annual Town Meeting overwhelmingly approved bylaws that restrict the use of irrigation systems to water vegetation between the hours of 8:00 AM to 7:00 PM from May 1 thru September 30 of each year. The Town of Middleton actively enforced this bylaw in Fiscal Year 2013 and had to issue 93 citations for violating the by-law. The citations consisted of 76 warnings, 13 second offense violations for \$50/ea. and 4 third offense violations for \$100/ea.

Subdivision construction and infrastructure improvements to the Town's water distribution system accounted for the installation of 2,725 linear feet of eight inch water main along with the addition of 7 fire hydrants in the past year. The Town's distribution system inventory now contains 37.1 miles of water mains, 407 fire hydrants, and 1,547 metered connections servicing approximately 5,476 residents with an average daily consumption of 514,410 gallons of water. This total is a decrease of 1,975 gal/day over the previous fiscal year's daily average.

Solid Waste and Recycling: The Middleton Transfer Station continues to run well and provide a very efficient waste disposal service to the residents of Middleton. This past year Middleton residents were responsible for recycling 890 tons of material and enabling the removal of 31 percent of all waste brought to the Transfer Station. Every ton of material recycled enables the Town to receive additional grant funds and also contributes to reduced waste disposal costs for residents. The increasing world demand for scrap metal enabled the Town to collect nearly \$9,000 for 86 tons of recycled household appliances and various iron products. The following is the amounts of resources that were either recycled or disposed at the transfer station during FY 2013:

Residential Trash	1,943-tons	Disposed
Plastics	52.03 tons	Recycled
Mixed Paper/Cardboard	277.50 tons	Recycled
Mixed Glass	67.85 tons	Recycled
Tires	3.94 tons	Recycled
Christmas Trees	4.24 tons	Composted
Waste Oil (1300 gallons)	4.55 tons	Recycled
Leaves and Brush	324 tons	Composted
Metals/White Goods	86.50 tons	Recycled
Aluminum/Tin Cans	10.36 tons	Recycled
CRT's/TV Monitors	34.34 tons	Recycled
Construction/Demolition Material	2.55 tons	Disposed
Used Clothing	22 tons	Recycled
Total Materials Disposed: 2,833 tons		Total Materials Recycled: 890 tons = 31%

General: Along with the various projects undertaken by the Department of Public Works, the following miscellaneous activities occurred:

- The Annual Town Meeting approved the funding reconstruct the small soccer field at the Emily Maher Park. The improvements were completed in the summer of 2013.
- The Annual Town Meeting also approved the funding to replace both trash compactors at the transfer station. Both units were replaced in 2013 with new systems that meet the new regulations for safety.
- The Essex County Correctional Facility supplied the community service inmates along with “boot camp” inmates to clean the litter on Town roads and illegal dumping areas on multiple occasions and also helped with the clean-up operations after the third Annual Chief Wills Day event

- The Essex County Correctional Facility Graphic Arts students printed a number of separate mailings that the Town sends out regularly to inform residents of important notices at little or no cost
- The Lawrence Trial Court's Community Services Program supplied crews on many occasions to maintain the Town's cemeteries and to clean the Town beach as well as the perimeter of the Transfer Station. This included fall leaf removal at the Oakdale, Merriam, Flint and Old Fuller Cemeteries
- DPW personnel continued with the ongoing work-safety program and attended various safety training seminars, CPR training and water certification courses. The DPW personnel also spent much time involved with community projects such as the Annual Chief Wills Day, maintenance of the Middleton Canoe Launches on South Main Street and Peabody Street and the designated Stream Team park areas.

FY13 Accomplishments

The Public Works employees have worked diligently over the last several years to provide the taxpayers with the same services they expect with minimal increases in funding and decrease in staff. Among the daily maintenance we provide over the year are some of the extra projects we have been asked to provide. These include:

- **Recreational Fields:** The Town of Middleton has allowed the Essex Agricultural School and the North Shore Technical School to use the athletic fields in Middleton as their new high school is constructed. This partnership will help the Town of Middleton will field space issues once the new fields are constructed at the new school. We have allowed the school to use the fields for games and practices at times that the local youth sports are not using the fields. They in turn will allow our local youth sports to use their facilities at times in which they are not in use. With the added use comes more maintenance on the fields for lining, cutting, grooming and the likes that take additional time and man hours.
- **Town Common:** The residents of the Town have approved improvements to the Town Library and Memorial Hall. Included in these plans is worked to be completed by the DPW to keep costs down for the project. Our crew will help with the construction of sidewalks, additional parking spaces, and earthwork. We are happy to provide these services, but with a small staff it is becoming increasingly harder to complete extra projects.

- **Road Projects:** Each construction season our department uses Chapter 90 funds and local funds to advance the roads program. To keep costs at a minimum, the Town uses a Tri-town Consortium to solicit contracts for various services related to road construction. Since numerous contractors are used on a project, the DPW acts as the general contractor. In doing so, there are a number of items that need to be handled the general contractor. These include the removal and disposal of asphalt curb, loam and seed, blowing off the road prior to paving, signage installation, and general clean up. These items are necessary items which take time and keep our staff from other daily maintenance items.

Board of Health

Director of Public Health: Derek Fullerton, REHS/RS, CHO, CEHT

Department Description

The Board of Health is committed to improving public health through promoting well-being, preventing disease, and protection of an individual's health within the community.

Primary functions include:

- Monitoring community health problems
- Diagnosing and investigating health problems and health hazards in the community
- Informing, educating and empowering people about health issues
- Mobilizing community partnerships to identify and solve health problems
- Developing policies and plans that support individual and community health efforts
- Enforcing laws and regulations that protect health and ensure safety
- Linking people to needed personal health services and assure the provision of health care when otherwise unavailable
- Providing a competent public health and personal healthcare workforce
- Evaluating effectiveness, accessibility and quality of personal and population-based health services
- Researching for new insights and innovative solutions to health problems

Fiscal Year 2019 Goals and Objectives

The Health Department will continue current projects and implement new goals for the upcoming year as follows:

- Organizational Goal: Youth Mental Health First Aid Training
Objective: Facilitate with the Tri-Town Coalition to host and lead a training to understand mental health behaviors in youth and how to distinguish normal and risk behaviors that can be associated with depression, suicide, anxiety, and violence.
- Organizational Goal: Continue exploration of Cross Jurisdictional Sharing for Public Health
Objective: Collaborate with local public health officials and MAPC on the North Shore Public Health Collaborative to assess implementation of such project that will support specific population health programs and services.
- Organizational Goal: Draft a Regional Point of Dispensing/Emergency Dispensing Site Plan

Objective: Along with the Tri-Town Health Departments (Boxford, Middleton, Topsfield), develop an operational plan for mass dispensing of biologics, vaccination, public health response at a regional location of Masconomet High School. The plan will include planning, logistics, operations, security, and finance components under an Incident Command Structure.

- Organizational Goal: Food Safety Industry Forum

Objective: Utilize recent FDA Grant Funding to plan and host a food safety forum available for all food establishments within the community to educate them on foodborne risk factors, current trends, and collaborative efforts.

Fiscal Year 2018 Accomplishments

Notable accomplishments over the past year include:

- **President of the Massachusetts Health Officers Association:** The Director of Public Health continues completed his term as President of the Massachusetts Health Officers Association (MHOA) as of December 31, 2018 after serving as an officer for the past six years. MHOA is a professional organization of Public and Environmental Health Professionals with over 600 members. As President of this professional group, MHOA's goals are to represent and advocate for local public and environmental health, promote and foster high standards of professionalism among local health department staff, work closely with national, state, local, and environmental health agencies to improve public health practice including monitoring and advocating for legislation affecting health and environmental issues.

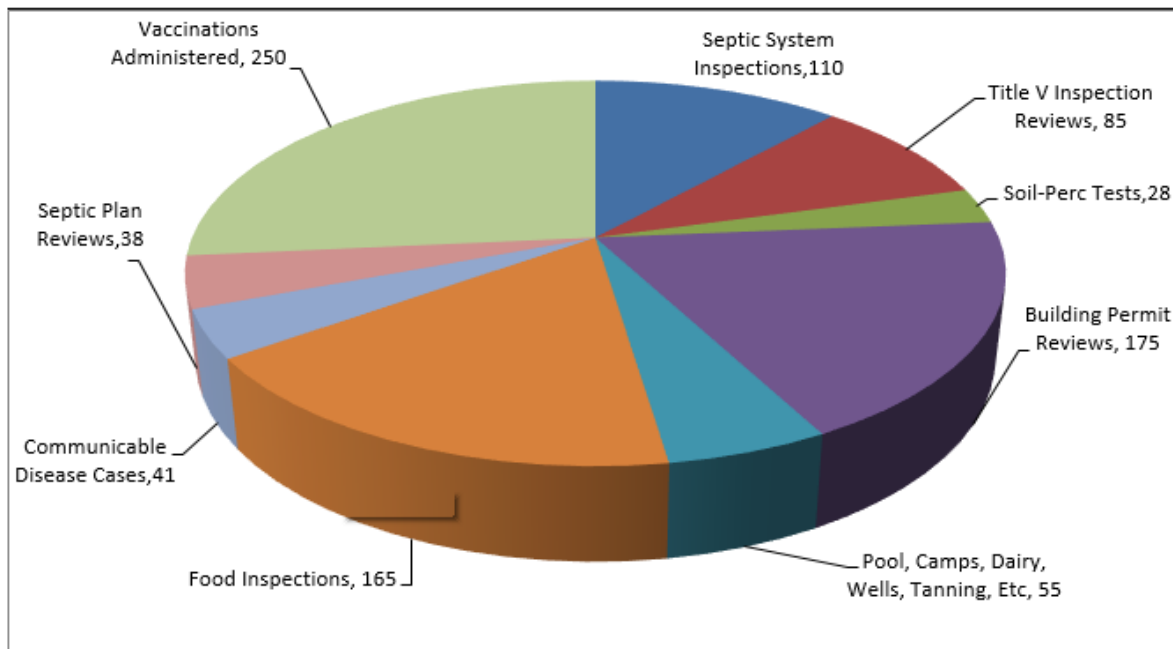
A major accomplishment during his term was the development of a local health department opioid planning and response toolkit for local communities. This toolkit is expected to be launched in April of 2018.

- **Tri-Town Council Community Partner Award:** The Director of Public Health in 2017 received an award for the Tri Town Council for his continued work and dedication of the Coalition. The Coalition is a community wide partnership whose focus is to reduce and prevent substance use and abuse by youth in the Tri-Town communities. The Coalition thanked the Director for his expertise and deep passion for the well-being of the youth, his voice, perseverance, and unyielding dedication to the safety and health of the youth, families, and community.
- **Voluntary Food Standards Program:** The department was awarded by the Federal Food and Drug Administration (FDA) two grants to continue work on the department's enrollment in the nation voluntary food standards program. Grants were awarded to conduct a regional food safety forum for local food establishments/personnel to educate

food borne risk topics, current topics, and local collaborative efforts. The second grant is to attend FDA training on food establishment plan review practices.

- **Cross Jurisdictional Sharing Collaborative Panel:** The Health Director served alongside other local public health officials, the Metropolitan Area Planning Council (MAPC), municipal leaders, hospitals, and community organizations to explore opportunities for public health collaboration in the North Shore/Cape Ann region to assess community health improvement models that provide a roadmap for innovative partnerships that would address public and community health challenges and improve public health outcomes across the region. The possibility of a Cross Jurisdictional Sharing Collaborative would help cities and towns better in meeting their mandated functions while providing opportunities to collaboratively address systemic health issues, like youth mental health and substance use disorder.
- **Communicable Disease Prevention:** The Public Health Nurse (PHN) administered over 250 influenza vaccinations to the public and to home bound individuals. The PHN continued surveillance on communicable diseases within the community reported by the State Department of Public Health.
- **Departmental Assistance:** The Health Department utilized two senior workers to assist in daily functions and tasks such as filing, database entry, and even nursing skills for our senior wellness clinics and flu clinics, in addition, three public health interns assisted in public health projects such as further development on emergency preparedness plans.
- **Electronic Permitting and Reporting:** The Health Department permitting for all departmental permits went electronic/online through a web based Citizenserve Portal which allows remote permit & license filing and payment by permit holders. This has increased efficiency, responsiveness, cost saving measures to both the department and the license holder. Additionally, through an FDA food safety grant, an online citizen Foodborne Illness Complaint and Reporting portal was developed and implemented online to properly report, track, and provide timely follow up related to potential food borne illnesses.
- **Recreational Marijuana:** The Health Department was instrumental in forming a recreational marijuana community planning task force to explore local impacts related to the legalization of its use through State Legislation. This committee explored all aspects including local benefits (i.e. tax income, retail business, etc.) and local impacts (public health and safety), while also exploring moratoriums until regulations are developed and local prohibition.

Statistics of a Sample amount of Services provided by the Middleton Health Department

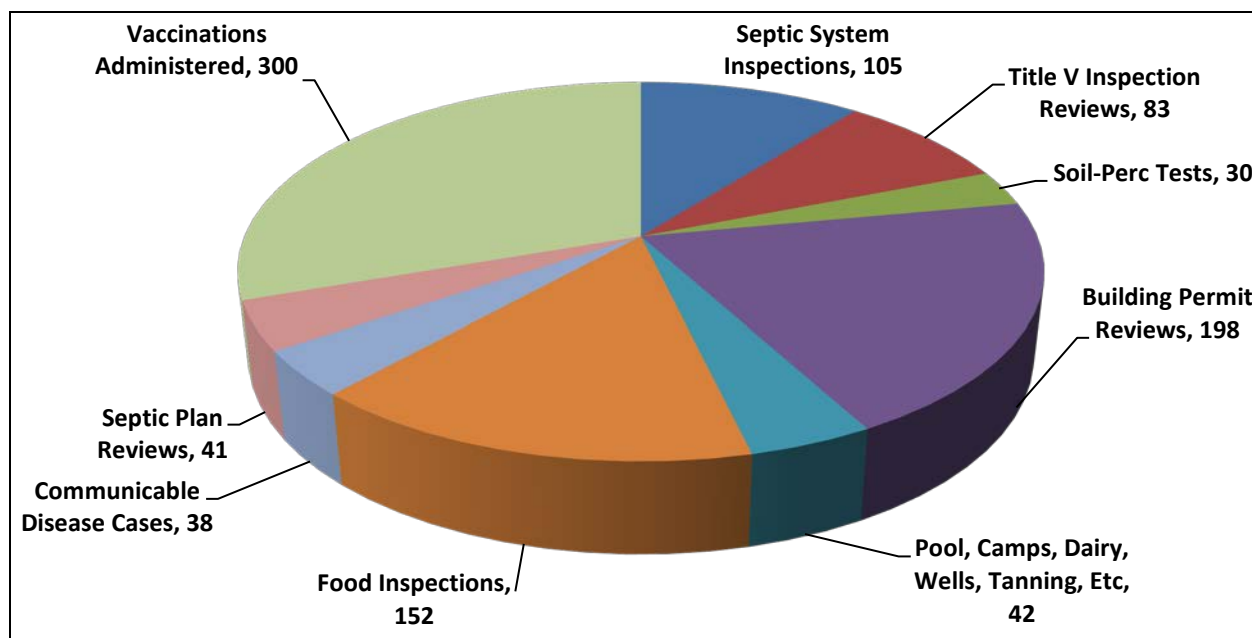


FY17 Accomplishments

Notable accomplishments over the past year include:

- **President of the Massachusetts Health Officers Association:** The Director of Public Health continues to serve as President of the Massachusetts Health Officers Association (MHOA). MHOA is a professional organization of Public and Environmental Health Professionals with over 550 members. As President of this professional group, MHOA's goals are to represent and advocate for local public and environmental health, promote and foster high standards of professionalism among local health department staff, work closely with national, state, local, and environmental health agencies to improve public health practice including monitoring and advocating for legislation affecting health and environmental issues.
- **Voluntary Food Standards Program:** The department was awarded by the Federal Food and Drug Administration (FDA) three grants to continue work on the department's enrollment in the nation voluntary food standards program. Grants were awarded to develop an online foodborne illness complaint portal for the public to file foodborne illness filings; to conduct a self assessment of the department's food standards; and for food inspection personnel to attend specialized food trainings.

- **Community Public Health Survey:** The health department conducted over a period of 8 months, a community health assessment survey. For this community health analysis, there were several goals, including but not limited to, understanding the overall health of the community; discover what public health issues the community wants the Health Department to address; improve communication between the Health Department and the community; identify common risk factors, health conditions, and top public health issues residents are concerned about; and to community plan for public health projects and programs for the future.
- **Tobacco Prevention:** The Board of Health adopted revised tobacco control and prevention regulations that included the prohibition of the sale of tobacco, electronic cigarettes, and flavored tobacco to persons under the age of 21; prohibition the sale of blunt wraps; requirement for the packaging of two or more cigars to be priced at \$5.00 or more; mandate that retailers require a government-issued photo identification card for all persons under the age of 40; and prohibit the use of e-cigarettes wherever smoking is prohibited per MA state law.
- **Public Health Chapter for Master Plan/Mass in Motion Grant:** The Health Department received a grant from the Massachusetts Association of Health Boards to develop a public health component to be built into the future new Master Plan for the Town of Middleton. The Metropolitan Area Planning Council Public Health Division assisted the Health Department on developing this chapter.
- **Adoption of 2013 Food Code:** The Middleton Board of Health adopted the 2013 Federal Food Code to incorporate into the local food protection program. The State of MA is currently still operating on the 1999 food code. Adoption of this code will allow the community to align more with the federal food standardization of inspectors and inspections.
- **Communicable Disease Prevention:** The Public Health Nurse (PHN) administered over 500 influenza vaccinations to the public and to home bound individuals. The PHN continued surveillance on communicable diseases within the community reported by the State Department of Public Health.
- **Departmental Assistance:** The Health Department utilized two senior workers to assist in daily functions and tasks such as filing, database entry, and even nursing skills for our senior wellness clinics and flu clinics, In addition, three public health interns assisted in public health projects such as further development on emergency preparedness plans.



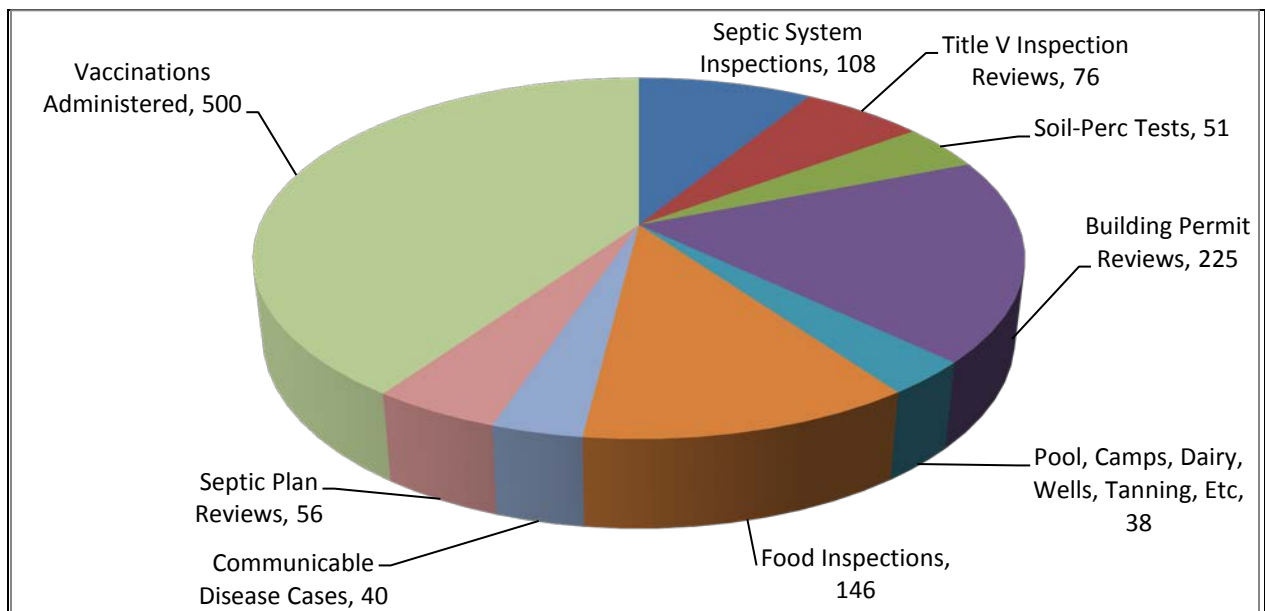
FY16 Accomplishments

Notable accomplishments over the past year include:

- Fellow of Local Public Health:** The Director of Public Health for Middleton was honored a Fellow of Local Public Health by the Massachusetts Local Public Health Institute for demonstrated mastery of public health practice and a commitment to professional development.
- President of the Massachusetts Health Officers Association:** The Director of Public Health was nominated and voted as President of the Massachusetts Health Officers Association (MHOA) for a two year term. MHOA is a professional organization of Public and Environmental Health Professionals with over 550 members. As President of this professional group, MHOA's goals are to represent and advocate for local public and environmental health, promote and foster high standards of professionalism among local health department staff, work closely with national, state, local, and environmental health agencies to improve public health practice including monitoring and advocating for legislation affecting health and environmental issues.
- Healthy Community Design Forum:** The Department was awarded a Massachusetts in Motion grant to facilitate and host a Community Health Design Forum. Over fifty local community leaders and stakeholders attended a session led by a national public health, planning, and transportation consultant. This session reviewed the current

environmental and policy factors influencing the physical activity habits of residents and the community and empowered the stakeholders to implement physical activity planning in the community to improve the health and well-being of residents.

- **Teen Behavior Awareness:** The Department partnered with the Tri-Town Council in hosting an awareness night to Tri-Town residents presented by a mental health counselor who spoke on the secret life of Massachusetts Teen that covered areas such as teen behaviors, drug and alcohol use, depression, and suicide.
- **Voluntary Food Standards Program:** The department was awarded by the Federal Food and Drug Administration (FDA) a grant for food inspection personnel to be trained in specialized process within the food industry.
- **Public Health Awareness and Education:** The Public Health Nurse conducted an elementary school awareness session with 1st graders to educate them on home emergency preparedness planning and educated them on how to build a “Go Kit.”
- **Tickborne Disease Awareness and Education:** The Department hosted a Tick Biology, Infections, and Prevention presentation by Dr. Al DeMaria Jr., Medical Director of the Massachusetts Department of Public Health Bureau of Infectious Disease Prevention to the public and recorded the session for future broadcasting online and on CATV.
- **Communicable Disease Prevention:** The Public Health Nurse (PHN) administered over 500 influenza vaccinations to the public and to home bound individuals. School vaccination clinics were conducted for students and staff at elementary schools within Middleton and for staff at Masconomet High School. The PHN continued surveillance on communicable diseases within the community reported by the State Department of Public Health.
- **Departmental Assistance:** The Health Department utilized three senior workers to assist in daily functions and tasks such as filing, database entry, and even nursing skills for our senior wellness clinics and flu clinics, In addition, two public health interns assisted in public health projects such as further development on emergency preparedness plans.
- **Regulations:** The Middleton Board of Health revised and adopted septic regulations and have developed proposed Stable regulations for potential adoption in 2016.



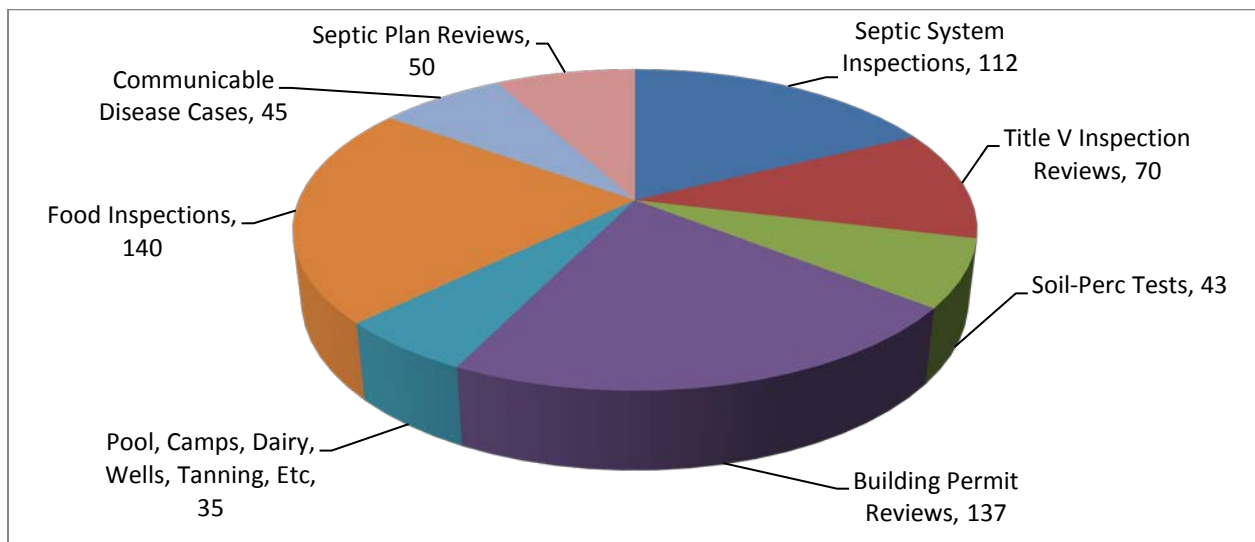
FY15 Accomplishments

Notable accomplishments over the past year include:

- Increase awareness on healthy food choices within adolescents:** The Health Department conducted nutrition and food education within the pre-school setting including education on healthy food choices and proper meal portion sizes. Each child was given a meal portion plate to take home.
- Food Safety Training Video:** The Middleton Health Department was awarded a Food and Drug Administration grant to partner with Richardson Diaries to produce an employee food safety training video. Utilizing staff at Richardson's and a film producer, a video was produced which the food safety manager can use to train new and existing staff annually on food safety.
- Sharps Disposal:** The Department partnered with DPW to purchase a sharps (needle) kiosk for placement at the Middleton Transfer Station where residents may safely and legally dispose of sharps.
- Public Health Awareness and Education:** The Department continued to disseminate newsletters to educate the community on public health topics. Additionally the Department developed a social media presence (i.e. Facebook, Twitter) to disseminate and communicate with the public.
- Communicable Disease Prevention:** The Public Health Nurse (PHN) administered over 500 influenza vaccinations to the public and to home bound individuals. School vaccination clinics were conducted for students and staff at elementary schools within

Middleton and for staff at Masconomet High School. The PHN continued surveillance on communicable diseases within the community reported by the State Department of Public Health.

- **Tobacco Prevention:** In 2012 by the Board of Health prohibited the sale of tobacco in health care institutions (incl. pharmacies) and the ban of individual sale of cheap cigars (less than \$2.50) within Middleton. Currently, pharmacies such as CVS, have made the transition to remove tobacco from all their stores nationwide. This is an example of how local health departments can improve public health nationally starting at the local level.
- **Departmental Assistance:** The Health Department utilized three senior workers to assist in daily functions and tasks such as filing, database entry, and even nursing skills for our senior wellness clinics and flu clinics, In addition, two public health interns assisted in public health projects such as further development on emergency preparedness plans.
- **Rails to Trails Effort:** The Public Health Director continued to serve on the Middleton Rail Trails Advisory Committee for plans to construct a 5 mile pedestrian way on the former Essex Railway. A warrant article to fund Phase 1 of the way (1.4 miles) was approved at the FY15 Town Meeting.
- **Illicit Discharge Bylaw:** Assisted the storm water management team in adoption of the stormwater and illicit discharge bylaw at the 2014 (FY15) Town Meeting.



FY14 Accomplishments

Over the past year, each department has contributed in ways that have assisted in staying within our budget limits while improving departmental efficiency and productivity. These contributions include:

- **Departmental Assistance:** The Health utilized two senior workers to assist in daily functions and tasks such as filing, database entry, and even nursing skills for our senior wellness clinics and flu clinics, In addition, two public health interns assisted in public health projects such as emergency dispensing site planning for infectious disease response.
- **Increasing access to healthier food:** The Middleton Health Department partnered with the Middleton Farmers Market and secured funding to obtain a point of sale device to allow supplemental nutritional assistance programs (SNAP) purchases at the market. This opportunity assisted in efforts to reduce the health disparity of access/cost of fruits/vegetables and other healthy foods to people of lower income in efforts to battle the obesity epidemic and other chronic health issues associated with unhealthy eating.
- **Nutrition/Food Education:** The Middleton Health Department educated the public at local events and settings about the five food groups that are the building blocks for a healthy diet using a familiar image—a place setting (a meal plate). Education involved interaction with toddlers and adolescents and their caregivers about promoting healthy food choices and portion sizes. Upon completion of the education, each child was provided a healthy portion plate to use at home.
- **Grant Funding:** The Department applied for and received a mini grant for sun safety/skin cancer. The department continues to supplement our local budget with grant monies from various sources. The Health department was granted funding for continued emergency preparedness planning from the Center for Disease Control and Prevention (CDC) in the amount of \$4,335.
- **Medical Waste Disposal:** The Department partnered with Middleton Police and Fire Departments to implement programs for residents to properly dispose of medical waste including sharps (needles) and unused/expired medicines.
- **Qualified Personnel:** The Board of Health authorized two highly qualified food inspectors to conduct routine food inspections of food establishments within the community.

FY13 Accomplishments

Over the past year, each department has contributed in ways that have assisted in staying within our budget limits while improving departmental efficiency and productivity. These contributions include:

- **Senior Tax Work-Off Program:** The Health and Conservation Departments utilized four senior workers to assist in daily functions and tasks such as filing, database entry, and even nursing skills for our senior wellness clinics and flu clinics.
- **Internship assistance:** The Health Department utilized four public health interns from various academic institutions to assist in public health projects such as, rail to trail planning in association with physical activity, emergency dispensing site planning, supplemental nutritional assistance program (SNAP) planning for the Middleton Farmers Market, and exploring Sharps (Needle) disposal methods for the community.
- **Electronic files:** In-house development of field inspections forms for use with tablets created a more efficient field and office filing system. Forms include pictures and useful information which wireless printing to the office occurs at the time of the field inspection. Additionally, PDF drawings of engineered plans are required for submittal to the department for future use and reference. The use of the tablet increased efficiency by eliminating the need for multiple tools (cameras, clipboards, paper inspection forms, etc.) and the office time to compile different files into one.
- **Grant Funding:** The department continues to supplement our local budget with grant monies from various sources. The Health department was granted funding for continued emergency preparedness from CDC (\$5,037), Food Program Standardization from FDA (\$2,500), Middleton in Motion planning from MADPH (\$500) and Cell Technology for Trail Signage (\$500)
- **Clinical Services Reimbursement:** Due to the benefit of having a local community public health nurse, Medicare and private health insurance reimbursement money continues to be provided back to the town for placement into the general fund.
- **Increase Staff Training:** In 2012, the Health, Conservation, and Animal Control department staff have continued training to expand on their knowledge base. The health director participated in a regional shelter planning exercise hosted with Middleton and attended trainings at the Mass Health Officers Association three day conference in Springfield, MA; the public health nurse completed a three day training in

elderly foot care; the conservation agent and commissioners continued training at the annual Massachusetts Association of Conservation Commissioners conference; and the Animal Control Officer completed training at the academy of *Animal Control Officers of Massachusetts*.

Council on Aging

Executive Director: Susan Gannon

Department Description

The Council on Aging provides a nurturing, respectful and dignified environment in which our programs strive to meet the needs of individuals and their caregivers and families. We work hard to promote personal growth, good health, financial security, socialization and education. Every day over one million older adults connect at their local senior center, according to NISC/National Institute of Senior Centers. We are one of over 11,000 senior centers that have similar goals for those aged 50+.

We advocate for older residents. We are considered to be one of the friendliest, most supportive and compassionate senior centers on the North Shore. We go above and beyond to make our guests feel like family. We concentrate on enhancing economic security; improving health physically, mentally and spiritually. Our mission is to advocate for those we serve.

We have very little turnover in employment which supports continuity of services. We are a popular environment in which to work and we all pull together to accomplish the goals and objectives as outlined in our mission statement. It is not unusual for employees and Community Service Initiative (CSI): Middleton partners and volunteers to give more than the time for which they will be monetarily compensated. We are invested in what we do.

In FY15, the COA invested 63 hrs/wk in direct and indirect outreach, assisting over 350 people in various capacities. This will total over 3,200 hours in FY15 spent assisting Middleton senior and disabled residents, some with significant and time-consuming needs.

Under the umbrella of the Council on Aging, the Middleton Food Pantry does an amazing job of providing food and comfort to the 100+ households for which it regularly provides groceries and sundries. Age groups served through the food pantry ranges from infants to the very aged.

Those 60+ are one of the largest demographic segments in the nation, comprising 21% of the total population. According to the 2003 Erdos & Morgan Readership Research Study, adults in the 50+ age group represent 37% of the adult population and was estimated to have grown to 45% by 2015. In Massachusetts and in the Northeast in general, this number may turn out to be greater, as we tend to have a higher percentage of aging in-place people 50+.

Projections for Middleton residents aged 60+, according to the 2010 Census, point to a potential population demographic in excess of 4,000 by 2015.

FY17 Goals & Accomplishments

Nutrition Program:

- The goal of FY14 for FY15 was to increase by 5%, the result was 9%
- The goal of FY15 for FY16 was to increase by 4%, the result was 12%: Total Meals served in FY16 = 8,274
- The goal of FY16 for FY17 was to increase by 4%, the result will be known in July 2017
- The goal of FY17 for FY18 is to increase by 4%, the result will be known in July 2018

The conservative nature of the proposed increases is due to anticipated grant funding decreases, which will directly impact are ability to continue programming at the current level.

TOTAL MEALS SERVED	'16 Mthly Goal 4%	Total Achieved	+/- %	'17 Mthly Goal 4%	'18 Mthly Goal 4%
NSES Congregate	196.5	189	-6%	204	212
COA Congregate	49	55	12.25 %	51	53
Off-Site Congregate/ Outreach	4.4	34	4.5%	40	42
Special Events Meals	89.5	101	13%	93	97
Totals/Mthly Average	339	379	12%	388	404
Total Yrly Average	4,068	4,548		4,656	4,848
* NSES Home Delivered		* 3,726			
Total meals served		8,274			

** Desired result is to reduce HDM Meals and encourage congregare participation, effective 2016 when NSES reduced meals distribution for evenings and weekends. This reduction in HDMs is substantial and hard-earned. Please note a corresponding increase in COA Congregate and Special Events meals, evidence based statistics that reflect a change from HDM to Congregate with even more clients/guests.*

The reduction in the HDM count is attributable to several factors:

- Fewer hospitalizations, etc. requiring HDM
- Fewer people meeting the stricter guidelines of NSES
- Few meals available...NSES stopped authorizing weekend meals
- Greater number of participants in our congregare meals programs/faster recovery

Transportation Program:

- The goal of FY14 for FY15 was to increase by 5%, the result was 33%
- The goal of FY15 for FY16 was to increase by 4%, the result was 34%: Total rides provided in FY16=9,482
- The goal of FY16 for FY17 was to increase by 20%, the result will be known in July 2017
- The goal of FY17 for FY18 is to increase by 4%, the result will be known in July 2018

TOTAL RIDES PROVIDED	'16 Mthly Goal 4%	Total Achieved	+/- %	'17 Mthly Goal 20 %	'18 Mthly Goal 4%
Shopping/Errands	34	52	53%	41	43
Lunch Bunch	47	58	23%	56	58
Sr. Ctr. Programs	164	260	59%	230	240
Special Events/Trips	69	75	9%	83	86
Outreach/Medical	31	39	26%	37	39
Totals/Mthly Average	311	484		447	466
Total Yrly Average	3,732	5,808	34%		
HDM - Decreasing per NSES Effective FY '16		3,674		2,940	2,822
TOTALS		9,482			

Numbers represented in the statistics reflect rides we provide only. They do not include the private transportation that many of our clients use to attend our programs.

Our very important mid-term goal is to be housed in a Community Center, which would offer something for all ages. Those 55+ will be an integral part of this community center. Some of the expectations are:

We envision a facility that would be open from 7:00 am for those early birds until 10:00 pm for those attending multi-generational offerings, trainings, computer lab use, etc. We would expect to see people of all ages using the facility for a wide variety of activities.

In addition to our regular congregate meals site, we would hope to have on offer a cafe style area where food could be ordered most of the day. This would be a means of providing healthy food outside of our normal meal site operation and would be open to participants of the community center. These would include after school snacks for students, and anyone attending programs throughout the day and evening. It would also be a source of revenue for the Town.

FY16 Accomplishments

TOTAL MEAL SERVED	2012	2013	2014	2013 vs 2015	
				2015	% +/-
NSES Congregate Meals	1,822	1,868	2,137	2400	28+
NSES Home Delivered	2,830	3,051	3,694	5079	66+
Our own Congregate Meals	284	127	264	321	152+
Patio Parties Meals	165	85	155	287	237+
Off-Site Congregate Meals	72	60	45	52	13-
Special Event Meals	522	694	955	1016	46+
	5,695	5,885	7,250		

TRANSPORTATION

Shopping/Errands	138	380	384	396	4+
Lunch Bunch	430	400	506	573	43+
Senior Center Programs	2,670	3,140	1804	3087	1-
Special Events/Trips	456	634	760	833	31+
Medical Transportation/Outreach	194	108	172	262	142+
	4,888	4,662	3,626	5,151	

Life Expectancies:

1796	24 yrs of age		
1896	48 yrs of age		
1996	Men: 69	Women: 77	
2003	Men: 73	Women: 80	
2012	Men: 76	Women: 81	

- Given that we have ended 2015 with an explosion of attendees, programs and services, it is imperative that we be better prepared to meet the needs of this increasing population, which has every right to expect more than we can currently provide. The need has been trending for the last 7 years and we are not as prepared as I would like us to be. This is being addressed with offerings of new programs, some extending into the evenings on a monthly basis, such as our Thursday Evening Speaker series at the Flint Public Library.
- In March of 2014 we began a B & B Style Breakfast and speaker program as part of our outreach. This is held on the 3rd Tuesdays of the months. Our guests have consistently numbered in the mid to high 20s. This is quite an accomplishment for a new morning program. It is also attracting "boomers" who are still working, but have flexibility in their schedules. Of course, many of our lunchtime regulars are thrilled to have another home style meal. We were able to launch this program with a generous grant from the Executive Office

of Elder Affairs through its Service Incentive Grant. We also depend on the CSI: Middleton program for most of the staffing for this.

- Our 3rd Thursday Evening Speaker Series, started in FY14, continues to draw people of all ages. There are a wide variety of presenters, including several department heads. We hold these complimentary presentations most often at the Flint Library. Again, this is a program that attracts older adults boomers that we do not often see in our day programs.
- Throughout each year we work with various service organizations in Middleton. Among them are the Middleton Board of Trade, the 1728 Club, the Tri-Town Rotary Club, the Friends of the Middleton Council on Aging, the Middleton Cultural Arts Council, the Recreation Commission, local Girl Scout and Boy Scout Troops, the American Legion Post 227, including the Ladies Auxiliary, Chief Will's Day, and the Annual Pumpkin Festival, to name a few. We also support and are supported by Haven from Hunger, the Middleton Congregational Church and St. Agnes Church.
- We also want to mention the residents of Orchard Circle and Oak Knoll, those of Masi Meadow, the Fuller Pond residents, and the residents of Ferncroft Towers and Ironwood, Peachy Circle and many others for their generous contributions of funds and time. There are so many individuals that we cannot name them all here. We appreciate all of your efforts.
- Some local businesses that we work with are Angelica's restaurant, the Century House, New Brothers Restaurant and Deli in Danvers, Henry's Market of Danvers, Market Basket, Bouchard's service for fuel, Ray's Auto Service, Pace Automotive, Beech Tree Floral Designs. Also Crystal Springs, Jacques Plumbing, and Dunkin Donuts. We cannot say enough about Hannaford Market in Peabody, which so generously donates weekly to the Middleton Food Pantry. We are in the process of setting up donation bins in Market Basket as well.
- Our connections with other governmental/COA supportive organizations are critical to the success of what we do. Among them are Executive Office of Elder Affairs (EOEA), North Shore Elder Services (NSES), Massachusetts Councils on Aging (MCOA); North Shore Association of Senior Center Directors, AARP, RMV, MA.Gov, AAA. We also want to acknowledge and thank our elected officials, who are very helpful to us, whether they be at the municipal, state or federal level.
- We often work with other municipal departments to offer programs and services. These include the Board of Health, the Conservation Commission, Police and Fire Departments, the Assessors, the Flint Public Library, the Fuller Meadow and Howe-Manning schools and Masconomet. They also include the office of the Town Clerk, the Accounting and Treasurer/Collector Offices, the Board of Selectmen and all of our other colleagues who are so helpful to us.

- A particular example of joint cooperation is our interaction with the Veterans' Department and its head, the hard working and dedicated Ted Butler.
 - Ted Butler, Veterans' Agent, has some of the B & B Breakfasts, as we use this opportunity for veterans to meet informally with each other during and after the breakfast.
 - On November 9th we held a program at the American Legion, courtesy of Ted Butler's membership. We had in attendance about 60 Veterans (35 last year), some in uniform and another 40 or so guests (35 last year). Each veteran was asked to stand and speak his/her name and branch of service and a bit of what he or she did while in the service. Near the end of the program each branch of the Armed Forces joined together with their comrades to sing their particular service song. It was all very moving and much appreciated by all the attendees. As we did last year, professional, patriotic entertainment was provided by the COA. In fact, the program was so well-received that we have already scheduled a similar program for Veterans' Day in 2016.
- One of our biggest assets and sources of support is the Middleton Council on Aging Board of Directors. A lot has been happening with the COA Board of Directors. In 2014 they suffered the loss of three much liked and respected board members. In honor of the passing of these three wonderful people, we planted three flowering trees on the right side of the building. There was a dedication ceremony in early May of 2015 as a tribute. Those we lost were, in order of their passing, David Cowie, past chair, David Leary, who was the sitting chair, and Lois LeMay, who was vice-chair and a whirlwind when it came to activities. Others who were honored were Norma Lipinski, one of our beloved regulars. Her family donated two beautiful benches, bird houses and feeders. We also honored Amy Conley who was also a regular with us for many years.

We had close to 100 people participate in this event. Ira Singer and others spoke in tribute. It was a very special and moving event and was spoken of for months afterward.

- A majority of the Board Members are also regulars of our programming. This works well for the operations of the COA, as their direct participation gives them insight into what we do, how we do it, and why we provide what we do. Their positive support is a strength that enhances our programming.
- One of the major accomplishments of this Board during FY 2015 has been the review and updating of the Council on Aging By-Laws. This occurred over a period of several months and it was done with a great deal of effort and coordination among the Board members.
- The Board also welcomed several new alternates, some of whom have since become members. It is a cohesive Board that is charging ahead with its responsibilities.

FY15 Accomplishments

TOTAL MEAL SERVED	2012	2013	2014	% +/-
NSES Congregate Meals Served:	1,822	1,868	2,137	14 +
NSES Home Delivered Served:	2,830	3,051	3,694	17 +
Our own Congregate Meals Served:	284	127	264	108 +
Patio Parties Meals Served:	165	85	155	45 +
Off-Site Congregate Meals Served:	72	60	45	-25
Special Event Meals Served:	522	694	955	27 +
	5,695	5,885	7,250	

TRANSPORTATION

Shopping/Errands:	138	380	384	1 +
Lunch Bunch:	430	400	506	21 +
Van Trips to Senior Center Programs:	2,670	3,140	1804	-43
Special Events/Trips:	456	634	760	17+
Medical Transportation/Outreach:	194	108	172	37 +
	4,888	4,662	3,626	

Life Expectancies:

1797	24 yrs of age		
1896	48 yrs of age		
1996	Men: 69	Women: 77	
2003	Men: 73	Women: 80	
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- Given that we have entered into 2015 with an explosion of attendees, programs and services, it is imperative that we be better prepared to meet the needs of this increasing population, which has every right to expect more than we can currently provide. The need has been trending for the last 5 years and we are not as prepared as I would like us to be. This is being addressed with offerings of new programs, some extending into the evenings on a monthly basis, such as our Thursday Evening Speaker series at the Flint Public Library.
- In March of 2014 we began a **B & B Style Breakfast and speaker program** as part of our outreach. This is held on the 3rd Tuesdays of the months. Our guests have consistently numbered in the mid to high 20s. This is quite an accomplishment for a new morning program. It is also attracting "boomers" who are still working, but have flexibility in their schedules. Of course, many of our lunchtime regulars are thrilled to have another home style meal. We were able to launch this program with a generous grant from the Executive Office

of Elder Affairs through its Service Incentive Grant. We also depend on the CSI: Middleton program for most of the staffing for this.

- We have just begun (January 2015) another **monthly breakfast on 1st Fridays**. This is for regulars and staff and volunteers (including COA Board of Directors) with the Director preparing the breakfast. The first gathering was a big success. It is a venue for socializing, outreach, an expression of appreciation and a morale booster for those of us who are in each other's company many hours each week. It is a much appreciated break from the stress and responsibilities of the day-to-day operations of the Council on Aging.
- Our 3rd **Thursday Evening Speaker Series**, started in FY14, continues to draw people of all ages. There are a wide variety of presenters, including several department heads. We hold these complimentary presentations most often at the Flint Library. Again, this is a program that attracts older adults that we do not often see in our day programs.
- Throughout each year we work with various service organizations in Middleton. Among them are the Middleton Board of Trade, the 1728 Club, the Tri-Town Rotary Club, the Friends of the Middleton Council on Aging, the Middleton Cultural Arts Council, the Recreation Commission, local Girl Scout and Boy Scout Troops, the American Legion Post 227, including the Ladies Auxiliary, Chief Will's Day, and the Annual Pumpkin Festival, to name a few. We also support and are supported by Haven from Hunger, the Middleton Congregational Church and St. Agnes Church.
- We also want to mention the residents of Orchard Circle and Oak Knoll, those of Masi Meadow, the Fuller Pond residents, and the residents of Ferncroft Towers and Ironwood for their generous contributions of funds and time. There are so many individuals that we cannot name them all here. We appreciate all of your efforts.
- Some local businesses that we work with are Angelica's restaurant, the Century House, New Brothers Restaurant and Deli in Danvers, Henry's Market of Danvers, Market Basket, Bouchard's service for fuel, Ray's Auto Service, Pace Automotive, Beech Tree Floral Designs. Also Crystal Springs, Jacques Plumbing, and Dunkin Donuts. We cannot say enough about Hannaford Market in Peabody, which so generously donates weekly to the Middleton Food Pantry. We are in the process of setting up donation bins in Market Basket as well.
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- We often work with other municipal departments to offer programs and services. These include the Board of Health, the Conservation Commission, Police and Fire Departments, the Assessors, the Flint Public Library, the Fuller Meadow and Howe-Manning schools and Masconomet. They also include the office of the Town Clerk, the Accounting and Treasurer/Collector Offices, the Board of Selectmen and all of our other colleagues who are so helpful to us.
- A particular example of joint cooperation is our interaction with the Veterans' Department and its head, the hard working and dedicated Ted Butler.
 - Ted Butler, Veterans' Agent, has attended almost all of the B & B Breakfasts, as we use this opportunity for veterans to meet informally with each other during and after the breakfast.
 - On November 10th we held a program at the American Legion, courtesy of Ted Butlers membership. We had in attendance about 35 Veterans, some in uniform and another 35 or so guests. Each veteran was asked to stand and speak his/her name and branch of service and a bit of what he or she did while in the service. Near the end of the program each branch of the Armed Forces joined together with their comrades to sing their particular service song. It was all very moving and much appreciated by all the attendees.
 - In fact, the program was so well-received that we have already scheduled a similar program for Veterans' Day in 2015. It will be held on Monday, Nov. 9th; This was followed up the next week with a 3rd Thursday program honoring veterans in a different format.
- One of our biggest assets and sources of support is the Middleton Council on Aging Board of Directors. A lot has been happening with the COA Board of Directors. In 2014 they suffered the loss of three much liked and respected board members. In honor of the passing of these three wonderful people, we have planted three flowering trees on the right side of the building. There will be a dedication ceremony in early May as a tribute. Those we lost were, in order of their passing, David Cowie, past chair, David Leary, who was the sitting chair, and Lois LeMay, who was vice-chair and a whirlwind when it came to activities.
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 - One of the major accomplishments of this Board during FY 2015 has been the review and updating of the Council on Aging By-Laws. This occurred over a period of several months and it was done with a great deal of effort and coordination among the Board members.
 - The Board also welcomed several new alternates, some of whom have since become members. It is a cohesive Board that is charging ahead with its responsibilities.

FY14 Accomplishments

<u>TOTAL MEAL SERVED</u>	<u>2012</u>	<u>2013</u>
NSES Congregate Meals Served:	1,822	1,868
NSES Home Delivered Served:	2,830	3,051
Our own Congregate Meals Served:	284	127
Patio Parties Meals Served:	165	85
Off-Site Congregate Meals Served:	72	60
Special Event Meals Served:	522	694
	5,695	5,885

TRANSPORTATION

Shopping/Errands:	138	380
Lunch Bunch:	430	400
Trips to Senior Center Programs:	2,670	3,140
Special Events/Trips:	456	634
Medical Transportation/Outreach:	194	108
	4,888	4,662

FY13 Accomplishments

In 2012:

<u>MEALS</u>	<u>Total Meals Served</u>	
NSES Congregate Meals Served:	1822	
NSES Home Delivered Served:	2830	
Our own Congregate Meals Served:	284	
Patio Parties Meals Served:	165	5695
Off-Site Congregate Meals Served:	72	
Special Event Meals Served:	522	

<u>TRANSPORTATION</u>	<u>Total One-Way Rides</u>	
Shopping/Errands:	138	
Lunch Bunch:	430	
Trips to Senior Center Programs:	2670	4888
Special Events/Trips:	456	
Medical Transportation/Outreach:	194	

Veterans' Services

Director/Veterans Service Officer: Gary Bent

Department Description

The Veterans' Services Department is currently staffed by a part time Director/Veterans Service Officer. He has completed fifteen calendar years of providing services and benefits to veterans and their dependents. He has assisted them with appropriate benefits such as:

- Chapter 115 Requirements from the Department of Veterans' Services
- Veteran requests for Compensation and Pension from the VA
- Requests for Widow/Widower's Pension
- Family requests for Aid & Attendance for Veteran/Spouse
- Family requests for Service Medals/Ribbons and Citations for Veterans
- Funeral reimbursement
- Flag reimbursement
- Requests for Discharges and changes to DD214's
- Updating lists of current veterans, deceased veterans and those who have moved out of town
- Veteran requests for the annuity from the Department of Veterans' Services
- Providing support documents for town departments such as real estate abatements, veteran and senior work off programs, and grants
- Establishing a Discharge Data Base for all Discharges (DD214's/WAGO's, etc.)
- Providing transportation to medical appointments at VA hospitals and clinics.

The office of Veterans' Services works with the local American Legion Post 227, other service organizations in surrounding communities, and town departments to provide proper ceremonies recognizing veterans' contributions to our country, state and community. It continues to assist the Memorial Day Committee in maintaining the display of American Flags on downtown streets and on town flagpoles as well as coordinating half-staff advisories. It provides educational information to veterans, schools, and those in need of veterans' services. In conjunction with the Council on Aging it holds tributes to veterans prior to Veterans Day and several breakfast meetings on veterans' benefits at the COA. An oral history project of interviews to preserve veterans' memories is available at the Historical Society, Flint Library and Veterans Service Office. Representation of Veterans Services for the town is provided at the Wreath's Across America ceremony, 911 ceremony, Veterans Day and Memorial Day ceremonies and at Elementary schools, High Schools, and Colleges.

Accurate records and statistics on veterans from Middleton, past and present, are kept as required by the Massachusetts Department of Veterans' Services. The Department of Veterans Services computer based system is utilized in the administration of the Chapter 115 services. The

veterans' part of the town WEB page is updated on a regular basis with news events and links to veterans' services. The Director keeps current on his job requirements by monitoring emails, phone messages, directives and notices from the Department of Veterans' Services and Veterans Administration. He attends monthly meetings of the Northeast Veterans' Service Officers Association as well as regional Veterans Housing roundtables, annual training Conferences by the Department of Veterans' Services, and the Massachusetts Veterans' Services Association.

Fiscal Year 2019 Goals and Objectives

- Attend January Legislative Luncheon at the State House with our Legislative members to advocate for bills to assist Veterans.
- Continue luncheon meetings at the Senior Center, support the hosting of a Musical Tribute to Veterans prior to Veterans Day, and other Veteran tributes recognizing Middleton Veterans prior to Memorial Day.
- Continue the oral history of Middleton Veterans and a permanent record of all Veteran Discharges.
- Utilize the Veterans and Senior Tax Work Off services to support Veterans Service Department projects.
- Develop a job description for the next Director of Veterans' Services.
- Monitor Records Retention requirements for the Veterans Services Department for compliance with state procedures.
- Work with the Council on Aging to continue an outreach program for determining eligibility for Veteran benefits and servicing town Veterans.
- Work toward continued statewide Certification for Veteran Service Officers by attending training conferences in February and June for the Massachusetts Veterans Service Officers Association and October for the Department of Veterans Services.
- Work toward a possible formation of a Veterans' Service District with Danvers.

Fiscal Year 2018 Accomplishments

- Attended state annual training as a state certified Veterans' Service Officer.
- Attended Legislative Luncheon at State House in support of Veterans Legislation.

- Held several luncheon meetings at the Council on Aging and a Musical Tribute to Veterans at the American Legion Post 227 prior to Veterans Day.
- Continued to monitor transportation for Veterans to VA facilities and local appointments.
- Supervised Veterans in the COA and Veteran Work Off Programs.
- Continued a Veterans Outreach Program that reached over 85 Veterans in a three month period.

FY17 Accomplishments

- Attended state annual training as a state certified Veterans' Service Officer.
- Held several luncheon meetings at the Council on Aging and a Musical Tribute to Veterans at the American Legion Post 227 prior to Veterans Day.
- Continued to monitor transportation for Veterans to VA facilities and local appointments.
- Supervised Veterans in the COA and Veteran Work Off Programs.
- Established a Veterans Outreach Program that reached over 65 Veterans in a three month period.

FY16 Accomplishments

- Attended state annual training, completed state certification exam for VSO, and received acknowledgement that I am now state certified by passing the exam.
- Held several Breakfast meetings at the Council On Aging and a Musical Tribute to Veterans at the American Legion Post 227 prior to Veterans Day.
- Completed a mailing of the new Valor Act Veteran Work-Off Program to those veterans new to Middleton identified by the latest census.
- Continued to monitor transportation for veterans to VA facilities and record video oral histories of Middleton veterans.

FY15 Accomplishments

- Continued to record video oral histories of Middleton veterans and set up and monitored transportation for veterans to VA facilities.

- Attended several Job Fairs for veterans at North Shore Community College and Salem State University as well as attending a regional Housing and Transportation Seminar with other Veteran Service Officers and State Senators.
- Held several Breakfast meetings at the Council on Aging and a Musical Tribute to Veterans at the American Legion Post 227 prior to Veterans Day.
- Completed a mailing of the new Valor Act Veteran Work Off Program to those veterans new to Middleton identified by the latest census.
- Completed annual training requirements established by the Department of Veterans Services to keep current with new changes.

FY14 Accomplishments

- Continued to record video oral histories of Middleton Veterans
- Applied and was accepted for a transportation grant to aid in the transportation process for Veterans to VA facilities
- Attended several Career Fairs for Veterans at North Shore Community College and Salem State University as well as attending two annual training sessions provided by the State Department of Veterans' Services
- Mailed letters to all Middleton Veterans to make them aware of the new Valor Act which enabled them to apply for a Veterans' Work-Off Program to reduce their Real Estate Taxes

FY13 Accomplishments

- The Director of Veteran's Services joined the Town Common & Library Design Planning Committee to represent the interest of the town's veterans
- As Chairman of the Memorial Day Committee, the Director of Veteran's Services recruited two new members. The Committee provided updates to the present War Memorials at the Library with input from local veterans
- Continuing to record video oral histories of Middleton veterans

Flint Public Library

Library Director: Melissa Gaspar

Department Description

The Flint Public Library--the place to Read! Learn! Connect!

The Flint Public Library is the vibrant community center of Middleton where people connect with each other and a vast array of interesting programs, educational resources and technology. This past year more than 55,000 people visited the library or attended a program. The library offers 60,000+ books, 3,000+ videos, numerous magazines and newspapers, not to mention 60,000+ eBooks. People enjoy using the 11 different passes to major museums, and other cultural and recreational areas. There is something for everyone.

Looking for something interesting to do or discover! Visit the library!

This past year the library offered more than 370 programs on cultural, recreational or educational subjects. For toddlers, there was a variety of literacy programs, sensory exploration, creative arts and crafts, and creative movement programs. Story hour sessions and other programs were offered weekly as the library is committed to promoting reading and literacy to the community's youth. Maintaining a cooperative relationship with Middleton's educational institutions, the Flint Public Library worked closely with the schools to offer a combined Summer Reading Program. In addition, an after-school bus brings children to the library which provides a quiet environment for children to do their homework, read, or attend an after-school program. Adults take part in the Flint's many programs, including the popular book discussion group, an avid writing group, author visits and more. The library also delivers library materials to homebound residents via the Outreach Program.

The library is open 24/7 via the Internet

The library boasts healthy circulation and attendance statistics with almost 5,000 Middleton residents owning a library card. The library participates in a regional consortium wherein books at other libraries can be located and borrowed by Middleton residents. The Flint Public Library makes its resources available to the community 51 hours per week, but people with Internet access can request books, renew books, search the online catalog, download eBooks, audio books, take a foreign language course or research online databases from the comfort of their homes 24/7 with a Middleton library card. Streaming music and videos are now offered too.

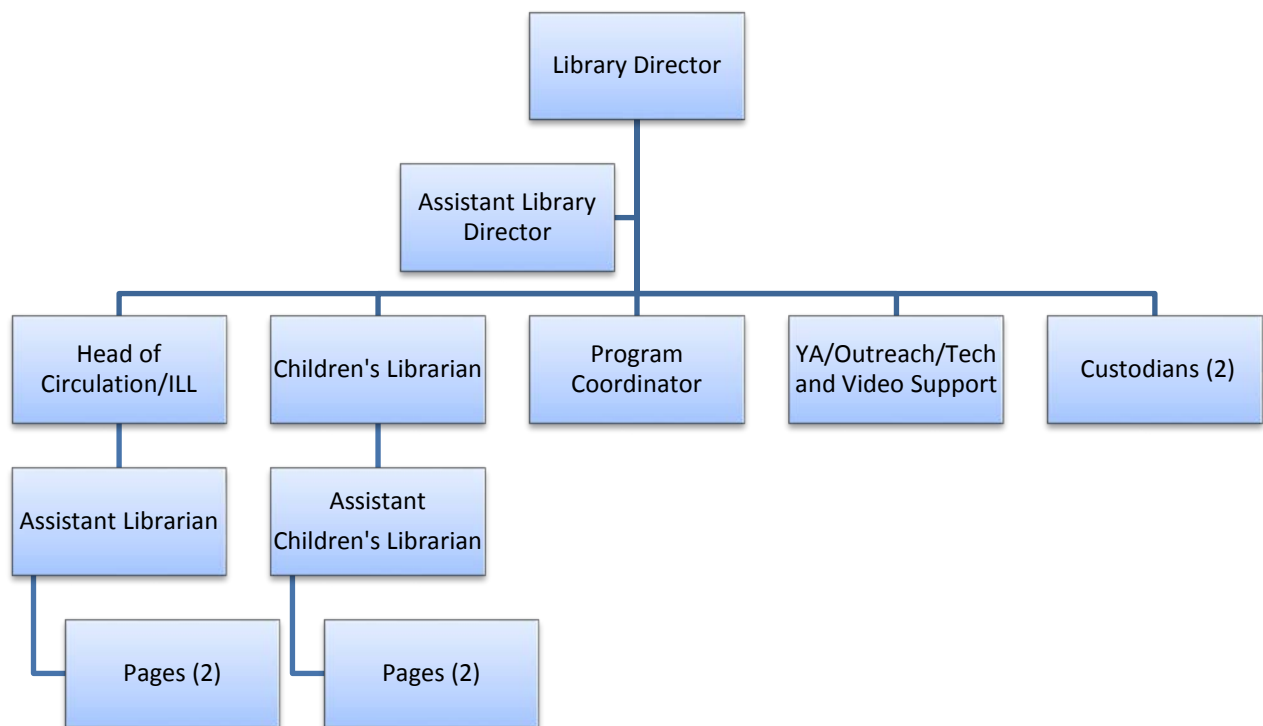
Community Meeting Space

The library Meeting Rooms provide a vital service to the community and are booked morning, noon, afternoon and night. Scout meetings, town committees, community groups, educational groups, and toastmasters, are just a few of the groups that find the meeting room space the ideal place to meet. The library is centrally located and has ample parking. The library also has two quiet study areas which are always in use by college students, post grad students or tutoring groups. The rooms are also used to proctor exams for online students or for small meetings.

Trustees and Friends

The library is supported through the Town of Middleton and overseen by an elected Board of Library Trustees who serve three-year terms and are responsible for overseeing policy decisions. The day-to-day operation of the library is entrusted to the Library Director. The Library Friends Group is a wonderful asset to the library, helping to promote the library and provide support. In the past year the Friends group contributed approximately \$24,000 in additional support to the library to fund library programs, pay for the museum passes, help with the library landscaping, underwrite the e-newsletter, and other projects not covered by the library's operating budget.

Organization Chart



Fiscal Year 2019 Goals and Objectives

- Create a welcoming environment that supports and promotes quiet study, group collaboration, culturally diverse programming, educational enrichment, and social connections for all members of our community.
- Expand the use of the library by providing excellent programs and services for all ages thereby increasing the number of registered patrons, the number of items checked out, and the number of people coming into the library by 4% each year.

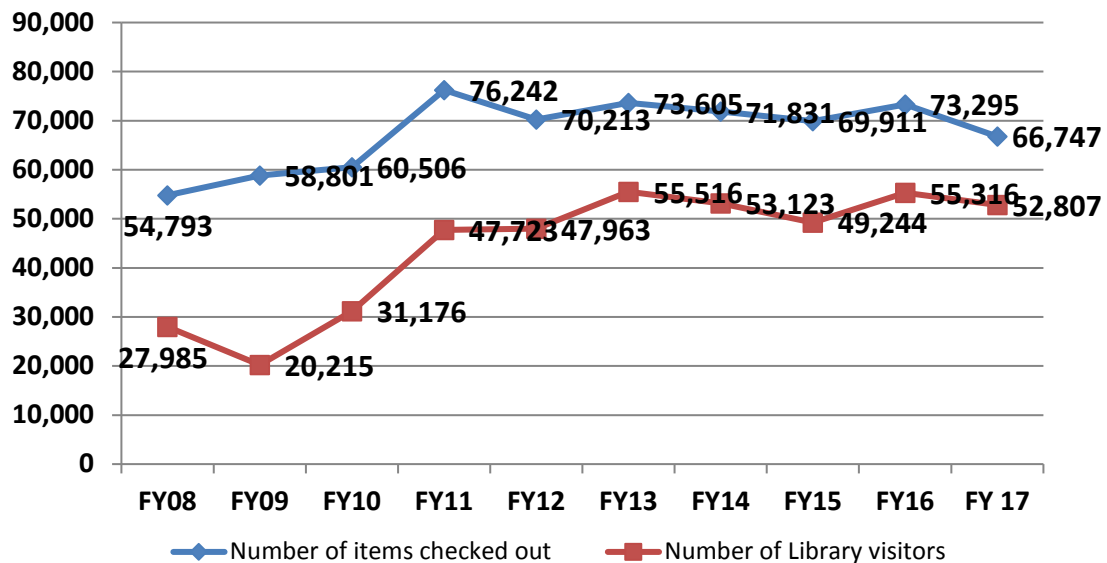
- Collaborate with other town groups and businesses to create a strong vibrant community -- MBOT, 1728 Club, COA, Chief Will events, Earth Day, scouts, and schools.
- Increase the visibility of the library in the community and promote how the library transforms people's lives for the better and welcomes all.
- Offer a state of the art program room complete with HDMI technology for presentations and video conferencing capability.
- Develop a strong volunteer organization that helps promote the library and offers a place for community service for those who are interested in helping at the library.

Fiscal Year 2018 Accomplishments

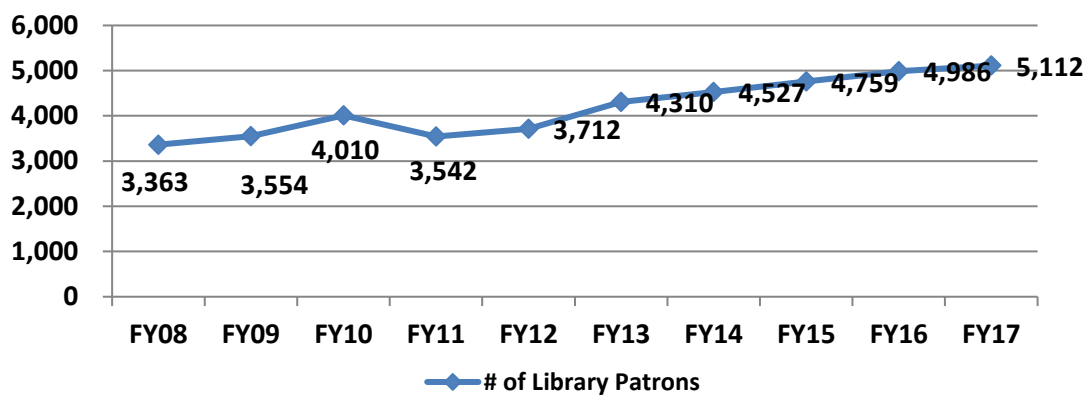
- The library successfully completed a 10 month long Community Read Program in collaboration with the Tri-Town Schools K-12 grade, the Tri-Town public libraries, media outlets, and the community, based on the book *Life is Good* by Bert and John Jacobs.
- The library added several new adult programs this past year including Fans of Nonfiction, a nonfiction book discussion group, the Socrates Cafe, a philosophical discussion group which focuses on American ideology and current events and Tai Chi, a gentle exercise program.
- The library digitized the first 30 years of the Tri-town Transcript 1962-1992 and made them available online in a searchable format from the library's website.
- The library added more programming for preschool age children such as craft programs, and Grand Times, a story time and craft especially designed for grandchildren and grandparents.
- The Long Range Plan Committee completed a strategic plan for FY 18 through FY 22. You may view the plan on the library's website at <https://www.flintlibrary.org> In addition, the committee created a Vision Statement which was approved by the Board of Trustees and states:
 "Our vision is to bring people to the library AND the library to people to exchange ideas, enlighten minds, empower lives and enrich the community."
- The library transitioned to a new library automated system called Symphony which will hopefully allow the staff to better serve our library patrons. This was a consortium-wide transition.

- The library staff have attended more trainings and workshops, as well as library services meetings than other years which has improved professional development and increased our customer service skills.
- The number of Middleton residents who own a library card has exceeded 5,000 for the first time ever.

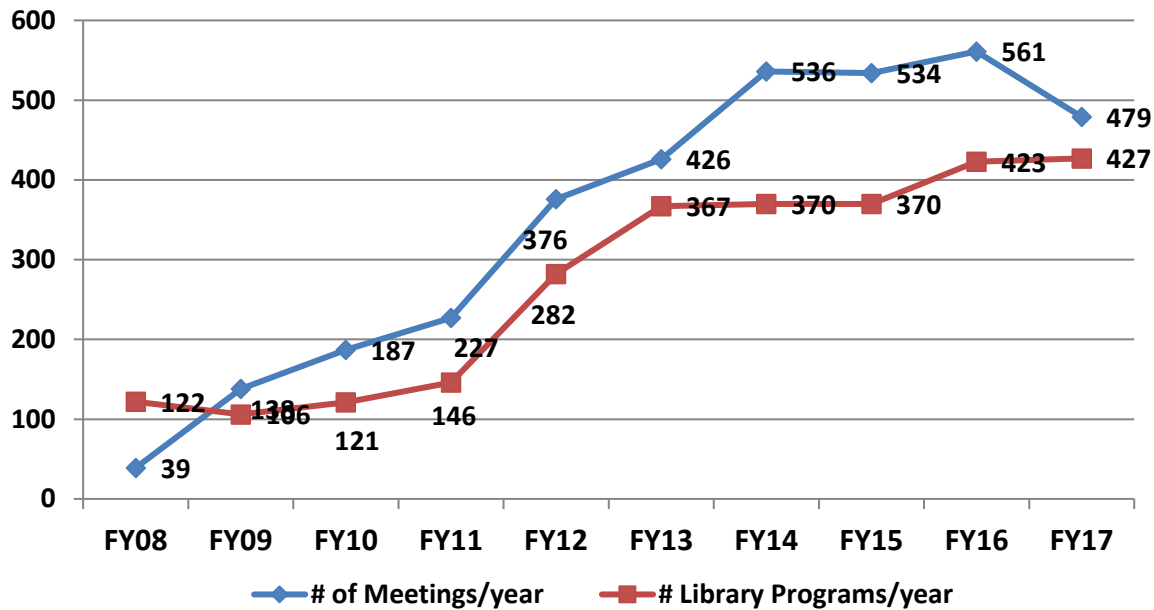
Number of Items checked out up 18% since FY08
Number of Library visitors up 47% since FY08



**Number of Middleton residents
with library cards up 34% from FY08**



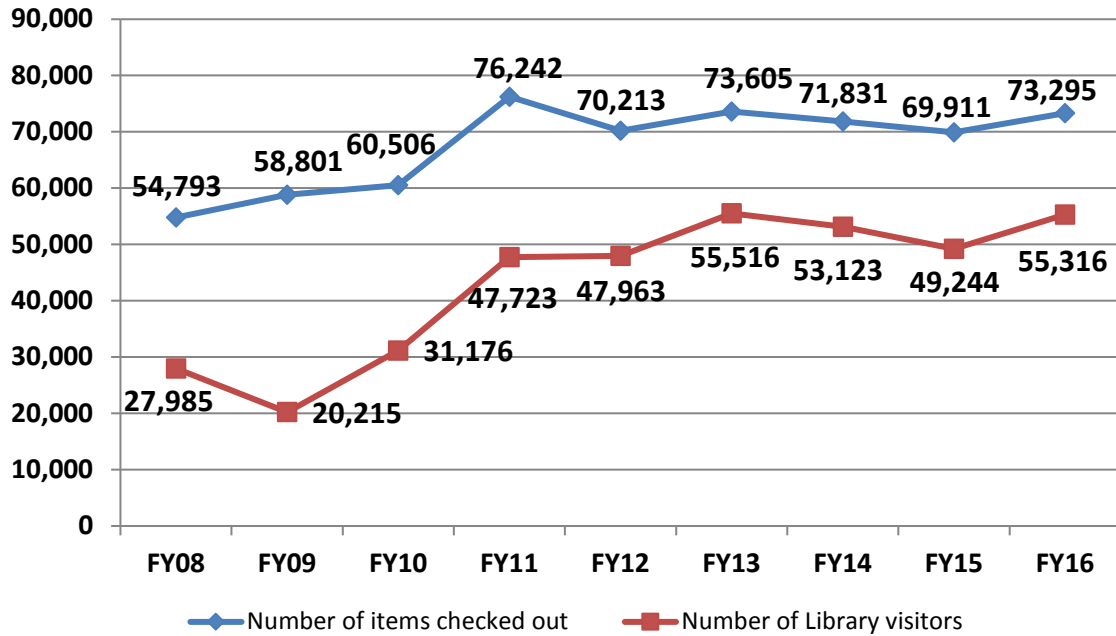
**Number of Meetings up 92% from FY08
Number of Library Programs up 71% from FY08**



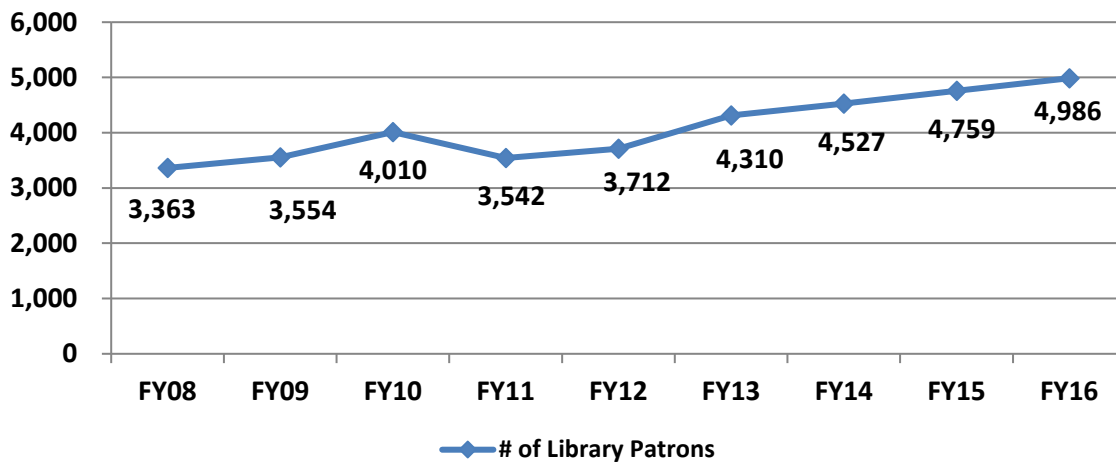
FY17 Accomplishments

- Sponsored a Tri-Town Community Reading Program with the "Life is Good" book and offered programs each month based on the 10 qualities of optimism.
- Two new online book discussion groups: "Just think...now" focused on personal growth and "The Flint Public Library Online Book Club" focused on sharing favorite books, authors and author visits.
- Record numbers at our preschool programs especially "Toddler Time," "Creative Kids," & "Get Moving with Ms. Jessica!" Added two more Toddler Time groups to accommodate.
- The library continued to be open on Sundays during the summer.
- Use of social media to promote the library including Facebook, Twitter, and Instagram.
- New more responsive website at www.flintlibrary.org
- Added a new non-fiction book discussion group called Socrates Cafe.
- Offered free streaming of videos and doubled the offering of eBook content.

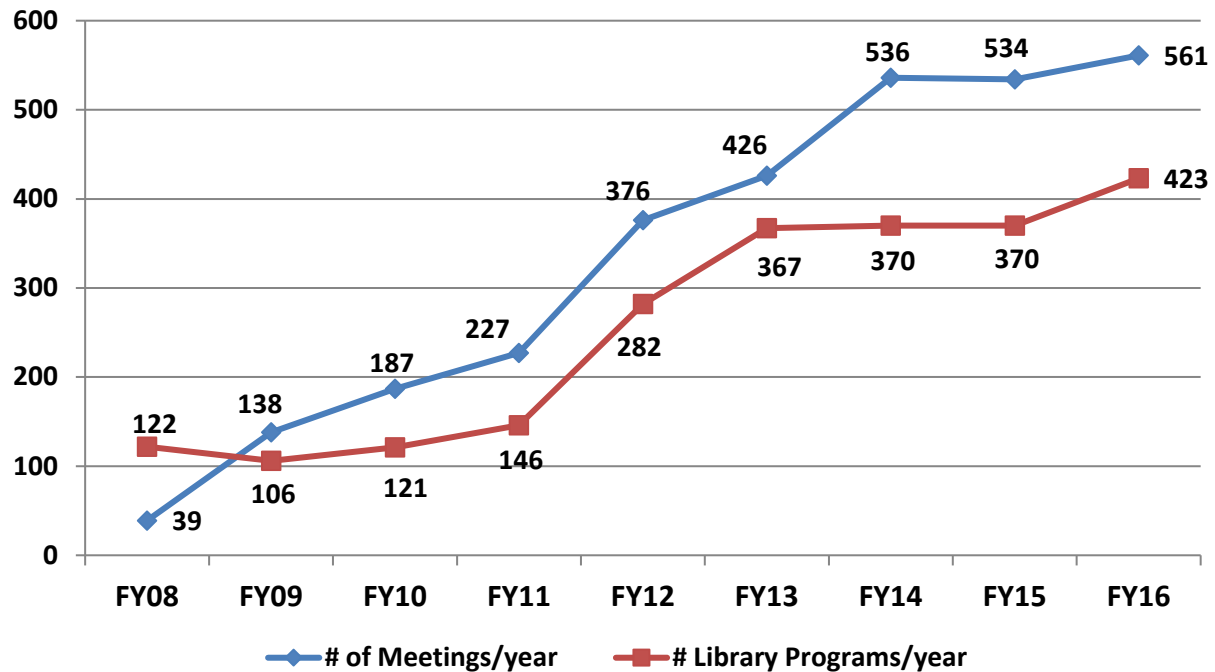
**Number of Items checked out up 25% since FY08
Number of Library visitors up 49% since FY08**



**Number of Middleton residents
with library cards up 33% from FY08**



Number of Meetings up 93% from FY08
Number of Library Programs up 71% from FY08

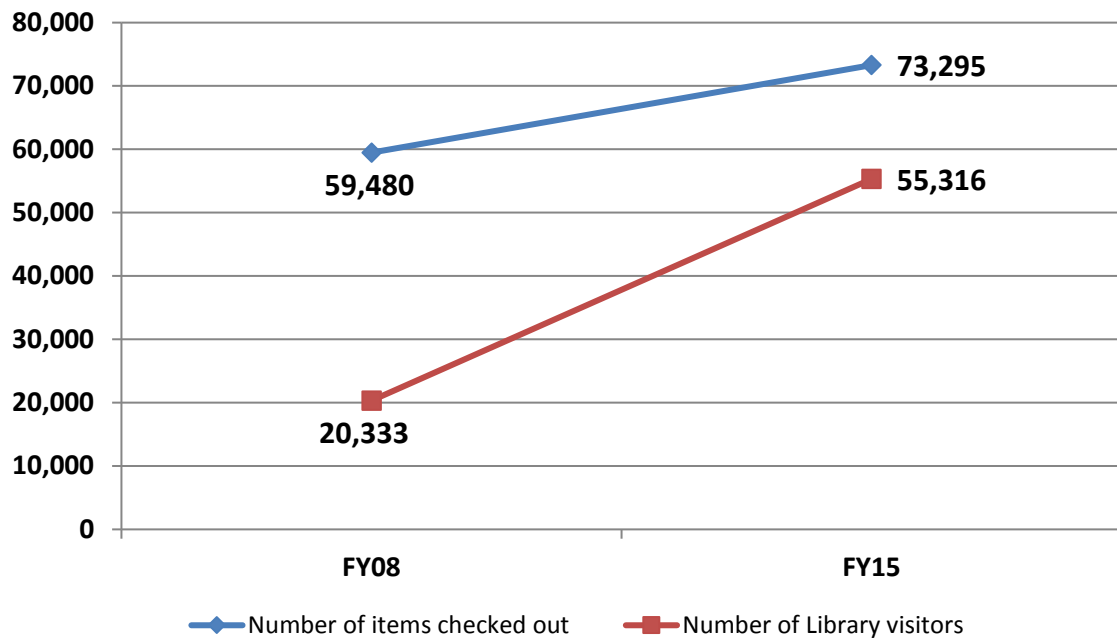


FY16 Accomplishments

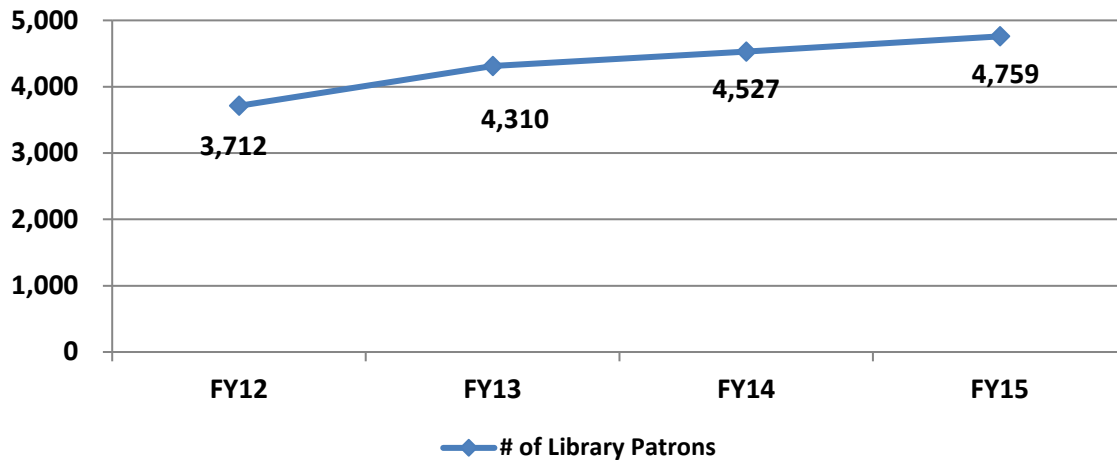
- Increased collaboration with local schools and other Middleton groups.
- Offered several Art Exhibits using the new Art Display System recently created.
- Promoted library and community events with new electronic sign.
- Sponsored a Community-wide Reading Program on the Fish Philosophy.
- Very successful Summer Reading Programs for all ages.
- Record numbers at our preschool programs especially "Toddler Time," "Creative Kids," & "Get Moving with Ms. Darcy!"
- Writing group self-published a book of poetry and short stories.
- The library continued to be open on Sundays during the summer.

- Updated the technology in the Meeting Room to high definition and the capability to broadcast live from the Flint to two local cable stations.
- Offered streaming videos through the Overdrive Collection.
- Joined the Commonwealth eBook Collection to offer more eBooks and audio books.
- Library staff participated in a half-day in-service training.

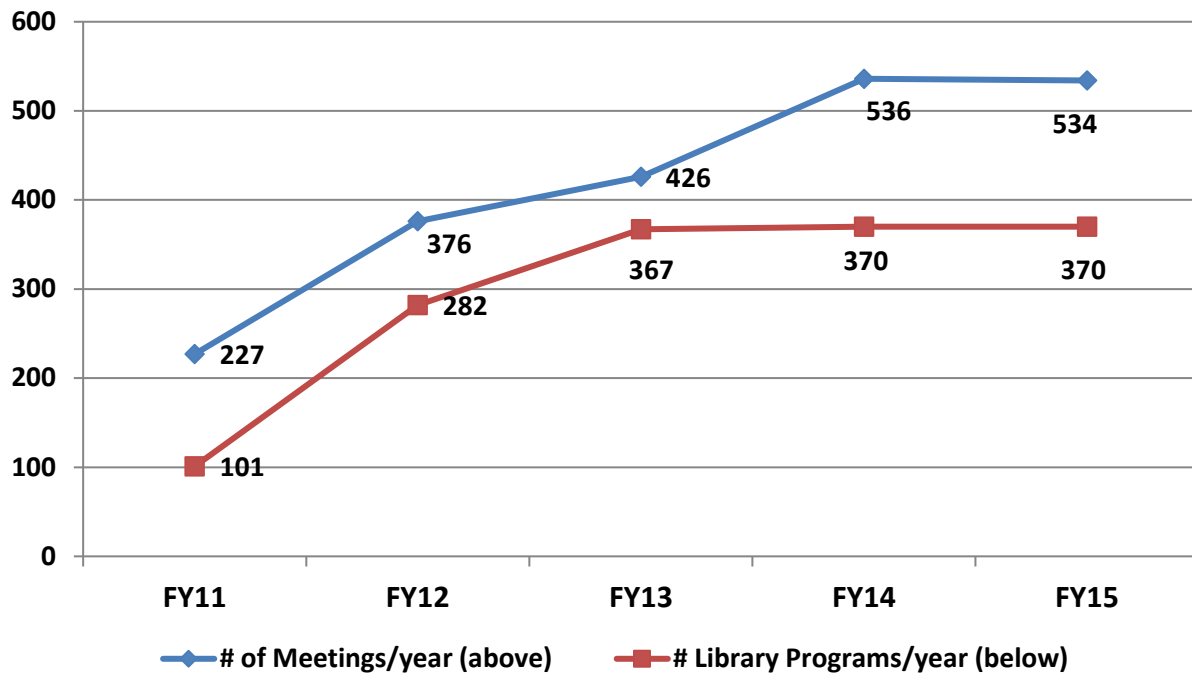
Number of Items checked out up 19% since FY08
Number of Library visitors up 63% since FY08



**Number of Middleton residents
with library cards up 22% from FY12**



**Number of Meetings up 58% from FY11
Number of Library Programs up 73% from FY11**

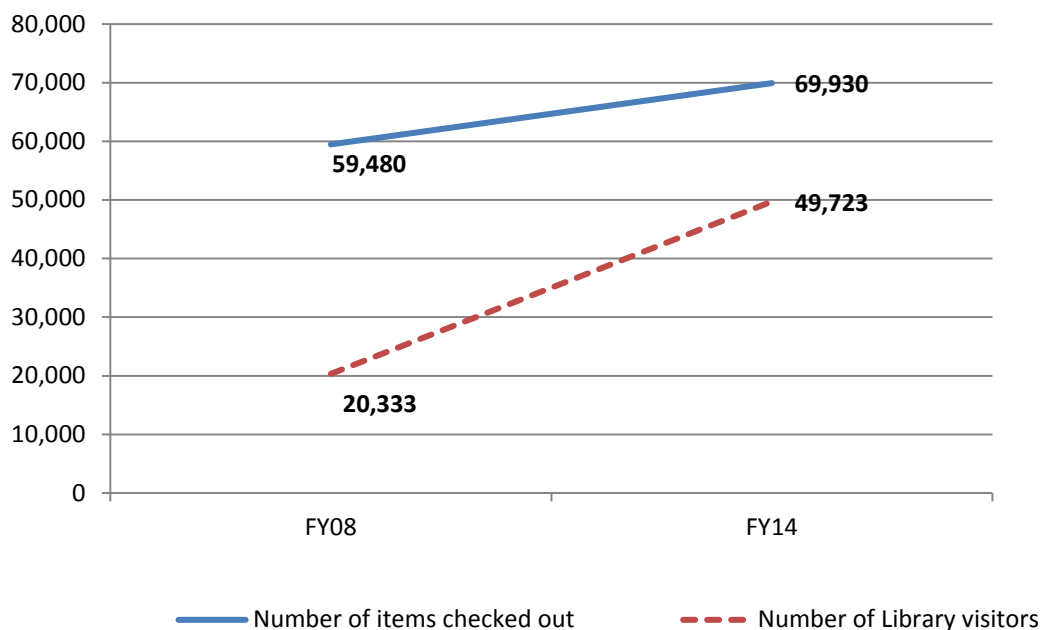


Note: Although the number of meetings has not increased since last year, the attendance at these meetings was up 400 people from FY14.

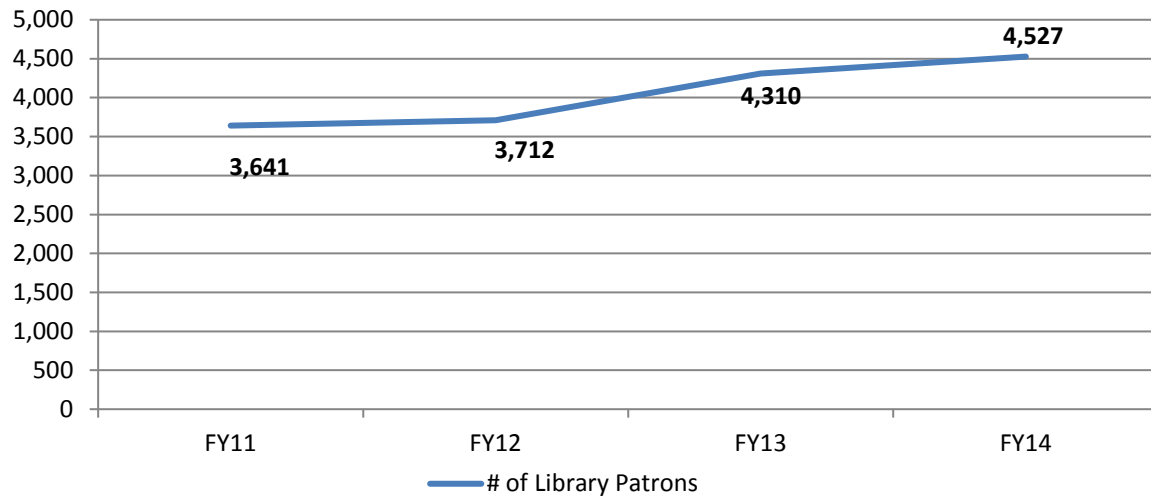
FY15 Accomplishments

- Increased collaboration with local schools and other groups.
- Increased visibility of the library through social media, press releases and the "Flock to the Flint!" promotion.
- Created an art venue in the Meeting Room for changing art displays.
- Promoted library and community events with new electronic sign.
- Very successful Summer Reading Programs for all ages.
- Added two new children's programs "Creative Kids" and "Get Moving with Ms. Darcy!"
- Started one new adult program-Chess Club.
- Writing group self-published a book of poetry and hosted a poetry & art show.
- Community dedication of the peaceful reading garden with peace pole.
- Completed library landscaping plan.
- The library was open on Sundays during the summer.
- Began videotaping programs and airing them on local access cable.
- Offered three hours of streaming music per patron per day.

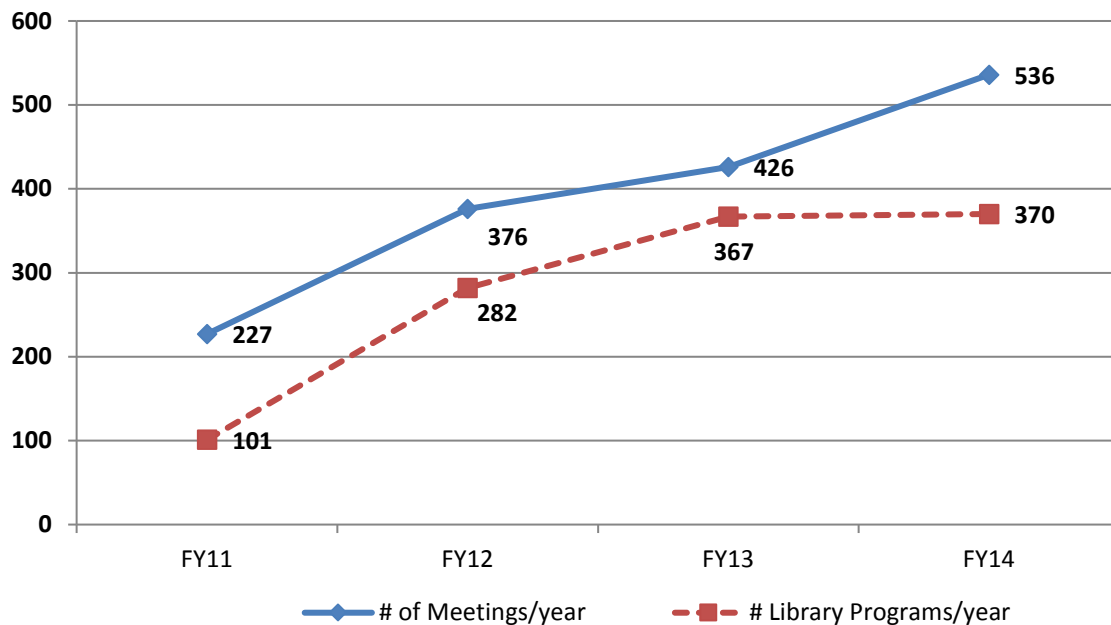
Number of Items checked out up 15% since FY08 Number of Library visitors up 60% since FY08



Number of Middleton residents with library cards up 20% from FY11



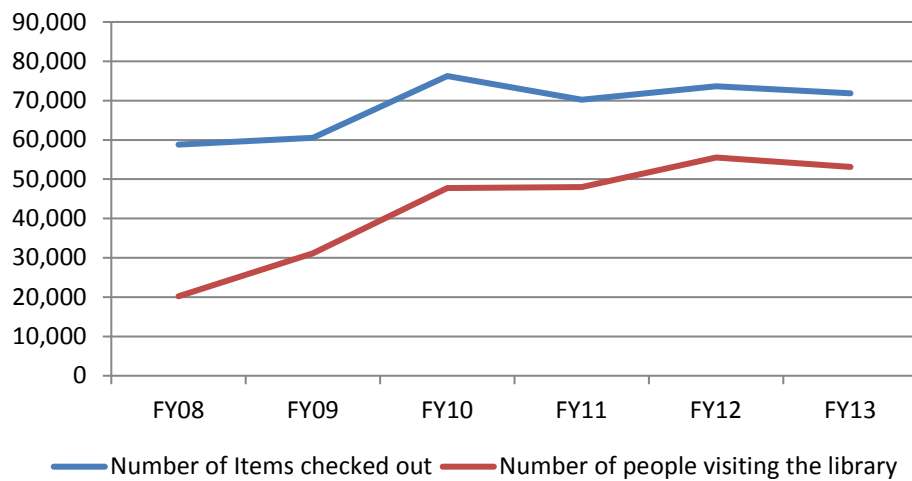
Number of Meetings up 58% from FY11 Number of Library Programs up 73% from FY11



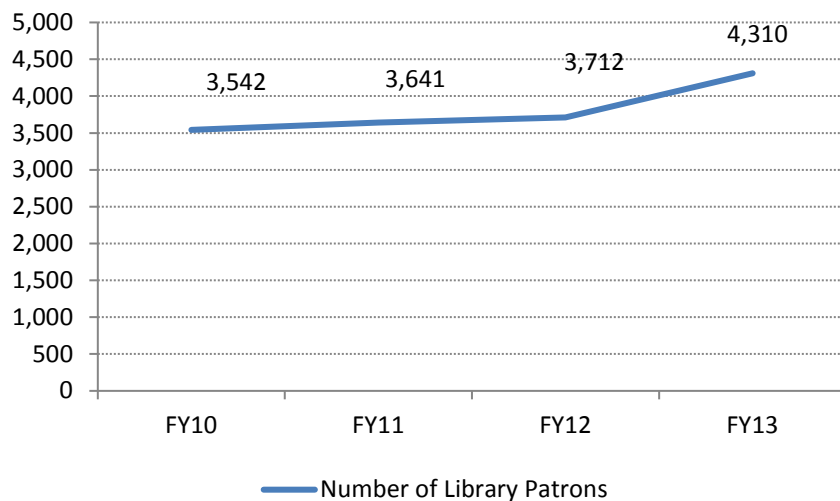
FY14 Accomplishments

- Increased the number of Middleton patrons 14%
- Successful Community Read Program
- Increased collaboration with local schools and other groups
- Provided Teen programs each month
- Upgraded library computers to Windows 7
- Began offering Fax services
- New library logo
- We now have the new outdoor sign to promote library and community events
- Expanded parking area
- Newly landscaped grounds

FY08-13 Items Checked Out and Library Visitors

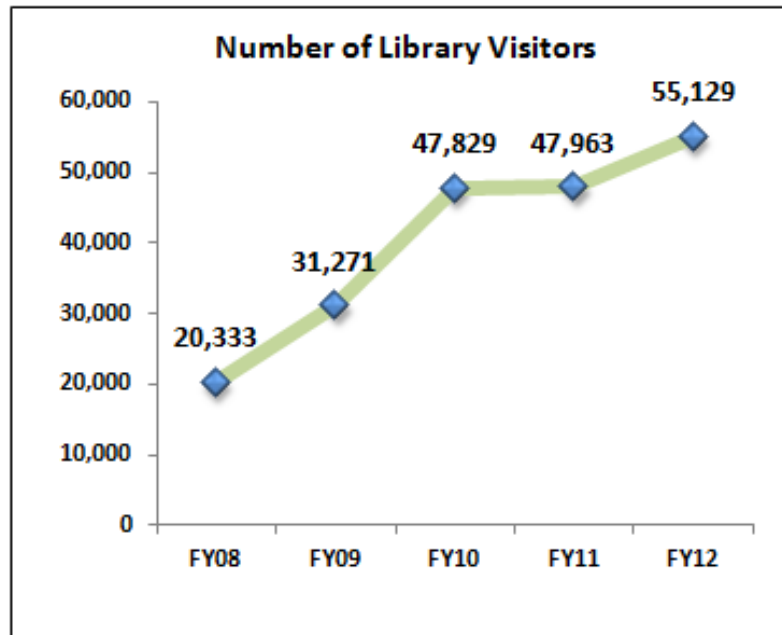


**Number of Middleton residents
with library cards up 14%**

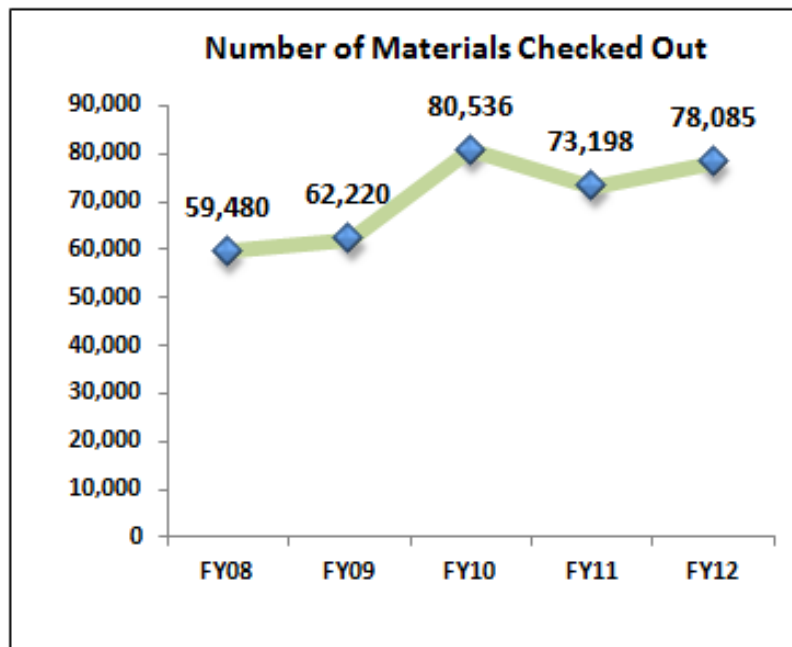


FY13 Accomplishments

- 12% increase in the number of patrons
- 6% increase in the number of books, audios, movies taken out
- 13% increase in the number of people coming in the library
- Received \$7,500 grant to sponsor Community Read Program in 2013 with a March 10, 2013 scheduled the kick-off



- 30% increase in the number of programs available to the public including Creative Kids at the Flint which provides early literacy and sensory experiences for children
- Doubled the number of ebook downloads
- Increased collaboration with local schools and other groups
- Introduced the Flint Public Library e-Newsletter



TOWN OF MIDDLETON, MASSACHUSETTS

Report on Examination of the Basic Financial Statements and
Additional Information

Year Ended June 30, 2018





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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Selectmen
Town of Middleton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Middleton, Massachusetts, (the "Town") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents, except for the Middleton Electric Light Department "the Light Department" "the Electric Light Department" or "MELD", which is as of December 31, 2017 and is a Town Department reported as an enterprise fund and part of the Town's business-type funds. We did not audit the financial statements of the Light Department. The Light Department represents 100% of the assets, net position, and operating revenues of the Town's business-type activities. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for this discretely presented component unit, is based solely on the report of the other auditors.

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.

Auditors' Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town as of June 30, 2018, except for the Light Department, which is as of December 31, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Restatement of Prior Year Ending Balances

As discussed in Note IV certain balances in the Government-Wide of Net Position were restated which caused the previously reported total net position in the governmental activities to be restated. Our opinion was 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 the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 6, 2018 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Roselli Clark & Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
November 6, 2018

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,032,318	\$ 2,529,398	\$ 10,561,716
Investments	6,684,538	9,022,266	15,706,804
Receivables, net:			
Property taxes	1,221,294	-	1,221,294
User charges	12,499	1,304,699	1,317,198
Departmental and other	524,685	792,751	1,317,436
Unbilled revenue	-	161,530	161,530
Inventory	-	605,397	605,397
Prepaid items	-	1,360,777	1,360,777
Other assets	-	1,881	1,881
Capital assets not being depreciated	6,829,045	2,174,079	9,003,124
Capital assets, net of accumulated depreciation	48,767,985	9,418,185	58,186,170
Total Assets	72,072,364	27,370,963	99,443,327
Deferred Outflows of Resources			
Related to Pensions	1,902,156	402,880	2,305,036
OPEB contributions made after measurement date	50,000	-	50,000
Total Deferred Outflows of Resources	1,952,156	402,880	2,355,036
Liabilities			
Warrants and accounts payable	1,495,059	848,391	2,343,450
Accrued payroll and withholdings	1,038,812	-	1,038,812
Accrued interest	164,364	-	164,364
Customer deposits	-	247,896	247,896
Other liabilities	23,842	268,204	292,046
Noncurrent liabilities:			
Due within one year	1,061,984	-	1,061,984
Due in more than one year	51,855,448	4,265,603	56,121,051
Total Liabilities	55,639,509	5,630,094	61,269,603
Deferred Inflows of Resources			
Related to Pensions	952,441	75,215	1,027,656
Related to OPEB	154,883	-	154,883
Total Deferred Inflows of Resources	1,107,324	75,215	1,182,539
Net Position			
Net investment in capital assets	40,911,838	11,592,264	52,504,102
Restricted for:			
Nonexpendable permanent funds	163,903	-	163,903
Expendable permanent funds	122,862	-	122,862
Grants and gifts	386,802	-	386,802
Other specific purposes	5,474,500	502,071	5,976,571
Unrestricted	(29,782,218)	9,974,199	(19,808,019)
Total Net Position	\$ 17,277,687	\$ 22,068,534	\$ 39,346,221

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,570,318	\$ 457,776	\$ 121,627	\$ -	\$ (1,990,915)		\$ (1,990,915)
Public safety	5,475,166	1,073,179	8,325	30,357	(4,363,305)		(4,363,305)
Education	27,451,770	702,535	4,043,213	-	(22,706,022)		(22,706,022)
Public works	2,864,444	746,462	19,201	288,818	(1,809,963)		(1,809,963)
Health and human services	730,824	66,838	171,482	-	(492,504)		(492,504)
Culture and recreation	998,083	20,042	16,048	35,964	(926,029)		(926,029)
Interest expense	346,771	2,462	-	-	(344,309)		(344,309)
Total governmental activities	40,437,376	3,069,294	4,379,896	355,139	(32,633,047)		(32,633,047)
Business-type activities:							
Electric Light	12,045,856	13,343,136	469,879	-		\$ 1,767,159	1,767,159
Total business-type activities	12,045,856	13,343,136	469,879	-		1,767,159	1,767,159
Total Primary Government	\$ 52,483,232	\$ 16,412,430	\$ 4,849,775	\$ 355,139	(32,633,047)	1,767,159	(30,865,888)
		<u>General Revenues:</u>					
		Property taxes			27,899,193	-	27,899,193
		Motor vehicle and other excise			2,452,278	-	2,452,278
		Payments in lieu of taxes			130,693	-	130,693
		Grants and contributions not restricted to specific programs			359,613	-	359,613
		Penalties and interest on taxes			84,450	-	84,450
		Unrestricted investment income			89,470	552,896	642,366
		<u>Transfers (net)</u>			204,000	(204,000)	-
		Total general revenues			31,219,697	348,896	31,568,593
		Change in Net Position			(1,413,350)	2,116,055	702,705
		<u>Net Position:</u>					
		Beginning of year, as restated			18,691,037	19,952,479	38,643,516
		End of year			\$ 17,277,687	\$ 22,068,534	\$ 39,346,221

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 9,375,057	\$ 162,946	\$ 5,178,853	\$ 14,716,856
Investments	-	-	-	-
Receivables, net of allowance for uncollectibles:				
Property taxes	1,208,987	-	12,307	1,221,294
Intergovernmental	-	-	-	-
User charges	-	-	12,499	12,499
Departmental and other	187,581	-	337,104	524,685
Total Assets	10,771,625	162,946	5,540,763	16,475,334
Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 10,771,625	\$ 162,946	\$ 5,540,763	\$ 16,475,334
Liabilities				
Warrants and accounts payable	\$ 1,495,059	\$ -	\$ -	\$ 1,495,059
Accrued payroll and withholdings	1,038,812	-	-	1,038,812
Other liabilities	-	-	23,842	23,842
Total Liabilities	2,533,871	-	23,842	2,557,713
Deferred Inflows of Resources				
Unavailable revenues - property taxes	1,208,987	-	12,307	1,221,294
Unavailable revenues - other	187,581	-	349,603	537,184
Total Deferred Inflows of Resources	1,396,568	-	361,910	1,758,478
Fund Balances				
Nonspendable	-	-	163,903	163,903
Restricted	387,660	162,946	4,991,108	5,541,714
Committed	541,351	-	-	541,351
Assigned	1,332,366	-	-	1,332,366
Unassigned	4,579,809	-	-	4,579,809
Total Fund Balances	6,841,186	162,946	5,155,011	12,159,143
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,771,625	\$ 162,946	\$ 5,540,763	\$ 16,475,334

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Governmental Fund Balances	\$ 12,159,143
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	55,597,030
Other long-term assets are unavailable to pay current-period expenditures	1,758,478
Deferred outflows and inflows of resources to be recognized in future pension expense and OPEB expense are not available resources and, therefore, are not reported in the funds:	
Net difference between projected and actual earnings - pension related	(695,724)
Changes of assumptions - pension related	1,297,377
Differences between expected and actual experience - pension related	(223,626)
Changes in proportion and differences between Town contributions and the proportionate share of contributions - pension related	571,688
Net difference between projected and actual earnings - OPEB related	(114,837)
Differences between expected and actual experience - OPEB related	(40,046)
OPEB contribution made subsequent to the measurement date	50,000
	<u>844,832</u>
Net effect of reporting deferred outflows and inflows of resources	844,832
In the Statement of Activities, interest is accrued on outstanding long-term debt whereas in the governmental funds interest is not reported until due.	(164,364)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the government funds:	
Bonds and notes payable	(14,890,961)
Unamortized premiums on bonds	(328,187)
Landfill closure	(892,500)
Net pension liability	(15,801,844)
Other postemployment benefits	(21,003,940)
	<u>(52,917,432)</u>
Net effect of reporting long-term liabilities	(52,917,432)
Net Position of Governmental Activities	\$ <u>17,277,687</u>
See accompanying notes to basic financial statements.	

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 27,503,488	\$ -	\$ 222,018	\$ 27,725,506
Intergovernmental	4,416,013	-	726,843	5,142,856
Motor vehicle and other excises	2,478,473	-	-	2,478,473
Licenses and permits	685,476	-	-	685,476
Penalties and interest on taxes	84,450	-	-	84,450
Payments in lieu of taxes	130,693	-	-	130,693
Fines and forfeitures	13,585	-	-	13,585
Charges for services	-	-	1,029,936	1,029,936
Departmental and other revenue	429,141	-	994,923	1,424,064
Investment income	84,958	-	4,512	89,470
Contributions and donations	-	-	56,215	56,215
Total Revenues	35,826,277	-	3,034,447	38,860,724
Expenditures:				
Current:				
General government	1,930,141	1,232	50,889	1,982,262
Public safety	4,003,559	-	42,986	4,046,545
Education	21,904,063	-	910,501	22,814,564
Public works	1,757,677	-	645,827	2,403,504
Health and human services	524,651	-	83,490	608,141
Culture and recreation	551,463	-	44,639	596,102
Pension and employee benefits	4,306,150	-	-	4,306,150
State and county assessments	422,654	-	-	422,654
Debt service:				
Principal	968,063	-	104,423	1,072,486
Interest	390,864	-	9,890	400,754
Total Expenditures	36,759,285	1,232	1,892,645	38,653,162
Excess (Deficiency) of Revenues Over (Under) Expenditures	(933,008)	(1,232)	1,141,802	207,562
Other Financing Sources (Uses):				
Transfers in	953,401	-	140,342	1,093,743
Transfers out	(140,342)	-	(749,401)	(889,743)
Total Other Financing Sources (Uses)	813,059	-	(609,059)	204,000
Net Change in Fund Balances	(119,949)	(1,232)	532,743	411,562
FUND BALANCES - Beginning of year, as restated (See Note IV)	6,961,135	164,178	4,622,268	11,747,581
FUND BALANCES - End of year	\$ 6,841,186	\$ 162,946	\$ 5,155,011	\$ 12,159,143

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances - Total Governmental Fund Balances	\$ 411,562
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net amounts are reflected here as reconciling items:	
Capital outlays	969,012
Depreciation expense	(2,295,737)
	<hr/>
Net effect of reporting capital assets	(1,326,725)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. The net amounts are reflected here as reconciling items:	
Amortization of premiums on bonds and notes payable	43,587
Repayments of debt	968,063
	<hr/>
Net effect of reporting long-term debt	1,011,650
Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. The amount presented represents the difference in unavailable revenue.	
	63,725
In the Statement of Activities, interest is accrued on outstanding long-term debt; whereas in governmental funds interest is not reported until due. The net amount presented here as a reconciling item represents the difference in accruals between this year and the prior year.	
	10,396
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Landfill closure	52,500
Pension benefits	(523,531)
Other postemployment benefits	(1,112,927)
	<hr/>
Net effect of reporting long-term liabilities	(1,583,958)
Change in Net Position of Governmental Activities	\$ (1,413,350)
See accompanying notes to basic financial statements.	

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities Electric Light Enterprise (December 31, 2017)
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,529,398
Investments	9,022,266
Receivables (net):	
User charges	1,304,699
Departmental and other	792,751
Unbilled revenue	161,530
Inventory	605,397
Prepaid items	1,360,777
Other current assets	1,881
Total current assets	15,778,699
Noncurrent assets:	
Nondepreciable capital assets	2,174,079
Capital assets (net of depreciation)	9,418,185
Total noncurrent assets	11,592,264
Total Assets	27,370,963
Deferred Outflows of Resources	
Deferred pensions	402,880
Total Deferred Outflows of Resources	402,880
Liabilities	
Current liabilities:	
Warrants and accounts payable	848,391
Customer deposits	247,896
Other liabilities	268,204
Total current liabilities	1,364,491
Noncurrent liabilities:	
Compensated absences	66,954
Other postemployment benefits	355,748
Net pension liability	3,842,901
Total noncurrent liabilities	4,265,603
Total Liabilities	5,630,094
Deferred Inflows of Resources	
Deferred pensions	75,215
Total Deferred Inflows of Resources	75,215
Net Position	
Net investment in capital assets	11,592,264
Restricted	502,071
Unrestricted	9,974,199
Total Net Position	\$ 22,068,534

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities Electric Light Enterprise (December 31, 2017)
Operating Revenues:	
Charges for services	\$ 13,343,136
Other operating revenues	469,879
Total Operating Revenues	13,813,015
Operating Expenses:	
Purchased power and production	9,111,930
Other operating expenses	2,269,233
Depreciation	664,693
Total Operating Expenses	12,045,856
Operating Income (Loss)	1,767,159
Nonoperating Revenues (Expenses):	
Investment income	552,896
Total Nonoperating Revenues (Expenses)	552,896
Income (Loss) Before Transfers	2,320,055
Transfers out	(204,000)
Change in Net Position	2,116,055
Total Net Position - Beginning of the Year	19,952,479
Total Net Position - End of the Year	\$ 22,068,534

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities Electric Light Enterprise (December 31, 2017)
Cash Flows from Operating Activities:	
Receipts from customers	\$ 13,253,495
Payments to suppliers	(9,339,356)
Payments to employees	(2,053,217)
Operating transfers out	(204,000)
Net Cash Provided by (Used in) Operating Activities	1,656,922
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(2,791,297)
Net Cash Used in Capital and Related Financing Activities	(2,791,297)
Cash Flows from Investing Activities:	
Investment income	552,896
Investment of operating cash, net	493,060
Net Cash Provided by (Used in) Investing Activities	1,045,956
Net Change in Cash and Cash Equivalents	(88,419)
Cash and Cash Equivalents:	
Beginning of the year	2,617,817
End of the year	\$ 2,529,398
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating Income (Loss)	\$ 1,767,159
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Operating transfers out	(204,000)
Depreciation	664,693
Changes in assets and liabilities:	
Receivables	(645,157)
Unbilled revenue	(11,032)
Inventory	16,486
Prepaid items	(67,706)
Accounts payable	191,243
Customer deposits	96,669
Other liabilities	26,179
Other postemployment benefit liability	(168,725)
Net pension liability	(8,887)
Net Cash Provided by (Used in) Operating Activities	\$ 1,656,922

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

		(Light Department) December 31, 2017		
	Other Postemployment Benefits Trust Fund	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
Assets				
Cash and cash equivalents	\$ 1,145,658	\$ 583,364	\$ 134,946	\$ 399,482
Investments	-	-	472,961	-
Total Assets	<u>1,145,658</u>	<u>583,364</u>	<u>607,907</u>	<u>399,482</u>
Liabilities				
Agency liabilities	-	-	-	399,482
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>399,482</u>
Net Position				
Held in trust for other postemployment benefits	1,145,658	583,364	-	-
Held in trust for private purposes	-	-	607,907	-
Total Net Position	<u>\$ 1,145,658</u>	<u>\$ 583,364</u>	<u>\$ 607,907</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2018

	Other Postemployment Benefits Trust Fund	(Light Department) December 31, 2017 Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
Additions			
Contributions:			
Employer	\$ 615,578	\$ 250,000	\$ -
Other	-	-	2,730
Total contributions	615,578	250,000	2,730
Investment income:			
Interest and dividends	96,789	72,781	38,521
Total Additions	712,367	322,781	41,251
Deductions			
Education - scholarships	-	-	3,000
Public safety	-	-	6,953
Health and human services	-	-	19,818
Retiree benefits	565,578	-	-
Total Deductions	565,578	-	29,771
CHANGE IN NET POSITION	146,789	322,781	11,480
NET POSITION AT BEGINNING OF YEAR	998,868	260,583	596,427
NET POSITION AT END OF YEAR	<u>\$ 1,145,657</u>	<u>\$ 583,364</u>	<u>\$ 607,907</u>

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

Report on Examination of
Basic Financial Statements
and Additional Information
Year Ended June 30, 2017

Report on Internal Control
Over Financial Reporting and
On Compliance and Other Matters
Year Ended June 30, 2017



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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Selectmen
Town of Middleton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Middleton, Massachusetts, (the "Town") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents, except for the Middleton Electric Light Department "the Light Department" "the Electric Light Department" or "MELD", which is as of December 31, 2016 and is a Town Department reported as an enterprise fund and part of the Town's business-type funds. We did not audit the financial statements of the Light Department. The Light Department represents 100% of the assets, net position, and operating revenues of the Town's business-type activities. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for this discretely presented component unit, is based solely on the report of the other auditors.

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.

Auditors' Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town as of June 30, 2017, except for the Light Department, which is as of December 31, 2016, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Restatement of Prior Year Ending Balances

As discussed in Note IV certain balances in the Government-Wide of Net Position were restated which caused the previously reported total net position in the governmental activities to be restated. Our opinion was 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, the schedules of the Town's proportionate share of net pension liability and contributions to pension plan, the schedule of the Commonwealth's collective share of the Massachusetts Teachers' Retirement System's net pension liability, the funding progress and contribution funding for other postemployment benefits, the schedules of changes in net other postemployment liability, ratios and contributions, schedule of investment returns for other postemployment benefit plans and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Roselli, Clark and Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
December 21, 2017

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 13,569,940	\$ 2,617,817	\$ 16,187,757
Investments	268,879	9,515,326	9,784,205
Receivables, net:			
Property taxes	1,047,607	-	1,047,607
User charges	-	1,392,326	1,392,326
Departmental and other	647,146	59,967	707,113
Unbilled revenue	-	150,498	150,498
Inventory	-	621,883	621,883
Prepaid items	-	1,293,071	1,293,071
Other assets	-	1,881	1,881
Capital assets not being depreciated	7,130,627	327,323	7,457,950
Capital assets, net of accumulated depreciation	49,793,128	9,138,338	58,931,466
Total Assets	72,457,327	25,118,430	97,575,757
Deferred Outflows of Resources			
Deferred pensions	1,642,197	402,880	2,045,077
Total Deferred Outflows of Resources	1,642,197	402,880	2,045,077
Liabilities			
Warrants and accounts payable	1,083,072	657,148	1,740,220
Accrued payroll and withholdings	934,022	-	934,022
Accrued interest	174,760	-	174,760
Customer deposits	-	151,227	151,227
Other liabilities	74,144	242,025	316,169
Noncurrent liabilities:			
Due within one year	1,064,150	-	1,064,150
Due in more than one year	41,834,058	4,443,216	46,277,274
Total Liabilities	45,164,206	5,493,616	50,657,822
Deferred Inflows of Resources			
Deferred pensions	306,587	75,215	381,802
Total Deferred Inflows of Resources	306,587	75,215	381,802
Net Position			
Net investment in capital assets	40,899,959	9,465,661	50,365,620
Restricted for:			
Nonexpendable permanent funds	148,503	-	148,503
Expendable permanent funds	120,376	-	120,376
Grants and gifts	404,819	-	404,819
Other specific purposes	4,968,700	202,071	5,170,771
Unrestricted	(17,913,626)	10,284,747	(7,628,879)
Total Net Position	\$ 28,628,731	\$ 19,952,479	\$ 48,581,210

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,497,652	\$ 457,561	\$ 121,627	\$ -	\$ (1,918,464)		\$ (1,918,464)
Public safety	5,365,077	1,208,278	8,325	66,416	(4,082,058)		(4,082,058)
Education	26,796,587	662,278	3,928,081	43,127	(22,163,101)		(22,163,101)
Public works	2,958,560	796,462	15,618	518,614	(1,627,866)		(1,627,866)
Health and human services	665,455	52,613	171,482	-	(441,360)		(441,360)
Culture and recreation	1,107,685	20,042	16,048	40,318	(1,031,277)		(1,031,277)
Interest expense	473,640	2,462	-	-	(471,178)		(471,178)
Total governmental activities	39,864,656	3,199,696	4,261,181	668,475	(31,735,304)		(31,735,304)
Business-type activities:							
Electric Light	13,092,925	13,629,964	147,610	-		\$ 684,649	684,649
Total business-type activities	13,092,925	13,629,964	147,610	-		684,649	684,649
Total Primary Government	\$ 52,957,581	\$ 16,829,660	\$ 4,408,791	\$ 668,475	(31,735,304)	684,649	(31,050,655)
<u>General Revenues:</u>							
Property taxes					26,182,322	-	26,182,322
Motor vehicle and other excise					2,307,173	-	2,307,173
Payments in lieu of taxes					145,048	-	145,048
Grants and contributions not restricted to specific programs					545,544	-	545,544
Penalties and interest on taxes					102,749	-	102,749
Unrestricted investment income					55,053	312,520	367,573
Transfers (net)					220,000	(220,000)	-
Total general revenues					29,557,889	92,520	29,650,409
Change in Net Position					(2,177,415)	777,169	(1,400,246)
<u>Net Position:</u>							
Beginning of year, as restated					30,806,146	19,175,310	49,981,456
End of year					\$ 28,628,731	\$ 19,952,479	\$ 48,581,210

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 9,017,216	\$ 164,178	\$ 4,392,904	\$ 13,574,298
Investments	-	-	264,521	264,521
Receivables, net of allowance for uncollectibles:				
Property taxes	1,044,232	-	3,375	1,047,607
Departmental and other	208,073	-	439,073	647,146
Total Assets	<u>10,269,521</u>	<u>164,178</u>	<u>5,099,873</u>	<u>15,533,572</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 10,269,521</u>	<u>\$ 164,178</u>	<u>\$ 5,099,873</u>	<u>\$ 15,533,572</u>
Liabilities				
Warrants and accounts payable	\$ 1,083,072	\$ -	\$ -	\$ 1,083,072
Accrued payroll and withholdings	934,022	-	-	934,022
Other liabilities	38,987	-	35,157	74,144
Total Liabilities	<u>2,056,081</u>	<u>-</u>	<u>35,157</u>	<u>2,091,238</u>
Deferred Inflows of Resources				
Unavailable revenues - property taxes	1,044,232	-	3,375	1,047,607
Unavailable revenues - other	208,073	-	439,073	647,146
Total Deferred Inflows of Resources	<u>1,252,305</u>	<u>-</u>	<u>442,448</u>	<u>1,694,753</u>
Fund Balances				
Nonspendable	-	-	148,503	148,503
Restricted	413,504	164,178	4,473,765	5,051,447
Committed	578,819	-	-	578,819
Assigned	1,494,972	-	-	1,494,972
Unassigned	4,473,840	-	-	4,473,840
Total Fund Balances	<u>6,961,135</u>	<u>164,178</u>	<u>4,622,268</u>	<u>11,747,581</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,269,521</u>	<u>\$ 164,178</u>	<u>\$ 5,099,873</u>	<u>\$ 15,533,572</u>

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION

JUNE 30, 2017

Total Governmental Fund Balances	\$ 11,747,581
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	56,923,755
Other long-term assets are unavailable to pay current-period expenditures	1,694,753
Deferred outflows and inflows of resources to be recognized in future pension expense are not available resources and, therefore, are not reported in the funds:	
Net difference between projected and actual earnings on pension plan investments	686,171
Changes of assumptions	663,864
Differences between expected and actual experience	(282,087)
Changes in proportion and differences between Town contributions and the proportionate share of contributions	<u>267,662</u>
Net effect of reporting deferred outflows and inflows of resources	1,335,610
In the Statement of Activities, interest is accrued on outstanding long-term debt whereas in the governmental funds interest is not reported until due.	(174,760)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the government funds:	
Bonds and notes payable	(15,859,024)
Unamortized premiums on bonds	(371,774)
Landfill closure	(945,000)
Net pension liability	(15,664,208)
Other postemployment benefits	<u>(10,058,202)</u>
Net effect of reporting long-term liabilities	<u>(42,898,208)</u>
Net Position of Governmental Activities	<u>\$ 28,628,731</u>

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 25,960,835	\$ -	\$ 207,537	\$ 26,168,372
Intergovernmental	4,274,440	43,127	1,105,001	5,422,568
Motor vehicle and other excises	2,288,448	-	-	2,288,448
Licenses and permits	611,907	-	-	611,907
Penalties and interest on taxes	102,749	-	-	102,749
Payments in lieu of taxes	145,048	-	-	145,048
Fines and forfeitures	18,255	-	-	18,255
Charges for services	-	-	1,127,046	1,127,046
Departmental and other revenue	383,772	-	1,000,035	1,383,807
Investment income	51,917	-	3,136	55,053
Contributions and donations	-	-	52,632	52,632
Total Revenues	33,837,371	43,127	3,495,387	37,375,885
Expenditures:				
Current:				
General government	1,798,469	-	121,294	1,919,763
Public safety	3,787,818	-	330,616	4,118,434
Education	20,597,450	37,841	961,550	21,596,841
Public works	1,518,206	-	1,199,194	2,717,400
Health and human services	457,998	-	76,434	534,432
Culture and recreation	518,800	32,783	97,328	648,911
Pension and employee benefits	4,045,605	-	-	4,045,605
State and county assessments	416,287	-	-	416,287
Debt service:				
Principal	742,314	-	103,749	846,063
Interest	507,147	-	11,430	518,577
Total Expenditures	34,390,094	70,624	2,901,595	37,362,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	(552,723)	(27,497)	593,792	13,572
Other Financing Sources (Uses):				
Transfers in	905,503	-	12,163	917,666
Transfers out	(12,163)	-	(685,503)	(697,666)
Proceeds from 1-t debt issuance	-	1,312,000	-	1,312,000
Total Other Financing Sources (Uses)	893,340	1,312,000	(673,340)	1,532,000
Net Change in Fund Balances	340,617	1,284,503	(79,548)	1,545,572
FUND BALANCES - Beginning of year, as restated (See Note IV)	6,620,518	(1,120,325)	4,701,816	10,202,009
FUND BALANCES - End of year	\$ 6,961,135	\$ 164,178	\$ 4,622,268	\$ 11,747,581

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2017**

Net Change in Fund Balances - Total Governmental Fund Balances **\$ 1,545,572**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net amounts are reflected here as reconciling items:

Capital outlays	1,603,496	
Depreciation expense	(2,977,690)	
Loss on sale of assets	<u>(145,105)</u>	
Net effect of reporting capital assets		(1,519,299)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. The net amounts are reflected here as reconciling items:

Issuances of general obligation bonds and notes	(1,312,000)	
Amortization of premiums on bonds and notes payable	45,692	
Repayments of debt	<u>846,063</u>	
Net effect of reporting long-term debt		(420,245)

Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. The amount presented represents the difference in unavailable revenue.

91,356

In the Statement of Activities, interest is accrued on outstanding long-term debt; whereas in governmental funds interest is not reported until due. The net amount presented here as a reconciling item represents the difference in accruals between this year and the prior year.

(755)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Landfill closure	52,500	
Pension benefits	(691,580)	
Other postemployment benefits	<u>(1,234,964)</u>	
Net effect of reporting long-term liabilities		<u>(1,874,044)</u>

Change in Net Position of Governmental Activities **\$ (2,177,415)**

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2017

	Business-Type Activities Electric Light Enterprise (December 31, 2016)
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,617,817
Investments	9,515,326
Receivables (net):	
User charges	1,392,326
Departmental and other	59,967
Unbilled revenue	150,498
Inventory	621,883
Prepaid items	1,293,071
Other current assets	1,881
Total current assets	15,652,769
Noncurrent assets:	
Nondepreciable capital assets	327,323
Capital assets (net of depreciation)	9,138,338
Total noncurrent assets	9,465,661
Total Assets	25,118,430
Deferred Outflows of Resources	402,880
Liabilities	
Current liabilities:	
Warrants and accounts payable	657,148
Customer deposits	151,227
Other liabilities	242,025
Total current liabilities	1,050,400
Noncurrent liabilities:	
Compensated absences	75,842
Other postemployment benefits	524,473
Net pension liability	3,842,901
Total noncurrent liabilities	4,443,216
Total Liabilities	5,493,616
Deferred Inflows of Resources	
Deferred pensions	75,215
Total Deferred Inflows of Resources	75,215
Net Position	
Net investment in capital assets	9,465,661
Restricted	202,071
Unrestricted	10,284,747
Total Net Position	\$ 19,952,479

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities Electric Light Enterprise (December 31, 2016)
Operating Revenues:	
Charges for services	\$ 13,629,964
Other operating revenues	<u>147,610</u>
Total Operating Revenues	<u>13,777,574</u>
Operating Expenses:	
Purchased power and production	9,732,078
Other operating expenses	2,745,737
Depreciation	<u>615,110</u>
Total Operating Expenses	<u>13,092,925</u>
Operating Income (Loss)	<u>684,649</u>
Nonoperating Revenues (Expenses):	
Investment income	<u>312,520</u>
Total Nonoperating Revenues (Expenses)	<u>312,520</u>
Income (Loss) Before Transfers	997,169
Transfers out	<u>(220,000)</u>
Change in Net Position	777,169
Total Net Position - Beginning of the Year, as restated (See Note IV)	<u>19,175,310</u>
Total Net Position - End of the Year	<u><u>\$ 19,952,479</u></u>

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2017**

	Business-Type Activities Electric Light Enterprise (December 31, 2016)
Cash Flows from Operating Activities:	
Receipts from customers	\$ 13,669,388
Payments to suppliers	(11,103,655)
Payments to employees	(1,602,875)
Operating transfers out	(220,000)
Net Cash Provided by (Used in) Operating Activities	<u>742,858</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(534,759)
Net Cash Used in Capital and Related Financing Activities	<u>(534,759)</u>
Cash Flows from Investing Activities:	
Investment income	312,519
Investment of operating cash, net	(197,949)
Net Cash Provided by (Used in) Investing Activities	<u>114,570</u>
Net Change in Cash and Cash Equivalents	322,669
Cash and Cash Equivalents:	
Beginning of the year	<u>2,295,148</u>
End of the year	<u><u>\$ 2,617,817</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating Income (Loss)	\$ 684,649
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Operating transfers out	(220,000)
Depreciation	615,110
Changes in assets and liabilities:	
Receivables	(40,666)
Unbilled revenue	(38,081)
Inventory	(95,459)
Prepaid items	(69,313)
Accounts payable	(123,852)
Customer deposits	(29,439)
Other liabilities	5,870
Other postemployment benefit liability	(168,725)
Net pension liability	<u>222,764</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 742,858</u></u>

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

		(Light Department) December 31, 2016		
	Other Postemployment Benefits Trust Fund	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
Assets				
Cash and cash equivalents	\$ 998,868	\$ 260,583	\$ 101,787	\$ 444,740
Investments	-	-	494,640	-
Total Assets	<u>998,868</u>	<u>260,583</u>	<u>596,427</u>	<u>444,740</u>
Liabilities				
Agency liabilities	-	-	-	444,740
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>444,740</u>
Net Position				
Held in trust for other postemployment benefits	998,868	260,583	-	-
Held in trust for private purposes	-	-	596,427	-
Total Net Position	<u>\$ 998,868</u>	<u>\$ 260,583</u>	<u>\$ 596,427</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2017

	Other Postemployment Benefits Trust Fund	(Light Department) December 31, 2016 Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
Additions			
Contributions:			
Employer	\$ 100,000	\$ 250,000	\$ -
Other	-	-	2,509
Total contributions	100,000	250,000	2,509
Investment income:			
Interest and dividends	109,117	10,583	45,535
Total Additions	209,117	260,583	48,044
Deductions			
Education - scholarships	-	-	5,000
Health and human services	-	-	20,778
Total Deductions	-	-	25,778
CHANGE IN NET POSITION	209,117	260,583	22,266
NET POSITION AT BEGINNING OF YEAR	789,751	-	574,161
NET POSITION AT END OF YEAR	<u>\$ 998,868</u>	<u>\$ 260,583</u>	<u>\$ 596,427</u>

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

Report on Examination of
Basic Financial Statements
and Additional Information
Year Ended June 30, 2016

Report on Internal Control
Over Financial Reporting and
On Compliance and Other Matters
Year Ended June 30, 2016



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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Selectmen
Town of Middleton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Middleton, Massachusetts, (the "Town") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents (except for the Middleton Electric Light Department "the Light Department" or "MELD", which is as of December 31, 2015).

We did not audit the financial statements of the Light Department, a Town Department reported as an enterprise fund and part of the Town's business-type funds. The Light Department represents 100%, 100% and 100% respectively of the assets, net position, and operating revenues of the Town's business-type activities. The accompanying financial statements do not include all disclosures for the Light Department, as required by generally accepted accounting principles. Such information can be found in separately issued financial statements for the year-ended December 31, 2015, which was audited by the other auditors.

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.

Auditors' Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town as of June 30, 2016, (except for the Light Department, which is as of December 31, 2015) and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Restatement

The Town's basic financial statements for the year ended June 30, 2015, were audited by other auditors for which they issued an unmodified opinion dated February 9, 2016. As discussed in Note IV to the financial statements, the Light Department adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions — An Amendment of GASB Statement No. 27*. In connection with the adoption of this accounting standard, previously reported total net position in the business-type activities in the Statement of Net Position was restated. In addition certain balances in the Nonmajor governmental funds, Capital Projects Major Fund and the Private Purpose Trust Funds were restated which caused the previously reported total net position in the governmental activities to be restated. Our opinion was 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, the schedules of the Town's proportionate share of net pension liability and contributions to pension plan, the schedule of the Commonwealth's collective share of the Massachusetts Teachers' Retirement System's net pension liability, the funding progress and contribution funding for other postemployment benefits, and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements.

Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Roselli Clark Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
January 31, 2017

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 13,903,875	\$ 2,295,148	\$ 16,199,023
Investments	264,240	9,317,377	9,581,617
Receivables, net:			
Property taxes	1,033,657	-	1,033,657
User charges	-	1,386,914	1,386,914
Departmental and other	569,740	24,713	594,453
Unbilled revenue	-	112,417	112,417
Inventory	-	526,424	526,424
Prepaid items	-	1,223,758	1,223,758
Other assets	-	1,881	1,881
Capital assets not being depreciated	5,332,411	327,323	5,659,734
Capital assets, net of accumulated depreciation	51,567,967	9,218,688	60,786,655
Total Assets	72,671,890	24,434,643	97,106,533
Deferred Outflows of Resources			
Deferred pensions	769,048	-	769,048
Total Deferred Outflows of Resources	769,048	-	769,048
Liabilities			
Warrants and accounts payable	993,248	781,000	1,774,248
Accrued payroll and withholdings	856,352	-	856,352
Accrued interest	174,005	-	174,005
Customer deposits	-	180,666	180,666
Other liabilities	40,376	240,585	280,961
Bond anticipation notes payable	2,076,130	-	2,076,130
Noncurrent liabilities:			
Due within one year	944,255	-	944,255
Due in more than one year	39,060,946	4,042,825	43,103,771
Total Liabilities	44,145,312	5,245,076	49,390,388
Deferred Inflows of Resources			
Deferred pensions	32,156	14,257	46,413
Total Deferred Inflows of Resources	32,156	14,257	46,413
Net Position			
Net investment in capital assets	40,018,587	9,546,011	49,564,598
Restricted for:			
Nonexpendable permanent funds	141,428	-	141,428
Expendable permanent funds	121,371	-	121,371
Grants and gifts	444,934	-	444,934
Other specific purposes	4,877,380	202,072	5,079,452
Unrestricted	(16,340,230)	9,427,227	(6,913,003)
Total Net Position	\$ 29,263,470	\$ 19,175,310	\$ 48,438,780

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,404,395	\$ 414,688	\$ 14,113	\$ -	\$ (1,975,594)		\$ (1,975,594)
Public safety	4,634,152	1,043,799	34,429	-	(3,555,924)		(3,555,924)
Education	25,161,574	613,424	3,321,183	359,213	(20,867,754)		(20,867,754)
Public works	2,551,931	493,806	95,354	266,827	(1,695,944)		(1,695,944)
Health and human services	664,933	83,711	125,725	-	(455,497)		(455,497)
Culture and recreation	1,109,543	26,237	16,202	54,445	(1,012,659)		(1,012,659)
Interest expense	479,320	11,767	-	-	(467,553)		(467,553)
Total governmental activities	37,005,848	2,687,432	3,607,006	680,485	(30,030,925)		(30,030,925)
Business-type activities:							
Electric Light	12,813,348	13,535,210	149,952	-		\$ 871,814	871,814
Total business-type activities	12,813,348	13,535,210	149,952	-		871,814	871,814
Total Primary Government	\$ 49,819,196	\$ 16,222,642	\$ 3,756,958	\$ 680,485	(30,030,925)	871,814	(29,159,111)
<u>General Revenues:</u>							
Property taxes					24,783,664	-	24,783,664
Motor vehicle and other excise					2,167,028	-	2,167,028
Payments in lieu of taxes					143,637	-	143,637
Grants and contributions not restricted to specific programs					523,908	-	523,908
Penalties and interest on taxes					250,281	-	250,281
Unrestricted investment income					46,922	398,372	445,294
Transfers (net)					240,000	(240,000)	-
Total general revenues					28,155,440	158,372	28,313,812
Change in Net Position					(1,875,485)	1,030,186	(845,299)
<u>Net Position:</u>							
Beginning of year, as restated (See Note IV)					31,138,955	18,145,124	49,284,079
End of year					\$ 29,263,470	\$ 19,175,310	\$ 48,438,780

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 8,470,118	\$ 955,805	\$ 4,477,952	\$ 13,903,875
Investments	-	-	264,240	264,240
Receivables, net of allowance for uncollectibles:				
Property taxes	1,030,832	-	2,825	1,033,657
Departmental and other	188,160	-	381,580	569,740
Total Assets	<u>9,689,110</u>	<u>955,805</u>	<u>5,126,597</u>	<u>15,771,512</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 9,689,110</u>	<u>\$ 955,805</u>	<u>\$ 5,126,597</u>	<u>\$ 15,771,512</u>
Liabilities				
Warrants and accounts payable	\$ 993,248	\$ -	\$ -	\$ 993,248
Accrued payroll and withholdings	856,352	-	-	856,352
Other liabilities	-	-	40,376	40,376
Bond anticipation notes payable	-	2,076,130	-	2,076,130
Total Liabilities	<u>1,849,600</u>	<u>2,076,130</u>	<u>40,376</u>	<u>3,966,106</u>
Deferred Inflows of Resources				
Unavailable revenues - property taxes	1,030,832	-	2,825	1,033,657
Unavailable revenues - other	188,160	-	381,580	569,740
Total Deferred Inflows of Resources	<u>1,218,992</u>	<u>-</u>	<u>384,405</u>	<u>1,603,397</u>
Fund Balances				
Nonspendable	-	-	141,428	141,428
Restricted	439,348	59,544	4,560,388	5,059,280
Committed	355,986	-	-	355,986
Assigned	1,613,352	-	-	1,613,352
Unassigned	4,211,832	(1,179,869)	-	3,031,963
Total Fund Balances	<u>6,620,518</u>	<u>(1,120,325)</u>	<u>4,701,816</u>	<u>10,202,009</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,689,110</u>	<u>\$ 955,805</u>	<u>\$ 5,126,597</u>	<u>\$ 15,771,512</u>

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Total Governmental Fund Balances	\$ 10,202,009
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	56,900,378
Other long-term assets are unavailable to pay current-period expenditures	1,603,397
Deferred outflows and inflows of resources to be recognized in future pension expense are not available resources and, therefore, are not reported in the funds:	
Net difference between projected and actual earnings on pension plan investments	769,048
Changes in proportion and differences between Town contributions and the proportionate share of contributions	<u>(32,156)</u>
Net effect of reporting deferred outflows and inflows of resources	736,892
In the Statement of Activities, interest is accrued on outstanding long-term debt whereas in the governmental funds interest is not reported until due.	(174,005)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the government funds:	
Bonds and notes payable	(15,393,087)
Unamortized premiums on bonds	(417,466)
Landfill closure	(997,500)
Net pension liability	(14,373,910)
Other postemployment benefits	<u>(8,823,238)</u>
Net effect of reporting long-term liabilities	<u>(40,005,201)</u>
Net Position of Governmental Activities	<u>\$ 29,263,470</u>
See accompanying notes to basic financial statements.	

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 24,620,116	\$ -	\$ 195,367	\$ 24,815,483
Intergovernmental	3,647,870	359,213	742,173	4,749,256
Motor vehicle and other excises	2,088,715	-	-	2,088,715
Licenses and permits	538,903	-	-	538,903
Penalties and interest on taxes	250,281	-	-	250,281
Payments in lieu of taxes	143,637	-	-	143,637
Fines and forfeitures	19,640	-	-	19,640
Charges for services	-	-	817,875	817,875
Departmental and other revenue	312,622	-	958,224	1,270,846
Investment income	38,878	-	8,044	46,922
Contributions and donations	-	-	62,143	62,143
Total Revenues	31,660,662	359,213	2,783,826	34,803,701
Expenditures:				
Current:				
General government	1,658,152	-	301,897	1,960,049
Public safety	3,947,643	-	55,354	4,002,997
Education	19,954,471	1,163,233	842,552	21,960,256
Public works	1,598,506	-	526,917	2,125,423
Health and human services	447,154	-	76,207	523,361
Culture and recreation	517,538	138,199	147,638	803,375
Pension and employee benefits	3,364,868	-	-	3,364,868
State and county assessments	422,014	-	-	422,014
Debt service:				
Principal	1,058,000	-	133,063	1,191,063
Interest	525,260	-	13,508	538,768
Total Expenditures	33,493,606	1,301,432	2,097,136	36,892,174
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,832,944)	(942,219)	686,690	(2,088,473)
Other Financing Sources (Uses):				
Transfers in	656,000	-	-	656,000
Transfers out	-	-	(416,000)	(416,000)
Total Other Financing Sources (Uses)	656,000	-	(416,000)	240,000
Net Change in Fund Balances	(1,176,944)	(942,219)	270,690	(1,848,473)
FUND BALANCES - Beginning of year, as restated (See Note IV)	7,797,462	(178,106)	4,431,126	12,050,482
FUND BALANCES - End of year	\$ 6,620,518	\$ (1,120,325)	\$ 4,701,816	\$ 10,202,009

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balances - Total Governmental Fund Balances **\$ (1,848,473)**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net amounts are reflected here as reconciling items:

Capital outlays	2,496,536	
Depreciation expense	(2,938,696)	
Net effect of reporting capital assets		(442,160)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. The net amounts are reflected here as reconciling items:

Amortization of premiums on bonds and notes payable	47,726	
Repayments of debt	1,191,063	
Net effect of reporting long-term debt		1,238,789

Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. The amount presented represents the difference in unavailable revenue.

86,662

In the Statement of Activities, interest is accrued on outstanding long-term debt; whereas in governmental funds interest is not reported until due. The net amount presented here as a reconciling item represents the difference in accruals between this year and the prior year.

11,722

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Landfill closure	52,500	
Pension benefits	37,605	
Other postemployment benefits	(1,012,130)	
Net effect of reporting long-term liabilities		(922,025)

Change in Net Position of Governmental Activities **\$ (1,875,485)**

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2016

	Business-Type Activities Electric Light Enterprise (December 31, 2015)
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,295,148
Investments	9,317,377
Receivables (net):	
User charges	1,386,914
Departmental and other	24,713
Unbilled revenue	112,417
Inventory	526,424
Prepaid items	1,223,758
Other current assets	1,881
Total current assets	14,888,632
Noncurrent assets:	
Nondepreciable capital assets	327,323
Capital assets (net of depreciation)	9,218,688
Total noncurrent assets	9,546,011
Total Assets	24,434,643
Deferred Outflows of Resources	-
Liabilities	
Current liabilities:	
Warrants and accounts payable	781,000
Customer deposits	180,666
Other liabilities	240,585
Total current liabilities	1,202,251
Noncurrent liabilities:	
Compensated absences	71,412
Other postemployment benefits	693,198
Net pension liability	3,278,215
Total noncurrent liabilities	4,042,825
Total Liabilities	5,245,076
Deferred Inflows of Resources	
Deferred pensions	14,257
Total Deferred Inflows of Resources	14,257
Net Position	
Net investment in capital assets	9,546,011
Restricted	202,072
Unrestricted	9,427,227
Total Net Position	\$ 19,175,310

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities Electric Light Enterprise (December 31, 2015)
Operating Revenues:	
Charges for services	\$ 13,535,210
Other operating revenues	<u>149,952</u>
Total Operating Revenues	<u>13,685,162</u>
Operating Expenses:	
Purchased power and production	9,872,177
Other operating expenses	2,346,330
Depreciation	<u>594,841</u>
Total Operating Expenses	<u>12,813,348</u>
Operating Income (Loss)	<u>871,814</u>
Nonoperating Revenues (Expenses):	
Investment income	<u>398,372</u>
Total Nonoperating Revenues (Expenses)	<u>398,372</u>
Income (Loss) Before Transfers	1,270,186
Transfers out	<u>(240,000)</u>
Change in Net Position	1,030,186
Total Net Position - Beginning of the Year, as restated (See Note IV)	<u>18,145,124</u>
Total Net Position - End of the Year	<u>\$ 19,175,310</u>

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities Electric Light Enterprise (December 31, 2015)
Cash Flows from Operating Activities:	
Receipts from customers	\$ 13,969,112
Payments to suppliers	(10,893,212)
Payments to employees	(1,458,401)
Operating transfers out	(240,000)
Net Cash Provided by (Used in) Operating Activities	1,377,499
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(627,875)
Net Cash Used in Capital and Related Financing Activities	(627,875)
Cash Flows from Investing Activities:	
Investment income	398,372
Investment of operating cash, net	(505,499)
Net Cash Provided by (Used in) Investing Activities	(107,127)
Net Change in Cash and Cash Equivalents	642,497
Cash and Cash Equivalents:	
Beginning of the year	1,652,651
End of the year	\$ 2,295,148
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating Income (Loss)	\$ 871,814
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Operating transfers out	(240,000)
Depreciation	594,841
Changes in assets and liabilities:	
Receivables	115,898
Unbilled revenue	161,697
Inventory	10,885
Prepaid items	(294,624)
Accounts payable	106,238
Customer deposits	6,355
Other liabilities	(16,267)
Other postemployment benefit liability	55,847
Net pension liability	4,815
Net Cash Provided by (Used in) Operating Activities	\$ 1,377,499

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 789,751	\$ 108,536	\$ 353,362
Investments	-	465,625	-
Total Assets	<u>789,751</u>	<u>574,161</u>	<u>353,362</u>
Liabilities			
Agency liabilities	-	-	353,362
Total Liabilities	<u>-</u>	<u>-</u>	<u>353,362</u>
Net Position			
Held in trust for other postemployment benefits	789,751	-	-
Held in trust for private purposes	-	574,161	-
Total Net Position	<u>\$ 789,751</u>	<u>\$ 574,161</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.



Bill Fraher, CPA

TOWN OF MIDDLETON, MASSACHUSETTS

Basic Financial Statements, Required Supplementary
Information and Supplementary Information

Year ended June 30, 2015
(Except for the Electric Enterprise Fund
which is December 31, 2014)

(With Independent Auditor's Report Thereon)



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Independent Auditor's Report

The Honorable Board of Selectman
Town Of Middleton, Massachusetts:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Middleton, Massachusetts, as of and for the year ended June 30, 2015 (except for the electric enterprise fund which is December 31, 2014) and the related notes to the financial statements, which collectively comprise the Town'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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 a 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 Town'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 Town's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Middleton, Massachusetts, as of June 30, 2015 (except for the electric enterprise fund which is December 31, 2014), and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 13 and the schedules of net pension liability and pension contributions on page 48 and 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Auditing 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. I 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 regarding 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 obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Middleton's financial statements as a whole. The combining fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements are the responsibility of management and were derived from and relate 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Implementation of GASB 68

As discussed in Note 15, for the 2015 financial statements the Town implemented GASB Statement #68 – *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement #71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. As a result, beginning net position for governmental activities was restated. My opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* I have also issued my report dated February 9, 2016 on my consideration of the Town of Middleton's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Bill Fraher, CPA



February 9, 2016



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Selectmen
Town of Middleton, Massachusetts

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Middleton, Massachusetts, as of and for the year ended June 30, 2015 (except for the electric enterprise fund which is December 31, 2014) and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued my report thereon dated February 9, 2016.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Middleton's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Middleton's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain other matters that I reported to management of the Town of Middleton, Massachusetts, in a separate letter dated February 9, 2016.

This report is intended solely for the information and use of the Board of Selectmen, management, others within the organization, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Bill Fraher CPA".

Bill Fraher, CPA
Boston, Massachusetts
February 9, 2016

**Town of Middleton, Massachusetts
Management's Discussion and Analysis
Required Supplemental Information
June 30, 2015**

	Governmental		Business-type			
	Activities		Activities		Total	
	2015	2014	2015	2014	2015	2014
Education buildings	\$ 13,295,000	\$ 14,170,000	\$ -	\$ -	\$ 13,295,000	\$ 14,170,000
Municipal buildings	2,835,000	3,075,000	-	-	2,835,000	3,075,000
Municipal land	290,000	320,000	-	-	290,000	320,000
Title V septic program	55,350	61,613	-	-	55,350	61,613
Water	108,800	158,600	-	-	108,800	158,600
Total	\$ 16,584,150	\$ 17,785,213	\$ -	\$ -	\$ 16,584,150	\$ 17,785,213

[Note that amounts for business-type activities are for the fiscal year ending December 31st.]

Total long-term bonds and loans outstanding at June 30, 2015 decreased by \$1,201,063, or 6.8% from June 30, 2014 due to the bond payments and no additional bonds issued. The Town's bonds are rated Aa2 by Moody's Investor Services Inc. Additional information on the Town's long-term debt can be found in Notes 6 and 7 to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Town of Middleton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the CFO/Town Accountant, Town of Middleton, 48 South Main Street, Middleton, Massachusetts 01949.

TOWN OF MIDDLETON, MASSACHUSETTS

Statement of Net Position

June 30, 2015

(Business-Type Activities December 31, 2014)

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 13,390,113	1,652,651	15,042,764
Investments	771,039	8,811,878	9,582,917
Receivables (net of allowance for uncollectibles)	1,639,250	1,801,639	3,440,889
Due from commonwealth	46,140	-	46,140
Other assets	-	1,468,324	1,468,324
Total current assets	15,846,542	13,734,492	29,581,034
Noncurrent assets:			
Capital assets not being depreciated	5,396,857	327,323	5,724,180
Capital assets being depreciated, net	51,945,681	9,185,654	61,131,335
Total noncurrent assets	\$ 57,342,538	9,512,977	66,855,515
Total assets	73,189,080	23,247,469	96,436,549
<u>Liabilities</u>			
Current liabilities:			
Warrants and accounts payable	\$ 464,244	674,762	1,139,006
Other accrued liabilities	737,109	331,668	1,068,777
Notes payable	450,000	-	450,000
Accrued interest payable	186,610	-	186,610
Other liabilities	30,307	-	30,307
Accrued compensated absences	-	89,750	89,750
Landfill postclosure care costs	52,500	-	52,500
Unamortized bond premium	25,844	-	25,844
Bonds payable	1,191,063	-	1,191,063
Total current liabilities	3,137,677	1,096,180	4,233,857
Noncurrent liabilities:			
Landfill postclosure care costs	997,500	-	997,500
Accrued compensated absences	-	81,157	81,157
Other post-employment benefits	7,811,108	637,351	8,448,459
Unamortized bond premium	439,348	-	439,348
Net pension liability	13,615,408	-	13,615,408
Bonds payable	15,393,087	-	15,393,087
Total noncurrent liabilities	38,256,451	718,508	38,974,959
Total liabilities	41,394,128	1,814,688	43,208,816
<u>Deferred Inflows of Resources</u>			
Deferred amounts related to pensions	59,215	-	59,215
<u>Net Position</u>			
Net investment in capital assets	40,758,388	9,512,977	50,271,365
Restricted for:			
Perpetual funds - nonexpendable	540,901	-	540,901
Perpetual funds - expendable	250,027	-	250,027
Other specific purposes	5,583,811	202,071	5,785,882
Unrestricted	(15,397,390)	11,717,733	(3,679,657)
Total net position	\$ 31,735,737	21,432,781	53,168,518

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2015

(Business-Type Activities Year Ended December 31, 2014)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental activities:							
General government	\$ 1,985,676	217,704	181,339	54,963	(1,531,670)	-	(1,531,670)
Public safety	3,909,119	1,020,581	37,928	-	(2,850,610)	-	(2,850,610)
Education	23,743,443	494,712	2,896,487	-	(20,352,244)	-	(20,352,244)
Public works	2,566,407	233,971	300,000	443,299	(1,589,137)	-	(1,589,137)
Human services	551,731	73,343	135,938	-	(342,450)	-	(342,450)
Recreation and culture	960,294	36,536	39,123	-	(884,635)	-	(884,635)
Interest on debt service	534,599	-	-	143,702	(390,897)	-	(390,897)
Total governmental activities	34,251,269	2,076,847	3,590,815	641,964	(27,941,643)	-	(27,941,643)
Business-type activities:							
Electric Light	12,545,382	13,812,948	-	-	-	1,267,566	1,267,566
Total business-type activities	12,545,382	13,812,948	-	-	-	1,267,566	1,267,566
Total government	\$ 46,796,651	15,889,795	3,590,815	641,964	(27,941,643)	1,267,566	(26,674,077)
General revenues:							
Property taxes					\$ 23,682,910	-	23,682,910
Excise taxes					1,912,969	-	1,912,969
Payments in lieu of taxes					141,932	-	141,932
Intergovernmental					544,588	-	544,588
Unrestricted investment earnings					14,876	730,939	745,815
Miscellaneous					35,910	-	35,910
Transfers					250,000	(250,000)	-
Total general revenues					26,583,185	480,939	27,064,124
Changes in net position					(1,358,458)	1,748,505	390,047
Net position - beginning of year, restated					33,094,195	19,684,276	52,778,471
Net position - end of year					\$ 31,735,737	21,432,781	53,168,518

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTSBalance Sheet - Governmental Funds
June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 8,844,522	4,545,591	13,390,113
Investments	-	771,039	771,039
Receivables:			
Property taxes	326,559	2,693	329,252
Tax liens and foreclosures	963,395	-	963,395
Motor vehicle excise	153,478	-	153,478
Departmental	13,722	644,322	658,044
Less: allowance for abatements	(118,378)	-	(118,378)
Less: allowance for uncollectibles	(52,444)	(294,097)	(346,541)
Due from other governments	-	45,257	45,257
Total assets	<u>\$ 10,130,854</u>	<u>5,714,805</u>	<u>\$ 15,845,659</u>
<u>Liabilities</u>			
Warrants and accounts payable	\$ 432,466	31,778	464,244
Other accrued liabilities	737,109	-	737,109
Notes payable	-	450,000	450,000
Other liabilities	-	30,307	30,307
Total liabilities	<u>1,169,575</u>	<u>512,085</u>	<u>1,681,660</u>
<u>Deferred Inflows of Resources</u>			
Unavailable revenue	<u>1,163,817</u>	<u>352,918</u>	<u>1,516,735</u>
<u>Fund balances</u>			
Nonspendable	-	540,901	540,901
Restricted	465,192	4,448,138	4,913,330
Committed	1,385,700	-	1,385,700
Assigned	1,414,092	38,863	1,452,955
Unassigned	<u>4,532,478</u>	<u>(178,100)</u>	<u>4,354,378</u>
Total fund balances	<u>7,797,462</u>	<u>4,849,802</u>	<u>12,647,264</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,130,854</u>	<u>5,714,805</u>	<u>15,845,659</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total
Revenues:			
Property taxes	\$ 23,627,389	183,103	23,810,492
Excise taxes	1,899,214	-	1,899,214
Payments in lieu of taxes	141,932	-	141,932
Departmental charges for services	321,009	1,379,248	1,700,257
Licenses and permits	493,758	-	493,758
Intergovernmental	3,489,249	1,138,358	4,627,607
Fines	22,910	-	22,910
Investment income	32,970	(18,092)	14,878
Other	3,651	180,058	183,709
Total revenues	30,032,082	2,862,675	32,894,757
Expenditures:			
Current:			
General government	1,313,984	1,068,239	2,382,223
Public safety	3,225,669	19,529	3,245,198
Education	18,779,820	1,021,015	19,800,835
Public works	1,830,201	602,809	2,433,010
Human services	407,662	94,048	501,710
Recreation and culture	479,072	109,281	588,353
Intergovernmental	407,561	-	407,561
Employee benefits	3,273,637	-	3,273,637
Other	140,755	-	140,755
Debt service	1,623,828	153,211	1,777,039
Total expenditures	31,482,189	3,068,132	34,550,321
Excess (deficiency) of revenues over expenditures	(1,450,107)	(205,457)	(1,655,564)
Other financing sources (uses):			
Operating transfers in	656,000	66,500	722,500
Operating transfers out	-	(472,500)	(472,500)
Total other financing sources (uses)	656,000	(406,000)	250,000
Net changes in fund balances	(794,107)	(611,457)	(1,405,564)
Fund balance, beginning of year	8,591,569	5,461,259	14,052,828
Fund balance, end of year	\$ 7,797,462	4,849,802	12,647,264

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTS

Reconciliation of the Governmental Fund Balance Sheet
To the Statement of Net Position
Year Ended June 30, 2015

Total fund balances - governmental funds \$ 12,647,264

Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds. These
assets consist of:

Land and land improvements	6,882,290
Infrastructure assets	28,774,141
Buildings and building improvements	43,099,266
Construction in progress	355,649
Other capital assets	9,498,198
Accumulated depreciation	<u>(31,267,006)</u>

Total Capital Assets 57,342,538

Other long-term assets are not available to pay for current
period expenditures and, therefore, are deferred or are
not recognized in funds. 1,516,735

Deferred inflows related to pensions are not reported in funds. (59,215)

Long-term liabilities are not due and payable in the current
period and, therefore, are not reported in funds. These
liabilities consist of:

Accrued interest on bonds, net of subsidy	(185,727)
Bonds payable	(16,584,150)
Unamortized bond premium	(465,192)
Other post-employment benefits	(7,811,108)
Net pension liability	(13,615,408)
Landfill postclosure care costs	<u>(1,050,000)</u>

Total long-term liabilities (39,711,585)

Net position of governmental activities \$ 31,735,737

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTS

Reconciliation of the Governmental Funds - Statement of Revenues,
Expenditures and Changes in Fund Balances To the Statement of Activities
Year Ended June 30, 2015

Net changes in fund balances - governmental funds **\$ (1,405,564)**

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, these amounts are
recorded as capital assets and depreciated over their
estimated useful lives. This is the amount by which depreciation
is more than capital outlays and net retirements for the year. (707,953)

Bond proceeds provide financial resources and bond payments
are recorded as expenditures in governmental funds, while
these are recorded as increases or decreases to long-term
liabilities in the statement of net position. This is the amount by
which debt repayments are more than bond proceeds for the year. 1,201,063

Accrued interest is not recorded in governmental funds. This is
the amount by which net accrued interest changed during the year. 14,013

Bond premiums are recognized as revenue in the governmental funds
but are deferred in the statement of activities. 27,364

Landfill postclosure care costs are recorded as expenditures in
governmental funds while these are recorded as decreases
to long-term liabilities in the statement of net position. 152,500

Some expenses in the Statement of Activities do not require the use of
current financial resources and are not reported in the funds.
Change in net OPEB obligation (367,937)
Change in net pension liability (19,998)

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenue in the funds. (251,946)

Changes in net position of governmental activities **\$ (1,358,458)**

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTS

Statement of Revenues, Expenditures and Changes in Fund Balances

Non-GAAP Budgetary Basis

Budget and Actual - General Fund

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance To Final Budget Favorable (Unfavorable)
Revenues:				
Property taxes	\$ 23,322,038	23,322,038	23,579,489	257,451
Excise taxes	1,625,000	1,625,000	1,899,214	274,214
Payments in lieu of taxes	135,000	135,000	141,932	6,932
Departmental charges for services	279,000	279,000	321,009	42,009
Licenses and permits	400,000	400,000	493,758	93,758
Intergovernmental	2,495,505	2,495,505	2,529,256	33,751
Fines	40,000	40,000	22,910	(17,090)
Investment income	9,000	9,000	27,894	18,894
Other	15,000	15,000	3,651	(11,349)
Total revenues	28,320,543	28,320,543	29,019,113	698,570
			(698,570)	22,698
Expenditures:				
General government	1,525,212	1,490,212	1,399,351	90,861
Public safety	3,838,632	3,838,632	3,763,906	74,726
Education	18,797,449	18,797,449	18,778,653	18,796
Public works	1,703,443	1,910,443	1,892,055	18,388
Human services	383,417	418,417	407,662	10,755
Recreation and culture	491,280	526,280	510,735	15,545
Debt service	1,623,572	1,623,572	1,621,572	2,000
Intergovernmental	407,561	407,561	407,561	-
Employee benefits	1,830,322	1,830,322	1,744,074	86,248
Insurance	145,755	145,755	140,755	5,000
Total expenditures	30,746,643	30,988,643	30,666,324	322,319
Excess (deficiency) of revenues over expenditures	(2,426,100)	(2,668,100)	(1,647,211)	1,020,889
Other financing sources (uses):				
Operating transfers in	1,117,000	1,117,000	1,121,000	4,000
Operating transfers out	(150,000)	(150,000)	(150,000)	-
Total other financing sources (uses)	967,000	967,000	971,000	4,000
Net changes in fund balances	(1,459,100)	(1,701,100)	(676,211)	1,024,889
Prior year close outs and adjustments			120,327	
Fund balance, beginning of year			5,091,675	
Fund balance, end of year			4,535,791	

TOWN OF MIDDLETON, MASSACHUSETTS

Statement of Net Position - Proprietary Fund

December 31, 2014

	<u>Electric Enterprise Fund</u>
<u>Assets</u>	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 1,478,712
Cash and cash equivalents - restricted	173,939
Investments	8,811,878
User charges receivable, net	1,391,705
Other accounts receivable	135,820
Unbilled revenue	274,114
Inventory	537,309
Prepaid expenses	929,134
Other current assets	<u>1,881</u>
Total current assets	<u>13,734,492</u>
Noncurrent assets:	
Capital assets, net	<u>9,512,977</u>
Total noncurrent assets	<u>9,512,977</u>
Total assets	<u>\$ 23,247,469</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 674,762
Customer deposits	174,311
Other current liabilities	<u>247,107</u>
Total current liabilities	<u>1,096,180</u>
Noncurrent liabilities:	
Accrued compensated absences	81,157
Other post-employment benefits	<u>637,351</u>
Total noncurrent liabilities	<u>718,508</u>
Total liabilities	<u>1,814,688</u>
<u>Net Position</u>	
Net investment in capital assets	9,512,977
Restricted	202,071
Unrestricted	<u>11,717,733</u>
Total net position	<u>\$ 21,432,781</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTS

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Fund

For the Year Ended December 31, 2014

	<u>Electric Enterprise Fund</u>
Operating revenues:	
Charges for services	\$ 13,481,842
Other operating revenues	<u>331,106</u>
Total operating revenues	<u>13,812,948</u>
Operating expenditures:	
Purchased power and production	9,905,536
Other operating expenses	2,078,726
Depreciation	<u>561,120</u>
Total operating expenditures	<u>12,545,382</u>
Operating income	<u>1,267,566</u>
Nonoperating revenues (expenses):	
Interest income	730,939
Payment in lieu of taxes	<u>(250,000)</u>
Total nonoperating revenues (expenses)	<u>480,939</u>
Changes in net position	1,748,505
Net position, beginning of year	<u>19,684,276</u>
Net position, end of year	\$ <u><u>21,432,781</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTSStatement of Cash Flows - Proprietary Fund
Year Ended December 31, 2014

	Electric Enterprise Fund
Cash flows from operating activities:	
Cash received from customers	\$ 13,867,303
Cash paid to suppliers	(10,572,409)
Cash paid to employees	(1,435,829)
Payment in lieu of taxes (operating transfer)	<u>(250,000)</u>
Net cash provided by operating activities	<u>1,609,065</u>
Cash flows from investing activities:	
Interest on deposits and investments	730,939
Purchase and sales of investments (net)	<u>(684,383)</u>
Net cash provided by capital and related financing activities:	<u>46,556</u>
Cash flows from capital and related financing activities:	
Capital expenditures	<u>(793,050)</u>
Net cash provided by capital and related financing activities:	<u>(793,050)</u>
Net increase in cash and cash equivalents	862,571
Cash and cash equivalents, beginning of year	<u>790,080</u>
Cash and cash equivalents, end of year	\$ <u><u>1,652,651</u></u>
Reconciliation of operating income to net cash provided	
By operating activities:	
Operating income (loss)	\$ 1,267,566
Depreciation, bad debts & reserve	561,120
Payment in lieu of taxes (operating transfer)	(250,000)
Decrease in accounts receivable	29,110
Decrease in unbilled revenue	172
(Increase) in inventory	(151,413)
(Increase) in prepaid expenses	(13,478)
Decrease in other assets	145,779
(Decrease) in accounts payable	(74,557)
Increase in customer deposits	25,073
Increase in other current liabilities	7,929
Increase in OPEB liability	53,078
Increase in other liabilities	<u>8,686</u>
Net cash provided by operating activities	\$ <u><u>1,609,065</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTS

Statement of Net Position

Fiduciary Funds

June 30, 2015

	OPEB Trust Fund	Agency	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents - unrestricted	-	364,679	364,679
Investments	671,498	-	671,498
Receivables:			
Departmental	\$ -	42,312	42,312
Total assets	671,498	406,991	1,078,489
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	-	15,598	15,598
Other Liabilities	\$ -	391,393	391,393
Total liabilities	-	406,991	406,991
<u>Net Position</u>			
Held in trust for retiree insurance benefits	671,498	-	671,498
Total net position	\$ 671,498	-	671,498

The notes to the financial statements are an integral part of this statement.



Bill Fraher, CPA

TOWN OF MIDDLETON, MASSACHUSETTS

Basic Financial Statements, Required Supplementary
Information and Supplementary Information

Year ended June 30, 2014
(Except for the Electric Enterprise Fund
which is December 31, 2013)

(With Independent Auditor's Report Thereon)



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Independent Auditor's Report

The Board of Selectman
Town Of Middleton, Massachusetts:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Middleton, Massachusetts, as of and for the year ended June 30, 2014 (except for the electric enterprise fund which is December 31, 2013), which collectively comprise the Town'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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 a 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 Town'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 Town's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Middleton, Massachusetts, as of June 30,

2014 (except for the electric enterprise fund which is December 31, 2013), and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 13 and certain pension information on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Auditing 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. I 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 regarding 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 obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Middleton's financial statements as a whole. The combining fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements are the responsibility of management and were derived from and relate 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* I have also issued my report dated February 25, 2015 on my consideration of the Town of Middleton's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Bill Fraher, CPA



February 25, 2015



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

The Honorable Board of Selectmen
Town of Middleton, Massachusetts

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Middleton, Massachusetts, as of and for the year ended June 30, 2014 (except for the electric enterprise fund which is December 31, 2014), which collectively comprise the Town's basic financial statements and have issued my report thereon dated February 25, 2015.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Middleton's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Middleton's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Town of Middleton, Massachusetts
Management's Discussion and Analysis
Required Supplemental Information
June 30, 2014**

	Governmental		Business-type			
	Activities		Activities		Total	
	2014	2013	2014	2013	2014	2013
Education buildings	\$ 14,170,000	\$ 15,020,000	\$ -	\$ -	\$ 14,170,000	\$ 15,020,000
Municipal buildings	3,075,000	3,315,000	-	-	3,075,000	3,315,000
Municipal land	320,000	375,000	-	-	320,000	375,000
Title V septic program	61,613	67,876	-	-	61,613	67,876
Water	158,600	118,400	-	-	158,600	118,400
Total	\$ 17,785,213	\$ 18,896,276	\$ -	\$ -	\$ 17,785,213	\$ 18,896,276

Total long-term bonds and loans outstanding at June 30, 2014 decreased by \$(1,201,063), or 6.3% from June 30, 2013 due to the bond payments and no additional bonds issued. The Town's bonds are rated Aa2 by Moody's Investor Services Inc. Additional information on the Town's long-term debt can be found in Notes 6 and 7 to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Town of Middleton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the CFO/Town Accountant, Town of Middleton, 48 South Main Street, Middleton, Massachusetts 01949.

TOWN OF MIDDLETON, MASSACHUSETTS

Statement of Net Position

June 30, 2014

(Business-Type Activities December 31, 2013)

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 14,299,366	790,080	15,089,446
Investments	805,579	8,127,496	8,933,075
Receivables (net of allowance for uncollectibles)	1,623,166	1,830,921	3,454,087
Due from commonwealth	266,386	-	266,386
Other assets	-	1,449,212	1,449,212
Total current assets	16,994,497	12,197,709	29,192,206
Noncurrent assets:			
Capital assets not being depreciated	4,491,263	327,323	4,818,586
Capital assets being depreciated, net	53,559,228	8,953,723	62,512,951
Total noncurrent assets	\$ 58,050,491	9,281,046	67,331,537
Total assets	75,044,988	21,478,755	96,523,743
<u>Liabilities</u>			
Current liabilities:			
Warrants and accounts payable	\$ 532,239	749,319	1,281,558
Other accrued liabilities	612,854	295,964	908,818
Accrued interest payable	200,738	-	200,738
Other liabilities	26,897	-	26,897
Accrued compensated absences	-	92,452	92,452
Landfill postclosure care costs	52,500	-	52,500
Unamortized bond premium	27,173	-	27,173
Bonds payable	1,201,063	-	1,201,063
Total current liabilities	2,653,464	1,137,735	3,791,199
Noncurrent liabilities:			
Landfill postclosure care costs	1,150,000	-	1,150,000
Accrued compensated absences	-	72,471	72,471
Other post-employment benefits	7,443,171	584,273	8,027,444
Unamortized bond premium	465,383	-	465,383
Bonds payable	16,584,150	-	16,584,150
Total noncurrent liabilities	25,642,704	656,744	26,299,448
Total liabilities	28,296,168	1,794,479	30,090,647
<u>Net Position</u>			
Net investment in capital assets	40,265,278	9,281,046	49,546,324
Restricted for:			
Perpetual funds - nonexpendable	444,866	-	444,866
Perpetual funds - expendable	412,265	-	412,265
Capital projects	736,938	-	736,938
Other specific purposes	4,364,279	202,071	4,566,350
Unrestricted	525,194	10,201,159	10,726,353
Total net position	\$ 46,748,820	19,684,276	66,433,096

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2014

(Business-Type Activities Year Ended December 31, 2013)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental activities:							
General government	\$ 2,169,366	136,455	192,333	141,178	(1,699,400)	-	(1,699,400)
Public safety	4,284,592	960,631	87,989	-	(3,235,972)	-	(3,235,972)
Education	22,203,743	548,111	2,964,075	-	(18,691,557)	-	(18,691,557)
Public works	2,684,031	224,696	367,653	201,962	(1,889,720)	-	(1,889,720)
Human services	539,350	72,828	41,822	-	(424,700)	-	(424,700)
Recreation and culture	837,477	30,917	25,303	-	(781,257)	-	(781,257)
Interest on debt service	555,420	-	-	146,234	(409,186)	-	(409,186)
Total governmental activities	33,273,979	1,973,638	3,679,175	489,374	(27,131,792)	-	(27,131,792)
Business-type activities:							
Electric Light	12,954,267	13,852,368	-	-	-	898,101	898,101
Total business-type activities	12,954,267	13,852,368	-	-	-	898,101	898,101
Total government	\$ 46,228,246	15,826,006	3,679,175	489,374	(27,131,792)	898,101	(26,233,691)
General revenues:							
Property taxes					\$ 22,638,872	-	22,638,872
Excise taxes					1,862,406	-	1,862,406
Payments in lieu of taxes					137,092	-	137,092
Intergovernmental					533,779	-	533,779
Unrestricted investment earnings					89,489	132,640	222,129
Miscellaneous					16,316	-	16,316
Transfers					200,000	(200,000)	-
Total general revenues					25,477,954	(67,360)	25,410,594
Changes in net position					(1,653,838)	830,741	(823,097)
Net position - beginning of year					48,402,658	18,853,535	67,256,193
Net position - end of year					\$ 46,748,820	19,684,276	66,433,096

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTS

Balance Sheet - Governmental Funds

June 30, 2014

	General Fund	Nonmajor Governmental Funds	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 9,635,495	4,663,871	14,299,366
Investments	-	805,579	805,579
Receivables:			
Property taxes	319,950	2,818	322,768
Tax liens and foreclosures	1,050,759	-	1,050,759
Motor vehicle excise	129,337	-	129,337
Departmental	15,394	570,178	585,572
Less: allowance for abatements	(119,472)	-	(119,472)
Less: allowance for uncollectibles	(42,058)	(303,740)	(345,798)
Due from other governments	220,131	45,257	265,388
Total assets	\$ 11,209,536	5,783,963	\$ 16,993,499
<u>Liabilities</u>			
Warrants and accounts payable	\$ 505,688	26,551	532,239
Other accrued liabilities	612,854	-	612,854
Other liabilities	-	26,897	26,897
Total liabilities	1,118,542	53,448	1,171,990
<u>Deferred Inflows of Resources</u>			
Unavailable revenue	1,499,425	269,256	1,768,681
<u>Fund balances</u>			
Nonspendable	-	444,866	444,866
Restricted	1,038,140	4,967,898	6,006,038
Committed	1,459,100	-	1,459,100
Assigned	740,902	48,495	789,397
Unassigned	5,353,427	-	5,353,427
Total fund balances	8,591,569	5,461,259	14,052,828
Total liabilities, deferred inflows of resources and fund balances	\$ 11,209,536	5,783,963	16,993,499

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2014

	General Fund	Nonmajor Governmental Funds	Total
Revenues:			
Property taxes	\$ 22,604,905	174,067	22,778,972
Excise taxes	1,852,380	-	1,852,380
Payments in lieu of taxes	137,092	-	137,092
Departmental charges for services	294,195	1,408,146	1,702,341
Licenses and permits	406,590	-	406,590
Intergovernmental	3,593,316	1,027,012	4,620,328
Fines	39,908	1,733	41,641
Investment income	26,344	63,146	89,490
Other	14,530	132,556	147,086
Total revenues	28,969,260	2,806,660	31,775,920
Expenditures:			
Current:			
General government	1,431,997	199,128	1,631,125
Public safety	3,159,935	61,863	3,221,798
Education	17,447,036	1,057,351	18,504,387
Public works	1,888,138	379,384	2,267,522
Human services	377,994	77,850	455,844
Recreation and culture	505,820	59,907	565,727
Intergovernmental	396,136	-	396,136
Employee benefits	2,600,302	-	2,600,302
Other	126,500	-	126,500
Debt service	1,636,642	167,253	1,803,895
Total expenditures	29,570,500	2,002,736	31,573,236
Excess (deficiency) of revenues over expenditures	(601,240)	803,924	202,684
Other financing sources (uses):			
Operating transfers in	576,000	-	576,000
Operating transfers out	-	(376,000)	(376,000)
Total other financing sources (uses)	576,000	(376,000)	200,000
Net changes in fund balances	(25,240)	427,924	402,684
Fund balance, beginning of year	8,616,809	5,033,335	13,650,144
Fund balance, end of year	\$ 8,591,569	5,461,259	14,052,828

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTS

Reconciliation of the Governmental Fund Balance Sheet

To the Statement of Net Position

Year Ended June 30, 2014

Total fund balances - governmental funds \$ 14,052,828

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land and land improvements	4,135,614
Infrastructure assets	28,134,549
Buildings and building improvements	43,099,266
Construction in progress	355,649
Other capital assets	10,749,961
Accumulated depreciation	<u>(28,424,548)</u>

Total Capital Assets 58,050,491

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred or are not recognized in funds.

1,768,681

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in funds. These liabilities consist of:

Accrued interest on bonds, net of subsidy	(199,740)
Bonds payable	(17,785,213)
Unamortized bond premium	(492,556)
Other post-employment benefits	(7,443,171)
Landfill postclosure care costs	<u>(1,202,500)</u>

Total long-term liabilities (27,123,180)

Net position of governmental activities \$ 46,748,820

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTS

Reconciliation of the Governmental Funds - Statement of Revenues,
Expenditures and Changes in Fund Balances To the Statement of Activities
Year Ended June 30, 2014

Net changes in fund balances - governmental funds	\$ 402,684
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, these amounts are recorded as capital assets and depreciated over their estimated useful lives. This is the amount by which depreciation is more than capital outlays and net retirements for the year.	(1,976,359)
Bond proceeds provide financial resources and bond payments are recorded as expenditures in governmental funds, while these are recorded as increases or decreases to long-term liabilities in the statement of net position. This is the amount by which debt repayments are more than bond proceeds for the year.	1,211,217
Accrued interest is not recorded in governmental funds. This is the amount by which net accrued interest changed during the year.	10,085
Bond premiums are recognized as revenue in the governmental funds but are deferred in the statement of activities.	27,173
Landfill postclosure care costs are recorded as expenditures in governmental funds while these are recorded as decreases to long-term liabilities in the statement of net position.	52,500
Other post-employment expenses in the statement of activities do not require the use of current financial resources are not reported in the funds.	(1,025,358)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	<u>(355,780)</u>
Changes in net position of governmental activities	\$ <u>(1,653,838)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTS

Statement of Revenues, Expenditures and Changes in Fund Balances

Non-GAAP Budgetary Basis

Budget and Actual - General Fund

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance To Final Budget Favorable (Unfavorable)
Revenues:				
Property taxes	\$ 22,315,597	22,315,597	22,599,239	283,642
Excise taxes	1,502,000	1,502,000	1,852,380	350,380
Payments in lieu of taxes	120,000	120,000	137,092	17,092
Departmental charges for services	299,000	299,000	294,196	(4,804)
Licenses and permits	340,000	340,000	406,590	66,590
Intergovernmental	2,442,390	2,442,390	2,541,607	99,217
Fines	30,000	30,000	39,908	9,908
Investment income	25,000	25,000	8,999	(16,001)
Other	-	-	14,530	(14,530)
Total revenues	27,073,987	27,073,987	27,894,541	791,494
Expenditures:				
General government	1,536,355	1,481,355	1,414,331	67,024
Public safety	3,164,594	3,189,594	3,167,917	21,677
Education	17,599,999	17,599,999	17,596,306	3,693
Public works	1,755,135	1,885,135	1,854,973	30,162
Human services	370,268	400,268	377,055	23,213
Recreation and culture	480,040	480,040	477,510	2,530
Debt service	1,639,540	1,639,540	1,634,110	5,430
Intergovernmental	396,261	396,261	396,136	125
Employee benefits	1,583,620	1,663,620	1,657,988	5,632
Insurance	126,500	126,500	126,500	-
Total expenditures	28,652,312	28,862,312	28,702,826	159,486
Excess (deficiency) of revenues over expenditures	(1,578,325)	(1,788,325)	(808,285)	950,980
Other financing sources (uses):				
Operating transfers in	576,000	576,000	576,000	-
Operating transfers out	(200,000)	(200,000)	(200,000)	-
Total other financing sources (uses)	376,000	376,000	376,000	-
Net changes in fund balances	(1,202,325)	(1,412,325)	(432,285)	950,980
Fund balance, beginning of year			5,523,960	
Fund balance, end of year			5,091,675	

TOWN OF MIDDLETON, MASSACHUSETTSStatement of Net Position - Proprietary Fund
December 31, 2013

	<u>Electric Enterprise Fund</u>
<u>Assets</u>	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 641,217
Cash and cash equivalents - restricted	148,863
Investments	8,127,496
User charges receivable, net	1,445,784
Other accounts receivable	110,851
Unbilled revenue	274,286
Inventory	385,896
Prepaid expenses	915,656
Other current assets	<u>147,660</u>
Total current assets	<u>12,197,709</u>
Noncurrent assets:	
Capital assets, net	<u>9,281,046</u>
Total noncurrent assets	<u>9,281,046</u>
Total assets	<u>\$ 21,478,755</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 749,319
Customer deposits	149,238
Other current liabilities	<u>239,178</u>
Total current liabilities	<u>1,137,735</u>
Noncurrent liabilities:	
Accrued compensated absences	72,471
Other post-employment benefits	<u>584,273</u>
Total noncurrent liabilities	<u>656,744</u>
Total liabilities	<u>1,794,479</u>
<u>Net Position</u>	
Net investment in capital assets	9,281,046
Restricted	202,071
Unrestricted	<u>10,201,159</u>
Total net position	<u>\$ 19,684,276</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTS

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Fund

For the Year Ended December 31, 2013

Electric
Enterprise Fund

Operating revenues:

Charges for services	\$	13,689,531
Other operating revenues		<u>162,837</u>

Total operating revenues		<u>13,852,368</u>
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Operating expenditures:

Purchased power and production		10,127,925
Other operating expenses		2,255,097
Depreciation		<u>571,245</u>

Total operating expenditures		<u>12,954,267</u>
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Operating income		<u>898,101</u>
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Nonoperating revenues (expenses):

Interest income		132,640
Payment in lieu of taxes		<u>(200,000)</u>

Total nonoperating revenues (expenses)		<u>(67,360)</u>
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Changes in net position		830,741
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Net position, beginning of year		<u>18,853,535</u>
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Net position, end of year	\$	<u><u>19,684,276</u></u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON, MASSACHUSETTSStatement of Cash Flows - Proprietary Fund
Year Ended December 31, 2013

	<u>Electric Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 13,875,854
Cash paid to suppliers	(11,616,525)
Cash paid to employees	(1,405,444)
Payment in lieu of taxes (operating transfer)	<u>(200,000)</u>
Net cash provided by operating activities	<u>653,885</u>
Cash flows from investing activities:	
Interest on deposits and investments	132,640
Purchase and sales of investments (net)	<u>(968,644)</u>
Net cash provided by capital and related financing activities:	<u>(836,004)</u>
Cash flows from capital and related financing activities:	
Capital expenditures	<u>(679,742)</u>
Net cash provided by capital and related financing activities:	<u>(679,742)</u>
Net increase in cash and cash equivalents	(861,861)
Cash and cash equivalents, beginning of year	<u>1,651,941</u>
Cash and cash equivalents, end of year	<u>\$ 790,080</u>
Reconciliation of operating income to net cash provided	
By operating activities:	
Operating income (loss)	\$ 898,101
Depreciation, bad debts & reserve	571,245
Payment in lieu of taxes (operating transfer)	(200,000)
Decrease in accounts receivable	115,035
(Increase) in unbilled revenue	(88,433)
Decrease in inventory	35,095
(Increase) in prepaid expenses	(457,579)
Decrease in other assets	2,490
Increase in accounts payable	92,216
(Decrease) in customer deposits	(3,116)
(Decrease) in other current liabilities	(379,322)
Increase in OPEB liability	51,580
Increase in other liabilities	<u>16,573</u>
Net cash provided by operating activities	<u>\$ 653,885</u>

The notes to the financial statements are an integral part of this statement.



Bill Fraher, CPA

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Financial Statements
and Required Supplementary Information

For the Year Ended December 31, 2017

(With Independent Auditor's Report Thereon)



Bill Fraher, CPA
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bfraher2877@aol.com

Independent Auditor's Report

The Board of Light Commissioners
Town of Middleton, Massachusetts

Report on the Financial Statements

I have audited the accompanying financial statements of the Middleton Electric Light Department an enterprise fund of the Town of Middleton, Massachusetts, as of and for the year ended December 31, 2017, and the related notes to the 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 a 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 Department'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 Department's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Middleton Electric Light Department of the Town of Middleton, Massachusetts,

as of December 31, 2017, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 7 and the pension and OPEB schedules on pages 28 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Auditing 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. I 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 regarding 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 obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

As discussed in Note 1, the financial statements present only the Middleton Electric Light Department and do not purport to, and do not, present fairly the financial position of the Town of Middleton, Massachusetts as of December 31, 2017, and the changes in its financial position and its cash flows in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* I have also issued my report dated June 8, 2018 on my consideration of the Middleton Electric Light Department's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Middleton Electric Light Department's internal control over financial reporting and compliance.



Bill Fraher, CPA
June 8, 2018



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

The Board of Light Commissioners
Town of Middleton, Massachusetts

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Middleton Electric Light Department (the Department), an enterprise fund of the Town of Middleton, Massachusetts, as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued my report thereon dated June 8, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Middleton Electric Light Department's internal control. Accordingly, I do not express an opinion on the effectiveness of the Middleton Electric Light Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charges with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

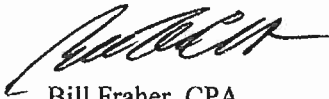
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Middleton Electric Light Department's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards.

I noted certain matters that I reported to management and Board of the Middleton Electric Light Department in a separate letter dated June 8, 2018.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose



Bill Fraher, CPA
June 8, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the financial statements, the management of the Middleton Electric Light Department (the Department) provides a narrative discussion of the amounts that appear in the Department's Statement of Net Position, Statement of Revenues, Expense and Changes in Net Position and Statement of Cash Flows. This discussion is provided to present an overview of the Department's year end financial position for December 31, 2017 and the results of operations for the year then ended.

Overview of the Financial Statements

The Department's basic financial statements include two fund types, a proprietary fund type for all Department activity except for the Other Post-Employment Benefits (OPEB) trust fund, which is considered a fiduciary fund type. For both fund types, the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The proprietary fund includes a Statement of Net Position, Statement of Revenues, Expense and Changes in Net Position and Statement of Cash Flows. The fiduciary fund type presents a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Notes follow these financial statements to present additional information on some of the amounts in the financial statements. Financial highlights from these statements are presented below.

- The Statement of Net Position is designated to indicate our financial position as of a specific point in time. At December 31, 2017, our net position is \$22,068,534, which is an increase of \$2,116,055 (10.6%) from the prior year amount of \$19,952,479. Of the total net position at December 31, 2017, \$11.6 million is the net investment in capital assets, \$.5 million is restricted for future rate relief and \$10.0 million is unrestricted.
- The Statement of Revenues, Expenses and Changes in Net Position shows our operating results and reveals how much, if any, profit was made for the year. This statement shows a total increase in net position (net income) of \$2,116,055 for the year ended December 31, 2017, compared with a net income of \$777,169 for the year ended December 31, 2016. This difference was due mainly to lower power costs and other operating expenses, an increase in other operating income due to work performed on hurricane Irma, and an increase in investment income due to market returns.
- The Statement of Cash Flows provides information about the cash receipts and cash payments during the year. A review of our Statement of Cash Flows indicates that cash receipts from operating activities adequately cover our operating expenses.
- The Department continues to accrue its Other Post-Employment Benefits (OPEB) liability. The GASB 45 OPEB liability in the financial statements at December 31, 2017 is \$355,748. The total OPEB unfunded actuarial liability as of the most recent actuarial valuation (July 1, 2016) is \$918,974. The Department has funded this liability with \$250,000 in contribution to the OPEB trust in 2016 and 2017. The Department also implemented GASB 74 for its OPEB trust for the 2017 statements. At December 31, 2017, this shows a total OPEB liability of \$953,756, plan assets of \$583,364 and a net OPEB liability of \$370,392.
- The total Net Pension Liability (NPL) in the financial statements is \$3,842,901 with pension related deferred outflows of \$402,880 and deferred inflows of \$75,215. The NPL is being amortized through increased assessments from the Essex Regional Retirement System with a target date of 2035 for full liability amortization.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary financial information is presented below.

Summary of Net Position

	<u>2017</u>	<u>2016</u>
Current Assets	\$15,778,699	\$15,652,769
Noncurrent Assets	<u>11,592,264</u>	<u>9,465,661</u>
Total Assets	<u>27,370,963</u>	<u>25,118,430</u>
Deferred Outflows	<u>402,880</u>	<u>402,880</u>
Current Liabilities	1,364,491	1,050,400
Noncurrent Liabilities	<u>4,265,603</u>	<u>4,443,216</u>
Total Liabilities	<u>5,630,094</u>	<u>5,493,616</u>
Deferred Inflows	<u>75,215</u>	<u>75,215</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	11,592,264	9,465,661
Restricted	502,071	202,071
Unrestricted	<u>9,974,199</u>	<u>10,284,747</u>
Total Net Position	<u>\$22,068,534</u>	<u>\$19,952,479</u>

Larger changes are: 1) an increase prepaid expenses due to year end timing; 2) an increase in capital assets due to a land and right of way purchase and 3) increase in net assets due to net income.

Summary of Changes in Net Position

	<u>2017</u>	<u>2016</u>
Operating Revenues	\$13,813,015	\$13,777,574
Operating Expenses	<u>12,045,856</u>	<u>13,092,925</u>
Operating Income	1,767,159	684,649
Nonoperating Revenues (Expenses)	<u>348,896</u>	<u>92,520</u>
Changes in Net Position	2,116,055	777,169
Beginning Net Position	<u>19,952,479</u>	<u>19,175,310</u>
Ending Net Position	<u>\$22,068,534</u>	<u>\$19,952,479</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

Operating revenues increased, totaling \$13,777,574 for 2016 and \$13,813,015 for 2017, an increase of 0.26%. Actual customer kilowatt hour sales to customers decreased approximately 0.6% and overall revenue from customer charges decreased 0.2%. There were no rate changes in 2017. Other operating revenues increased due to work performed by Department line crew in the U.S. Virgin Island on hurricane Irma repairs.

Operating expenses decreased from \$13,092,925 in 2016 to \$12,045,856 in 2017, a decrease of 8.0%. Most of this was due to a decrease in purchased power costs due to power refunds from MMWEC.

The Department saw its investment income increase from \$312,520 in 2016 to \$552,896 in 2017 due to favorable investment returns in 2017 (market factors).

Capital Assets & Debt Administration

Total net capital assets were \$9,465,661 at December 31, 2016 and \$11,592,264 at December 31, 2017, an increase of 22.5%. Capital assets include land, buildings, structures and improvements, equipment and furnishings and infrastructure. There were approximately \$2,800,000 in capital additions in 2017, the largest for the purchase of land a right of way. Additions, net of retirements, were more than depreciation for the year resulting in the increase in net capital assets.

The Department has no outstanding debt at December 31, 2017 nor was any debt outstanding during the year.

Requests for Information

This financial report is designed to provide a general overview of the Middleton Electric Light Department's finances for all those interested in the Department's financial operations. Questions concerning any of the information in this report or requests for additional financial information should be addressed to:

Manager
Middleton Electric Light Department
Middleton, MA 01834

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Statement of Net Position

December 31, 2017

Assets

Current assets:

Cash and cash equivalents - unrestricted	\$ 2,281,502
Cash and cash equivalents - restricted	247,896
Investments	9,022,266
User charges receivable, net	1,304,699
Other accounts receivable	792,751
Unbilled revenue	161,530
Inventory	605,397
Prepaid expenses	1,360,777
Other current assets	<u>1,881</u>

Total current assets 15,778,699

Noncurrent assets:

Capital assets, net	<u>11,592,264</u>
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Total noncurrent assets 11,592,264

Total assets \$ 27,370,963

Deferred Outflows

Deferred outflows related to pensions	<u>402,880</u>
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Liabilities

Current Liabilities:

Accounts payable	\$ 848,391
Customer deposits	247,896
Other current liabilities	<u>268,204</u>

Total current liabilities 1,364,491

Noncurrent liabilities:

Accrued compensated absences	66,954
Other post-employment benefits	355,748
Net pension liability	<u>3,842,901</u>

Total noncurrent liabilities 4,265,603

Total liabilities 5,630,094

Deferred Inflows

Deferred inflows related to pensions	<u>75,215</u>
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Net Position

Net investment in capital assets	11,592,264
Restricted	502,071
Unrestricted	<u>9,974,199</u>

Total net position \$ 22,068,534

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT**Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2017**

Operating revenues:	
Charges for services	\$ 13,343,136
Other operating revenues	<u>469,879</u>
Total operating revenues	<u>13,813,015</u>
Operating expenditures:	
Purchased power and production	9,111,930
Other operating expenses	2,269,233
Depreciation	<u>664,693</u>
Total operating expenditures	<u>12,045,856</u>
Operating income	<u>1,767,159</u>
Nonoperating revenues (expenses):	
Interest income	552,896
Payment in lieu of taxes	<u>(204,000)</u>
Total nonoperating revenues (expenses)	<u>348,896</u>
Changes in net position	2,116,055
Net position, beginning of year	<u>19,952,479</u>
Net position, end of year	\$ <u><u>22,068,534</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT**Statement of Cash Flows****For the Year Ended December 31, 2017****Cash flows from operating activities:**

Cash received from customers	\$ 13,253,495
Cash paid to suppliers	(9,339,356)
Cash paid to employees	(2,053,217)
Payment in lieu of taxes (operating transfer)	<u>(204,000)</u>

Net cash provided by operating activities 1,656,922

Cash flows from investing activities:

Interest on deposits and investments	552,896
Purchase and sales of investments (net)	<u>493,060</u>

Net cash provided by capital and related financing activities: 1,045,956

Cash flows from capital and related financing activities:

Capital expenditures	<u>(2,791,297)</u>
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Net cash provided by capital and related financing activities: (2,791,297)

Net increase in cash and cash equivalents (88,419)

Cash and cash equivalents, beginning of year 2,617,817

Cash and cash equivalents, end of year \$ 2,529,398

Reconciliation of operating income to net cash provided**By operating activities:**

Operating income (loss)	\$ 1,767,159
Depreciation, bad debts & reserve	664,693
Payment in lieu of taxes (operating transfer)	(204,000)
(Increase)/Decrease in accounts receivable	(645,157)
(Increase)/Decrease in unbilled revenue	(11,032)
(Increase)/Decrease in inventory	16,486
(Increase)/Decrease in prepaid expenses	(67,706)
Increase/(Decrease) in accounts payable	191,243
Increase/(Decrease) in customer deposits	96,669
Increase/(Decrease) in other current liabilities	26,179
Increase/(Decrease) in OPEB liability	(168,725)
Increase/(Decrease) in net pension liability and related deferrals	-
Increase/(Decrease) in other liabilities	<u>(8,887)</u>

Net cash provided by operating activities \$ 1,656,922

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Fiduciary Fund

Statement of Fiduciary Net Position

Year Ended December 31, 2017

	<u>OPEB Trust</u>
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	583,364
Investments	\$ <u>-</u>
Total assets	<u>583,364</u>
<u>Liabilities</u>	
Current Liabilities:	
Other Liabilities	\$ <u>-</u>
Total liabilities	<u>-</u>
<u>Net Position</u>	
Held in trust for retiree insurance benefits	<u>583,364</u>
Total net position	\$ <u><u>583,364</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Fiduciary Fund

Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2017

	<u>OPEB Trust Fund</u>
<u>Additions</u>	
Contributions:	
From Middleton Electric Light Department	\$ <u>250,000</u>
Total contributions	<u>250,000</u>
Investment income:	
Interest and dividend income	<u>72,781</u>
Total investment income	<u>72,781</u>
Total additions	<u>322,781</u>
<u>Deductions</u>	
Benefits	<u>-</u>
Total deductions	<u>-</u>
Change in net position	322,781
Net position - beginning of year	<u>260,583</u>
Net position - end of year	<u>\$ <u>583,364</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

1. Summary of Significant Accounting Policies

A. Introduction

The Town of Middleton Electric Light Department (the Department) was incorporated in 1912. The Department operates under the provisions of Chapter 164 of the Massachusetts General Laws with an elected Board of Light Commissioners.

The Department complies with accounting principles generally accepted in the United States of America (GAAP). The Department's accounting records are required to conform to the accounting standards set by the Commonwealth of Massachusetts Department of Public Utilities (DPU), which differ from GAAP. Certain adjustments have been made to present the Department's financial statements in accordance with GAAP.

B. Reporting Entity

The financial statements present information only on activities of Town of Middleton Electric Light Department and do not purport to, and do not, present fairly the financial position of the Town of Middleton, Massachusetts as of December 31, 2017, and the changes in its financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. The Department is presented as an enterprise fund in the Town of Middleton, Massachusetts' financial statements.

C. Regulation and Operation

Under Massachusetts law, electric rates of the Department are set by the Board of Commissioners and may be changed once every three months. Rate schedules are filed with the DPU. While the DPU exercises general supervisory authority over the Department, rates are not subject to DPU approval. Rates must be set such that net earnings from operations do not exceed 8% of the cost of utility Department, unless prior year losses are being recaptured.

D. Basis of Accounting

I. Basis of Presentation

The financial condition and results of operations of the Department are presented as of and for the year ended December 31, 2017.

II. Basis of Accounting

The Department is considered a proprietary fund type. As such, the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The Department also distinguishes between operating and nonoperating revenues and expenses, based on whether the items relate to the primary operation of providing electric service. The Department's OPEB trust is considered a fiduciary fund type and uses the accrual basis of accounting.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

III. Cash Equivalents

For purposes of the statement of cash flows, the Department considers investments with original maturities of three months or less when purchased to be cash equivalents.

IV. Inventory

Inventory is carried at cost, calculated on an average cost basis.

V. Utility Department in Service

Utility Department in service is recorded at historical cost. Depreciation is calculated on a straight-line basis. Depreciation rates are as follows: buildings and structures - 50 years; utility Department infrastructure (poles, meters, transformers, etc.) - 20 to 33 years; other capital assets - 10 to 20 years.

An amount equal to annual depreciation expense is transferred by the Department from unrestricted cash to a segregated depreciation cash fund. This fund is utilized in accordance with DPU regulations for certain additions to utility Department in service. The Department charges maintenance costs to expense when incurred. Replacements and betterments are charged to utility Department when purchased or when placed in service, according to DPU requirements. At the time Department is retired, the cost of Department, less accumulated depreciation and any salvage value, is recorded as a reduction of the related accounts.

VI. Accrued Vacation and Sick Leave

Vacation time for Department employees varies from one to six weeks, based on years of service. In addition, employees are eligible to "buy back" a percentage of accrued sick time, subject to certain restrictions, at retirement. The total amount of accrued vacation and sick leave payable at December 31, 2017 is presented in the financial statements.

VII. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, proprietary and fiduciary fund statements may present deferred outflow and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will be recognized as an outflow (expense/expenditure) at that time. Deferred inflows of resources represent acquisition of net position that applies to a future period and will be recognized as an inflow (revenue) at that time. In the financial statements, certain items related to the net pension liability, if applicable, are presented as deferred inflows and outflows of resources.

VIII. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Essex Regional Retirement System (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

VIII. Pensions (continued)

System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

IX. Other Post-Employment Benefits

In additions to pensions, the Department provides health and life insurance benefits for current and future retirees and their spouses.

X. Operating Revenues

Revenues are based on rates established by the Department and are applied to customers' consumption of electricity. The Department utilizes a fuel cost adjustment, whereby fluctuations in the cost of power can be adjusted monthly on customer bills without a change to the basic rate structure. All customers are allowed a discount on a portion of their electric bill if paid within fifteen days which is recorded as revenue when forfeited.

XI. Taxes

The Department is exempt from state and federal income taxes and local property taxes. The Department pays an in lieu of tax payment to the Town of Middleton based on an annual vote by the Board of Commissioners.

XII. Use of Estimates

In preparing the Department's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

2. Cash and Investments

Cash of the Department is in control of the Town Treasurer, as required by state law. State and local statutes place certain limitations on the nature of deposits and investments available to the Department. Cash and cash equivalents in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. Separate accounts are maintained for the Department's depreciation fund, stabilization fund and customer meter deposits fund. Operating cash is pooled with Town funds in various Town bank accounts.

The Department also maintains depreciation, stabilization and OPEB funds, which are allowed per DPU regulations. Subject to certain restrictions, these amounts are available for general Department operations and are included in the financial statements as unrestricted cash and cash equivalents. Customer meter deposits are presented as restricted cash and cash equivalents, as these amounts are available to the Department only if a customer account is terminated with an outstanding balance.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

2. Cash and Investments (continued)

At year-end, the Department's carrying amount of *segregated* bank deposits was \$249,994. The bank balance of these Department segregated funds maintained by the Town Treasurer was \$252,282. In addition to the segregated funds, there was \$2,193,900 of operating cash pooled within various Town accounts. Bank deposits are pooled with, or in the same financial institution as, Town operating funds and, therefore, specific collateralization information on these amounts is not available. In addition to bank deposits, \$1,421 was invested with the Municipal Light Departments of Massachusetts Reserve Trust, an investment pool authorized under state statutes. This is considered part of cash equivalents in the financial statements.

At year-end, the investment balances for the Department were as follows:

<u>Type of Investment</u>	<u>Fair Value</u>
US government securities	\$1,109,776
Equities	3,256,013
Certificates of deposit	1,058,263
Municipal bonds	2,184,060
Corporate bonds	1,414,154
Mutual and money market funds (cash equivalents)	<u>666,497</u>
Total investments	<u>\$9,688,763</u>

Of the above amounts, maturities are as follows: 1) for US Government Securities, \$264,165 between two and five years and \$845,611 beyond five years; 2) for certificates of deposit, \$9,937 between one and two years, \$444,578 between two and five years and \$603,748 beyond five years; 3) for municipal bonds \$531,938 between two and five years and \$1,652,122 beyond five years; and 4) for corporate bonds \$519,265 between two and five years and \$894,889 beyond five years.

The US government and agency securities investments are rated Aaa by Moody's Investor Services and AA+ by Standard and Poor's. Municipal bonds are rated \$341,205 as AAA and \$1,842,855 as AA to A and corporate bonds are rated \$97,312 as AAA, \$890,458 as AA to A and \$426,384 are rated BBB by Standards and Poor's. Mutual funds, money market funds and certificates of deposit are not rated.

The Department holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Department's mission, the Department determines that disclosures related to these investments only need to be disaggregated by major type. The Department chooses a narrative format for the fair value disclosures.

The Department categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs use to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At December 31, 2017, Department investments are categorized as follows: Level 1 - \$1,109,776 US government securities, \$3,256,013 equities and \$666,497 mutual and money market funds; Level 2 - \$2,184,060 municipal bonds and \$1,414,154 corporate bonds. \$1,058,263 in certificates of deposit are not classified.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

3. Accounts Receivable

The following is a summary of accounts receivable as of December 31, 2017.

	<u>2017</u>
Customer accounts receivable	\$1,356,880
Other accounts receivable	763,770
Purchased power credits receivable	28,981
Allowance for uncollectible accounts	<u>(52,181)</u>
 Total accounts receivable, net	 <u>\$2,097,450</u>

Of the total customer accounts receivable at December 31, 2017 of \$1,356,880, \$1,191,011 relates to the December 2017 power bills due from customers (due in January, 2018). The Department also has \$161,530 of unbilled charges at December 31, 2017.

4. Prepaid Expenses

At December 31, 2017, the Department has total prepaid expenses of \$1,360,777. Most of the prepaid expense amount represents deposits used to facilitate timely payments of certain monthly power invoices.

5. Capital Assets

The following is a summary of the Department's capital assets for the year ended December 31, 2017.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers and Reductions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and land improvements	<u>\$327,323</u>	<u>1,846,756</u>	=	<u>2,174,079</u>
Total capital assets not being depreciated	<u>327,323</u>	<u>1,846,756</u>	=	<u>2,174,079</u>
 Capital assets being depreciated:				
Buildings and improvements	1,264,875	8,053	-	1,272,928
Equipment	2,472,521	306,219	258,001	2,520,739
Infrastructure	<u>16,971,702</u>	<u>630,270</u>	<u>95,003</u>	<u>17,506,969</u>
Total capital assets being depreciated	<u>20,709,098</u>	<u>944,542</u>	<u>353,004</u>	<u>21,300,636</u>
 Less accumulated depreciation for:				
Buildings and improvements	(580,217)	(25,460)	-	(605,677)
Equipment	(1,881,779)	(109,461)	(258,001)	(1,733,239)
Infrastructure	<u>(9,108,764)</u>	<u>(529,772)</u>	<u>(95,001)</u>	<u>(9,543,535)</u>
Total accumulated depreciation	<u>(11,570,760)</u>	<u>(664,693)</u>	<u>(353,002)</u>	<u>(11,882,451)</u>
 Capital assets being depreciated, net	<u>9,465,661</u>	<u>279,849</u>	<u>2</u>	<u>9,418,185</u>
 Total capital assets, net	<u>\$9,465,661</u>	<u>2,126,605</u>	<u>2</u>	<u>11,592,264</u>

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

6. Notes and Bonds Payable

The Department did not have any outstanding short or long-term debt during 2017. At December 31, 2017, the Department has no unauthorized and unissued debt.

7. Pension Plans

Plan Description: Department employees are provided with pensions through the Essex Regional Retirement System, a cost sharing, multiple employer defined benefit plans administered by the Essex Regional Retirement Board and regulated by the Massachusetts Public Employee Retirement Administration Commission (PERAC). Chapter 32 of the Massachusetts General Laws (MGL) grants the authority to establish and amend benefit terms. The System issues an annual public report and audited financial statements that can be obtained at essexregional.com.

Benefits Terms: Membership in the System is mandatory for all full-time employees and non-seasonal employees who, in general, regularly work more than twenty hours per week.

The System provides retirement, disability and death benefits. Benefit payments are based on a member's age, length of creditable service, level of compensation and group classification. Retirement benefits are determined as follows. For employees hired prior to April 2, 2012, the system provides for retirement benefits up to a maximum of 80% of a member's highest three-year average annual rate of compensation. For employees hired on or after April 2, 2012, it is a maximum of 80% of a member's highest consecutive five-year average or, if greater, during the last five years (consecutive or not) preceding retirement. Employees may elect early retirement after 20 years of service or at any time after attaining age 55 (age 60 if hired on or after April 2, 2012) with 10 years eligible service.

System members who become permanently and totally disabled may be eligible to receive a disability retirement allowance. Disability benefits are based on a number of factors, including the member's age, compensation, veteran status, years of service and whether or not the disability is work related. In addition, certain death benefits exist for beneficiaries who die in active service.

Cost of living adjustments (COLAs) granted between 1981 and 1997 are the responsibility of the Commonwealth. Beginning in 1998, funding COLAs became the responsibility of the System.

Contributions: Chapter 32 of MGL governs the contributions of plan members and member employers. Employees contribute 5% of regular compensation if employed prior to January 1, 1975; 7% if first employed from January 1, 1975 to December 31, 1983; 8% of the first \$30,000 and 10% thereafter if first employed on or after January 1, 1984; and 9% of the first \$30,000 and 11% thereafter if first employed on or after January 1, 1998. The Department's contribution reflects its share of the system-wide actuarial determined contribution, in accordance with Chapter 32 Section 22D of MGL, apportioned among all System employers based on an annual employer normal cost and amortization payments to pay the unfunded net pension liability in full by fiscal year 2035. Contributions to the System by the Department for the year ended December 31, 2016 were \$289,291.

Return of Contributions: Employee contributions may be returned to the participants upon leaving Department employment prior to retirement, within certain age and length of employment restrictions, as prescribed by the Massachusetts General Laws.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

7. Pension Plans (continued)

Net Pension Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Department reported a liability of \$3,842,901 for its proportionate share of the net pension liability. The net pension liability was measured at December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 rolled forward to December 31, 2016. There were no material changes made in this update to the actuarial assumptions or to the retirement terms since the last actuarial valuation. The Department's proportion of the net pension liability was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2016, the Department's proportion was 0.9974%.

For the year ended December 31, 2017, the Department recognized pension expense of \$303,409. At December 31, 2017 the Department reported deferred outflows as follows: \$168,338 for net difference between projected and actual investment earnings, \$162,866 for changes in assumptions and \$71,676 for changes in proportion and differences between employer contributions and proportionate share of contributions and reported deferred inflows as follows: \$69,205 for the difference between expected and actual experience and \$6,010 for changes in proportion and differences between employer contributions and proportionate share of contributions. This amount will be recognized in pension expense as follows:

Fiscal year ended December 31:	
2018	\$90,492
2019	\$90,492
2020	\$94,145
2021	\$44,664
2022	7,872
Thereafter	-

Actuarial Assumptions: The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Actuarial cost method	Entry Age Normal Cost Method
	Amortization method	The total appropriation is set to increase annually by 7.74% for five years, then by 6.36% for one year and 4% increases thereafter until the final year when it will be 3.89%.
	Asset valuation method	Market value adjusted by accounts payable and receivables
	Projected salary increases	3% of the first \$13,000 of a member's retirement allowance is assumed every year
	Remaining amortization period	18 years for the fresh start base.
	Investment rate of return	7.75% per annum
	Salary increases	7.5% year one, 6.5% year two, 6.0% year three, 5.5% year four, 5.0% year five, 3.75% ultimate rate

Mortality rates were based on the RP-2000 Mortality Table (sex distinct) projected with scale BB and generational mortality. During employment, the healthy employee mortality table is used. Post-

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

7. Pension Plans (continued)

employment the healthy annuitant table is used. For disabled life, the mortality rates were based on the RP-2000 Mortality Table set forward two years. Death is assumed to be the same cause as the disability 40% of the time.

The long-term rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
<u>Global Equity</u>		
Large Cap equities	14.5%	7.5%
Small/mid cap equities	3.5%	7.75%
International equities	16%	7.83%
Emerging international equities	6%	9.61%
<u>Core Fixed Income</u>		
Core bonds	5%	4%
20+ year treasuries & TIPS	8%	3.75%
<u>Value Added Fixed Income</u>		
High-yield bonds	1.5%	5.75%
Bank loans	1.5%	6%
EMD (external)	1%	5.75%
EMD (local currency)	2%	6.5%
Private debt	4%	9.06%
Private equity	10%	9.5%
Real estate	10%	6.5%
Timberland	4%	6%
Hedge funds/other	<u>13%</u>	6.48%
Total	<u>100%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that contributions will be made at the actuarially determined contribution rate. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Department's proportionate share of the net pension liability of the System calculated using the discount rate of 7.75%, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
\$4,710,129	\$3,842,901	\$3,201,301

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

8. Other Post-Employment Benefits (OPEB) – GASB 45

The Department was required to implement GASB 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, for the 2009 financial statements. The Department established the net OPEB obligation at January 1, 2009 at zero and is applying the measurement and recognition requirements for the remaining amounts of GASB 45 on a prospective basis.

Plan Description - The Department provides for certain health care benefits in accordance with Massachusetts General Law Chapter 32B, to employees who retire in accordance with various predetermined years of service and under various age requirements under a single employer defined benefit plan. Changes to plan design and contribution rates must be negotiated through the collective bargaining process.

As of the most recent valuation date of July 1, 2016, the number of Plan participants is as follows:

Active employees	16
Retirees and beneficiaries	<u>2</u>
Total	<u>18</u>

Funding Policy - Contribution requirements are negotiated as part of the collective bargaining process. Currently, members receiving these benefits contribute 40% of the cost of the plans. The cost of administering the plan is paid for by the Town.

Annual OPEB Cost and Net OPEB Obligation - The Department's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with GASB 45 parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The components of the Department's annual OPEB cost for the year, the actual contribution to the plan and changes to the Department's net OPEB obligation are presented in the following table.

Annual required contribution	\$73,202
Interest on OPEB obligation	34,660
Amortization of actuarial gains and losses	34,891
Adjustment to annual required contribution	<u>(42,947)</u>
Annual OPEB cost	99,806
Contribution to OPEB trust	(250,000)
Expected employer contribution	<u>(18,531)</u>
Increase (decrease) in net OPEB obligation	(168,725)
Net OPEB obligation - beginning of year	<u>524,473</u>
Net OPEB obligation - end of year	<u>\$355,748</u>

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

8. Other Post-Employment Benefits (OPEB) – GASB 45 (continued)

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2017	\$99,806	271%	\$355,748
12/31/2016	\$99,806	271%	\$524,473
12/31/2015	\$86,836	36%	\$693,198

Funding Status and Funding Progress - The funded status of the plan at July 1, 2017, the most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal Cost (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage Of Covered Payroll ((B-A)/C)
7/1/2016	\$246,583	\$1,165,556	\$918,973	21%	\$1,598,393	57%
7/1/2014	\$0	\$1,012,427	\$1,012,427	0%	\$1,046,715	98%

The actuarial valuation of an ongoing plan involves estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding funding status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following additional information is provided as of the latest actuarial valuation:

- Valuation date July 1, 2016
- Actuarial cost method Entry age normal
- Amortization method 30 years, level dollar
- Remaining amortization period 20 years, as of December 31, 2017
- Interest discount rate 5.00%
- Medical cost trend 5%

9. Other Post-Employment Benefits (OPEB) – GASB 74

As part of the Department's single-employer OPEB plan, The Department has established an OPEB trust fund to accumulate assets and provide funding for future employee health care costs.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

9. Other Post-Employment Benefits (OPEB) – GASB 74 (continued)

Net OPEB Liability: The components of the net OPEB liability at December 31, 2017 were as follows:

Total OPEB liability	\$953,756
OPEB plan fiduciary net position	<u>(583,364)</u>
Net OPEB liability	<u>\$370,392</u>

OPEB plan fiduciary net position as % of total OPEB liability	<u>61.16%</u>
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Actuarial Assumptions: The total OPEB liability at December 31, 2017 was determined by an actuarial valuation as of December 31, 2017 with an actuarially determined contribution as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.75 percent
Salary increases	3% annually as of June 30, 2017 and for future periods
Investment rate of return	6.79 percent, net of OPEB investment expense, including inflation

For pre-retirement mortality, mortality rates were based on the RP-2000 Mortality Table (base year 2009) using Scale BB. For post-retirement mortality, mortality rates were based on the RP-2000 Healthy Annuitant Table (base year 2009) using Scale BB. For disabled lives, the mortality rates were based on the RP-2000 Healthy Annuitant Table (base year 2012) using Scale BB.

Investments: The Department has its funds in an investment account with an investment advisor. The Department has an OPEB investment policy. The long-term rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Large Cap	31.75%	4.00%
Domestic Equity Sm./Mid Cap	18.50%	6.00%
Int'l Equity Developed Market	8.50%	4.50%
Int'l Equity Emerging Market	6.00%	7.00%
Domestic Fixed Income	19.00%	2.00%
International Fixed Income	7.25%	3.00%
Alternatives	5.00%	6.50%
Real Estate	3.00%	6.25%
Cash	<u>0.31%</u>	0.00%
Total	<u>100.0%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates. Based on that, the fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

9. Other Post-Employment Benefits (OPEB) – GASB 74 (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the Department's proportionate share of the net pension liability of the System calculated using the discount rate of 6.75%, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
\$543,022	\$370,392	\$209,470

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following presents the Department's proportionate share of the net pension liability of the System calculated using the current healthcare cost trend rate of 5.0%, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.0%) or 1-percentage-point higher (6.0%) than the current rate:

<u>1% Decrease (4.0%)</u>	<u>Current Discount Rate (5.0%)</u>	<u>1% Increase (6.0%)</u>
\$151,655	\$370,392	\$653,366

10. Commitments

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

MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable from, and secured solely by, the revenues derived from the Project to which such issue relates plus available funds pledged under the Amended and Restated General Bond Resolution with respect to the bonds of that project. The MMWEC revenues derived from each Project is 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.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

10. Commitments (continued)

MMWEC operates the Stony Brook Intermediate Project and Stony Brook Peaking Project, both fossil-fueled power Departments. MMWEC has a 3.7% interest in the W.F. Wyman Unit No. 4 Department, owned and operated by subsidiaries of 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 indirect subsidiary of Dominion Resources, Inc. DNCI also owns and operates Millstone Unit 2 nuclear unit. The operating license for Unit 3 extends to November 25, 2045.

A substantial portion of MMWEC's Department investment and financing program is an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook Resources, LLC, the majority owner and indirect subsidiary of Next Era Energy Resources, LLC. The operating license for Seabrook Station extends to March 15, 2030. NextEra Seabrook has applied 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 Departments, which costs are being funded through monthly Project billings. The Project Participants are also liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act. Originally enacted in 1957, the Act has been renewed several times. In July, 2005, Congress extended the Act through the end of 2025.

The Department has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both the PSAs and PPAs, the Department is required to make certain payments to MMWEC payable solely from Department revenues. Under the PSAs, each Participant is unconditionally obligated to make 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).

MMWEC is involved in various legal actions, the outcome of which, in the opinion of MMWEC management, will not have a material adverse effect on the financial position of MMWEC. As of December 31, 2017, total capital expenditures amounted to \$1,583,481,000, of which \$38,299,000 represents the amount associated with the Department's Project Capability. MMWEC's debt outstanding for the Projects from Power Supply System Revenue Bonds totals \$10,680,000, of which \$317,000 is associated with the Department's share of Project Capability. As of December 31, 2017, MMWEC's total future debt service requirement on outstanding bonds issued for Projects is \$11,425,000, of which \$345,000 is anticipated to be billed to the Department in future years.

The aggregate amount of the Department's required payments under the PSAs and PPAs, exclusive of Reserve and Contingency Fund billings, to MMWEC at December 31, 2017 and estimated for future years is shown below.

For years ended December 31,	2018	\$ 40,000
	2019	\$ <u>305,000</u>
	Total	\$ <u>345,000</u>

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

10. Commitments (continued)

In addition, the Department is required to pay its share of the Operation and Maintenance (O&M) costs of the Projects in which they participate. The Department's total O&M costs including debt service under the PSAs were \$2,335,000 and \$3,403,000 for the years ended December 31, 2017 and 2016, respectively.

11. Power Contracts

The Department purchases its power through contracts with various power suppliers, including MMWEC. These contracts are subject to certain market factors. Based on current market conditions, the Department anticipates some stability to its power cost expenses over the next few years.

12. Contingencies

Numerous lawsuits may be pending or threatened against the Department, which arose from the ordinary course of operations, including actions commenced and claims asserted against it for property damage and personal injury, breaches of contract, condemnation proceedings and other alleged violations of law. The Department's attorney estimates that potential claims, not covered by insurance, resulting from such litigation, would not materially affect the financial statements.

13. Implementation of new GASB Statements

During fiscal year 2017, the Department implemented the following GASB pronouncements:

- GASB Statement #74 – *Financial Reporting for Postemployment Benefits Plans Other than Pension Plans*, which is required to be implemented in fiscal year 2017. The Department has successfully implemented this statement in its financial statements.
- GASB Statement #80 – *Blending Requirements for Certain Component Units – An amendment of GASB Statement No. 14*, which is required to be implemented in fiscal year 2017. This Statement did not have any significant impact on the Department's financial statements.
- GASB Statement #82 – *Pensions Issues – An Amendment of GASB Statement Nos. 67, 68 and 73*, which is required to be implemented in fiscal year 2017. This Statement did not have any significant impact on the Department's financial statements.
- GASB Statement #81 – *Irrevocable Split-Interest Agreements*, which is required to be implemented in fiscal year 2017. This Statement did not have any significant impact on the Department's financial statements.

In future fiscal years, the Department will implement the following GASB pronouncements:

- GASB Statement #75 – *Accounting and Financial Reporting for Postemployment Benefits Plans Other than Pensions*, which is required to be implemented in fiscal year 2018. The Department is currently evaluating the possible impact this will have on its financial statements.
- GASB Statement #83 – *Certain Asset Retirement Obligations*, which is required to be implemented in fiscal year 2019. The Department is currently evaluating the possible impact this will have on its financial statements.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2017

13. Implementation of new GASB Statements

- GASB Statement #84 – *Fiduciary Activities*, which is required to be implemented in fiscal year 2019. The Department is currently evaluating the possible impact this will have on its financial statements.
- GASB Statement #85 – *Omnibus 2017*, which is required to be implemented in fiscal year 2018. The Department is currently evaluating the possible impact this will have on its financial statements.
- GASB Statement #86 – *Certain Debt Extinguishment Issues*, which is required to be implemented in fiscal year 2018. The Department is currently evaluating the possible impact this will have on its financial statements.
- GASB Statement #87 – *Leases*, which is required to be implemented in fiscal year 2020. The Department is currently evaluating the possible impact this will have on its financial statements.
- GASB Statement #88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*, which is required to be implemented in fiscal year 2019. The Department is currently evaluating the possible impact this will have on its financial statements.

Town of Middleton Municipal Light Department

Required Supplementary Information

Fiscal Year Ended December 31, 2017

**Town of Middleton Municipal Light Department's Proportionate Share of Net Pension Liability -
Essex Regional Retirement System**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Department's proportion of the net pension liability	<u>0.9974%</u>	<u>0.9974%</u>	<u>0.9663%</u>
Department's proportionate share of the net pension liability	<u>\$3,842,901</u>	<u>\$3,842,901</u>	<u>\$3,278,215</u>
Department's covered-employee payroll	<u>\$1,390,838</u>	<u>\$1,390,838</u>	<u>\$1,153,368</u>
Department's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>276.3%</u>	<u>276.3%</u>	<u>284.3%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>51.12%</u>	<u>51.12%</u>	<u>52.27%</u>

**Town of Middleton Municipal Light Department's Schedule of Contributions - Essex Regional
Retirement System**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	<u>\$288,945</u>	<u>\$288,945</u>	<u>\$251,202</u>
Contributions in relation to the contractually required contribution	<u>(289,291)</u>	<u>(289,291)</u>	<u>(251,202)</u>
Contribution deficiency (excess)	<u>(296)</u>	<u>(296)</u>	<u>-</u>
Department's covered-employee payroll	<u>\$1,390,838</u>	<u>\$1,390,838</u>	<u>\$1,153,368</u>
Contributions as a percentage of covered-employee payroll	<u>20.8%</u>	<u>20.8%</u>	<u>21.8%</u>

Note: The above schedules are required for ten years. Additional years will be presented as they become available. These amounts were determined for 2017 and 2016 as of December 31, 2016 and for 2015 as of December 31, 2014.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT**Required Supplementary Information
Schedules of Changes in Total OPEB Liability
and Plan Fiduciary Net Position**

	<u>2017</u>
<u>Total OPEB Liability (GASB 74)</u>	
Service cost	\$ 21,903
Interest on total OPEB liability	60,911
Changes in benefit terms	-
Difference between expected and actual plan experience	-
Changes in assumptions	-
Benefit payments, including refunds of member contributions	<u>(18,784)</u>
Net change in total OPEB liability	64,030
Total OPEB liability - beginning of year	<u>889,726</u>
Total OPEB liability - end of year	\$ <u><u>953,756</u></u>
<u>Plan Fiduciary Net Position (GASB 74)</u>	
Interest on fiduciary net position	\$ 17,589
Earnings from plan investments	<u>55,192</u>
Net investment income (loss)	72,781
Employer contributions	268,784
Benefit payments	(18,784)
Administrative expense	<u>-</u>
Net change in fiduciary plan net position	322,781
Plan fiduciary net position - beginning of year	<u>260,583</u>
Plan fiduciary net position - end of year	\$ <u><u>583,364</u></u>
Net OPEB liability	\$ <u><u>370,392</u></u>

These schedules are required for ten year. Additional years will be presented as they become available.

See notes to the Department's financial statement for a summary of significant actuarial methods and assumptions.

Town of Middleton Municipal Light Department

Required Supplementary Information

Fiscal Year Ended December 31, 2017

Schedule of Net OPEB Liability (GASB 74)

	<u>2017</u>
Total OPEB liability	\$953,756
Plan fiduciary net position	<u>583,364</u>
Net OPEB liability	<u>\$370,392</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>61.16%</u>
Department's covered-employee payroll	<u>\$1,598,393</u>
Plan net OPEB liability as a percentage of covered payroll	<u>23.17%</u>

Schedule of OPEB Contributions (GASB 74)

	<u>2017</u>
Actuarially determined contribution	\$ 68,210
Contributions in relation to the actuarially determined contribution	<u>(268,784)</u>
Contribution deficiency (excess)	<u>(200,574)</u>
Department's covered-employee payroll	<u>\$1,598,393</u>
Contributions as a percentage of covered-employee payroll	<u>16.82%</u>

Schedule of Investment Returns (GASB 74)

	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	<u>6.79%</u>

The above schedules are required for ten years. Additional years will be presented as they become available.

See notes to the Department's financial statements for summary of significant actuarial methods and assumptions.



Bill Fraher, CPA

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Financial Statements
and Required Supplementary Information

For the Year Ended December 31, 2016

(With Independent Auditor's Report Thereon)



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Independent Auditor's Report

The Board of Light Commissioners
Town of Middleton, Massachusetts

Report on the Financial Statements

I have audited the accompanying financial statements of the Middleton Electric Light Department an enterprise fund of the Town of Middleton, Massachusetts, as of and for the year ended December 31, 2016, and the related notes to the 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 a 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 Department'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 Department's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Middleton Electric Light Department of the Town of Middleton, Massachusetts,

as of December 31, 2016, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 7 and the schedules of net pension liability and pension contributions on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Auditing 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. I 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 regarding 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 obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

As discussed in Note 1, the financial statements present only the Middleton Electric Light Department and do not purport to, and do not, present fairly the financial position of the Town of Middleton, Massachusetts as of December 31, 2016, and the changes in its financial position and its cash flows in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* I have also issued my report dated August 9, 2017 on my consideration of the Middleton Electric Light Department's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Middleton Electric Light Department's internal control over financial reporting and compliance.



Bill Fraher, CPA
August 9, 2017



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

The Board of Light Commissioners
Town of Middleton, Massachusetts

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Middleton Electric Light Department (the Department), an enterprise fund of the Town of Middleton, Massachusetts, as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued my report thereon dated August 9, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Middleton Electric Light Department's internal control. Accordingly, I do not express an opinion on the effectiveness of the Middleton Electric Light Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charges with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Middleton Electric Light Department's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards.

I noted certain matters that I reported to management and Board of the Middleton Electric Light Department in a separate letter dated August 9, 2017.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose



Bill Fraher, CPA
August 9, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the financial statements, the management of the Middleton Electric Light Department (the Department) provides a narrative discussion of the amounts that appear in the Department's Statement of Net Position, Statement of Revenues, Expense and Changes in Net Position and Statement of Cash Flows. This discussion is provided to present an overview of the Department's year end financial position for December 31, 2016 and the results of operations for the year then ended.

Overview of the Financial Statements

The Department's basic financial statements include the Statement of Net Position, Statement of Revenues, Expense and Changes in Net Position and Statement of Cash Flows. Notes follow these financial statements to present additional information on some of the amounts in the financial statements. Each of these statements is described below.

- The Statement of Net Position is designated to indicate our financial position as of a specific point in time. At December 31, 2016, our net position is \$19,952,479, which is an increase of \$777,169 (4.1%) from the prior year amount of \$19,175,479. Of the total net position at December 31, 2016, \$9.5 million is the net investment in capital assets, \$2 million is restricted for future rate relief and \$10.3 million is unrestricted.
- The Statement of Revenues, Expenses and Changes in Net Position shows our operating results and reveals how much, if any, profit was made for the year. This statement shows a total increase in net position (net income) of \$777,169 for the year ended December 31, 2016, compared with a net income of \$1,030,186 for the year ended December 31, 2015. This difference was due mainly to higher other operating expenses (OPEB contribution and pensions) and a decrease in investment income due to market returns.
- The Statement of Cash Flows provides information about the cash receipts and cash payments during the year. A review of our Statement of Cash Flows indicates that cash receipts from operating activities adequately cover our operating expenses.
- The Department continues to accrue its Other Post-Employment Benefits (OPEB) liability and Net Pension Liability. The total OPEB liability in the financial statements at December 31, 2016 is \$524,473. The total unfunded actuarial liability as of the most recent actuarial valuation (July 1, 2016) is \$918,974. The Department began funding this liability in 2016 with a \$250,000 contribution to the OPEB trust. The total Net Pension Liability (NPL) in the financial statements is \$3,842,901 with pension related deferred outflows of \$402,880 and deferred inflows of \$75,215. The NPL is being amortized through increased assessments from the Essex Regional Retirement System with a target date of 2035 for full liability amortization.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary financial information is presented below.

Summary of Net Position

	<u>2016</u>	<u>2015</u>
Current Assets	\$15,652,769	\$14,888,632
Noncurrent Assets	<u>9,465,661</u>	<u>9,546,011</u>
Total Assets	<u>25,118,430</u>	<u>24,434,643</u>
Deferred Outflows	<u>402,880</u>	<u>0</u>
Current Liabilities	1,050,400	1,202,251
Noncurrent Liabilities	<u>4,443,216</u>	<u>4,042,825</u>
Total Liabilities	<u>5,493,616</u>	<u>5,245,076</u>
Deferred Inflows	<u>75,215</u>	<u>14,257</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	9,465,661	9,546,044
Restricted	202,071	202,072
Unrestricted	<u>10,284,747</u>	<u>9,427,227</u>
Total Net Position	<u>\$19,952,479</u>	<u>\$19,175,310</u>

Larger changes are: 1) an increase in cash and investments due to current year net income; 2) an increase in deferred outflows due to pensions; 3) a decrease in the net pension liability and 3) increase in net assets due to net income.

Summary of Changes in Net Position

	<u>2016</u>	<u>2015</u>
Operating Revenues	\$13,777,574	\$13,685,162
Operating Expenses	<u>13,092,925</u>	<u>12,813,348</u>
Operating Income	684,649	871,814
Nonoperating Revenues (Expenses)	<u>92,520</u>	<u>158,372</u>
Changes in Net Position	777,169	1,030,186
Beginning Net Position	<u>19,175,310</u>	<u>18,145,124</u>
Ending Net Position	<u>\$19,952,479</u>	<u>\$19,175,310</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

Operating revenues increased, totaling \$13,685,162 for 2015 and \$13,777,574 for 2016, an increase of 0.7%. Actual customer kilowatt hour sales to customers decreased approximately 0.8% and overall revenue from customer charges increased 0.7%. There were no rate changes in 2016 except for a restructuring of residential rates in May, 2016 which increased revenue slightly.

Operating expenses increased from \$12,813,348 in 2015 to \$13,092,925 in 2016, an increase of 2.2%. This was mainly due to an increase in pension expenses and OPEB trust funding.

The Department saw its investment income decrease from \$398,372 in 2015 to \$312,520 in 2016 due to less favorable investment returns in 2016 (market factors).

Capital Assets & Debt Administration

Total net capital assets were \$9,546,011 at December 31, 2015 and \$9,465,661 at December 31, 2016, a decrease of 0.8%. Capital assets include land, buildings, structures and improvements, equipment and furnishings and infrastructure. There were approximately \$642,000 in capital additions in 2016, the largest for various line infrastructure improvements. Additions, net of retirements, were less than depreciation for the year resulting in the decrease in net capital assets.

The Department has no outstanding debt at December 31, 2016 nor was any debt outstanding during the year.

Requests for Information

This financial report is designed to provide a general overview of the Middleton Electric Light Department's finances for all those interested in the Department's financial operations. Questions concerning any of the information in this report or requests for additional financial information should be addressed to:

Manager
Middleton Electric Light Department
Middleton, MA 01834

Middleton Electric Light Department
Statement of Net Position
December 31, 2016

Assets

Current assets:

Cash and cash equivalents - unrestricted	\$ 2,466,590
Cash and cash equivalents - restricted	151,227
Investments	9,515,326
User charges receivable, net	1,392,326
Other accounts receivable	59,967
Unbilled revenue	150,498
Inventory	621,883
Prepaid expenses	1,293,071
Other current assets	<u>1,881</u>

Total current assets	<u>15,652,769</u>
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Noncurrent assets:

Capital assets, net	<u>9,465,661</u>
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Total noncurrent assets	<u>9,465,661</u>
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Total assets	<u>\$ 25,118,430</u>
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Deferred Outflows

Deferred outflows related to pensions	<u>402,880</u>
---------------------------------------	----------------

Liabilities

Current Liabilities:

Accounts payable	\$ 657,148
Customer deposits	151,227
Other current liabilities	<u>242,025</u>

Total current liabilities	<u>1,050,400</u>
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Noncurrent liabilities:

Accrued compensated absences	75,842
Other post-employment benefits	524,473
Net pension liability	<u>3,842,901</u>

Total noncurrent liabilities	<u>4,443,216</u>
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Total liabilities	<u>5,493,616</u>
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Deferred Inflows

Deferred inflows related to pensions	<u>75,215</u>
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Net Position

Net investment in capital assets	9,465,661
Restricted	202,071
Unrestricted	<u>10,284,747</u>

Total net position	<u>\$ 19,952,479</u>
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The notes to the financial statements are an integral part of this statement.

Middleton Electric Light Department**Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2016**

Operating revenues:	
Charges for services	\$ 13,629,964
Other operating revenues	<u>147,610</u>
Total operating revenues	<u>13,777,574</u>
Operating expenditures:	
Purchased power and production	9,732,078
Other operating expenses	2,745,737
Depreciation	<u>615,110</u>
Total operating expenditures	<u>13,092,925</u>
Operating income	<u>684,649</u>
Nonoperating revenues (expenses):	
Interest income	312,520
Payment in lieu of taxes	<u>(220,000)</u>
Total nonoperating revenues (expenses)	<u>92,520</u>
Changes in net position	777,169
Net position, beginning of year	<u>19,175,310</u>
Net position, end of year	\$ <u><u>19,952,479</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Statement of Cash Flows

Year Ended December 31, 2016

Cash flows from operating activities:

Cash received from customers	\$ 13,669,388
Cash paid to suppliers	(11,103,655)
Cash paid to employees	(1,602,875)
Payment in lieu of taxes (operating transfer)	<u>(220,000)</u>

Net cash provided by operating activities 742,858

Cash flows from investing activities:

Interest on deposits and investments	312,519
Purchase and sales of investments (net)	<u>(197,949)</u>

Net cash provided by capital and related financing activities: 114,570

Cash flows from capital and related financing activities:

Capital expenditures	<u>(534,759)</u>
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Net cash provided by capital and related financing activities: (534,759)

Net increase in cash and cash equivalents 322,669

Cash and cash equivalents, beginning of year 2,295,148

Cash and cash equivalents, end of year \$ 2,617,817

Reconciliation of operating income to net cash provided

By operating activities:

Operating income (loss)	\$ 684,649
Depreciation, bad debts & reserve	615,110
Payment in lieu of taxes (operating transfer)	(220,000)
(Increase)/Decrease in accounts receivable	(40,666)
(Increase)/Decrease in unbilled revenue	(38,081)
(Increase)/Decrease in inventory	(95,459)
(Increase)/Decrease in prepaid expenses	(69,313)
Increase/(Decrease) in accounts payable	(123,852)
Increase/(Decrease) in customer deposits	(29,439)
Increase/(Decrease) in other current liabilities	1,440
Increase/(Decrease) in OPEB liability	(168,725)
Increase/(Decrease) in net pension liability and related deferrals	222,764
Increase/(Decrease) in other liabilities	<u>4,430</u>

Net cash provided by operating activities \$ 742,858

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Fiduciary Fund
Statement of Fiduciary Net Position
Year Ended December 31, 2016

	<u>OPEB Trust</u>
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	260,583
Investments	\$ <u>-</u>
Total assets	<u>260,583</u>
<u>Liabilities</u>	
Current Liabilities:	
Other Liabilities	\$ <u>-</u>
Total liabilities	<u>-</u>
<u>Net Position</u>	
Held in trust for retiree insurance benefits	<u>260,583</u>
Total net position	\$ <u><u>260,583</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Fiduciary Fund

Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2016

	<u>OPEB Trust Fund</u>
<u>Additions</u>	
Contributions:	
From Middleton Electric Light Department	\$ <u>250,000</u>
Total contributions	<u>250,000</u>
Investment income:	
Interest and dividend income	<u>10,583</u>
Total investment income	<u>10,583</u>
Total additions	<u>260,583</u>
<u>Deductions</u>	
Benefits	<u>-</u>
Total deductions	<u>-</u>
Change in net position	260,583
Net position - beginning of year	<u>-</u>
Net position - end of year	\$ <u><u>260,583</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2016

1. Summary of Significant Accounting Policies

A. Introduction

The Town of Middleton Electric Light Department (the Department) was incorporated in 1912. The Department operates under the provisions of Chapter 164 of the Massachusetts General Laws with an elected Board of Light Commissioners.

The Department complies with accounting principles generally accepted in the United States of America (GAAP). The Department's accounting records are required to conform to the accounting standards set by the Commonwealth of Massachusetts Department of Public Utilities (DPU), which differ from GAAP. Certain adjustments have been made to present the Department's financial statements in accordance with GAAP.

B. Reporting Entity

The financial statements present information only on activities of Town of Middleton Electric Light Department and do not purport to, and do not, present fairly the financial position of the Town of Middleton, Massachusetts as of December 31, 2016, and the changes in its financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. The Department is presented as an enterprise fund in the Town of Middleton, Massachusetts' financial statements.

C. Regulation and Operation

Under Massachusetts law, electric rates of the Department are set by the Board of Commissioners and may be changed once every three months. Rate schedules are filed with the DPU. While the DPU exercises general supervisory authority over the Department, rates are not subject to DPU approval. Rates must be set such that net earnings from operations do not exceed 8% of the cost of utility plant, unless prior year losses are being recaptured.

D. Basis of Accounting

I. Basis of Presentation

The financial condition and results of operations of the Department are presented as of and for the year ended December 31, 2016.

II. Basis of Accounting

The Department is considered a proprietary fund type. As such, the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The Department also distinguishes between operating and nonoperating revenues and expenses, based on whether the items relate to the primary operation of providing electric service.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2016

1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

III. Cash Equivalents

For purposes of the statement of cash flows, the Department considers investments with original maturities of three months or less when purchased to be cash equivalents.

IV. Inventory

Inventory is carried at cost, calculated on an average cost basis.

V. Utility Plant in Service

Utility plant in service is recorded at historical cost. Depreciation is calculated on a straight-line basis. Depreciation rates are as follows: buildings and structures - 50 years; utility plant infrastructure (poles, meters, transformers, etc.) - 20 to 33 years; other capital assets - 10 to 20 years.

An amount equal to annual depreciation expense is transferred by the Department from unrestricted cash to a segregated depreciation cash fund. This fund is utilized in accordance with DPU regulations for certain additions to utility plant in service. The Department charges maintenance costs to expense when incurred. Replacements and betterments are charged to utility plant when purchased or when placed in service, according to DPU requirements. At the time plant is retired, the cost of plant, less accumulated depreciation and any salvage value, is recorded as a reduction of the related accounts.

VI. Accrued Vacation and Sick Leave

Vacation time for Department employees varies from one to six weeks, based on years of service. In addition, employees are eligible to "buy back" a percentage of accrued sick time, subject to certain restrictions, at retirement. The total amount of accrued vacation and sick leave payable at December 31, 2016 is presented in the financial statements.

VII. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, proprietary and fiduciary fund statements may present deferred outflow and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will be recognized as an outflow (expense/expenditure) at that time. Deferred inflows of resources represent acquisition of net position that applies to a future period and will be recognized as an inflow (revenue) at that time. In the financial statements, certain items related to the net pension liability, if applicable, are presented as deferred inflows and outflows of resources.

VIII. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Essex Regional Retirement System (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2016

1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

VIII. Pensions (continued)

System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

IX. Other Post-Employment Benefits

In additions to pensions, the Department provides health and life insurance benefits for current and future retirees and their spouses.

X. Operating Revenues

Revenues are based on rates established by the Department and are applied to customers' consumption of electricity. The Department utilizes a fuel cost adjustment, whereby fluctuations in the cost of power can be adjusted monthly on customer bills without a change to the basic rate structure. All customers are allowed a discount on a portion of their electric bill if paid within fifteen days which is recorded as revenue when forfeited.

XI. Taxes

The Department is exempt from state and federal income taxes and local property taxes. The Department pays an in lieu of tax payment to the Town of Middleton based on an annual vote by the Board of Commissioners.

XII. Use of Estimates

In preparing the Plant's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

2. Cash and Investments

Cash of the Plant is in control of the Town Treasurer, as required by state law. State and local statutes place certain limitations on the nature of deposits and investments available to the Plant. Cash and cash equivalents in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. Separate accounts are maintained for the Plant's depreciation fund, stabilization fund and customer meter deposits fund. Operating cash is pooled with Town funds in various Town bank accounts.

The Plant maintains a depreciation and stabilization fund, which are designations allowed per DPU regulations. Subject to certain restrictions, these amounts are available for general Plant operations and are included in the financial statements as unrestricted cash and cash equivalents. Customer meter deposits are presented as restricted cash and cash equivalents, as these amounts are available to the Plant only if a customer account is terminated with an outstanding balance.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2016

2. Cash and Investments (continued)

At year-end, the Department's carrying amount of segregated bank deposits was \$153,278. The bank balance of these Department segregated funds maintained by the Town Treasurer was \$156,076. In addition to the segregated funds, there was \$2,369,066 of operating cash pooled within various Town accounts. Bank deposits are pooled with, or in the same financial institution as, Town operating funds and, therefore, specific collateralization information on these amounts is not available. In addition to bank deposits, \$1,397 was invested with the Municipal Light Departments of Massachusetts Reserve Trust, an investment pool authorized under state statutes. This is considered part of cash equivalents in the financial statements.

At year-end, the investment balances for the Plant were as follows:

<u>Type of Investment</u>	<u>Fair Value</u>
US government securities	\$694,441
Equities	3,493,243
Certificates of deposit	1,735,898
Municipal bonds	2,189,232
Corporate bonds	1,402,512
Mutual and money market funds (cash equivalents)	<u>353,699</u>
Total investments	<u>\$9,869,025</u>

Of the above amounts, maturities are as follows: 1) for US Government Securities, \$97,630 between two and five years and \$596,811 beyond five years; 2) for certificates of deposit, \$24,990 between one and two years, \$591,399 between two and five years and \$1,119,509 beyond five years; 3) for municipal bonds \$439,574 between two and five years and \$1,749,658 beyond five years; and 4) for corporate bonds \$310,879 between two and five years and \$1,091,633 beyond five years.

The US government and agency securities investments are rated Aaa by Moody's Investor Services and AA+ by Standard and Poor's. Municipal bonds are rated \$336,156 as AAA and \$1,853,076 as AA to A and corporate bonds are rated \$95,689 as AAA, \$872,696 as AA to A and \$434,127 are rated BBB by Standards and Poor's. Mutual funds, money market funds and certificates of deposit are not rated.

The Department holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Department's mission, the Department determines that disclosures related to these investments only need to be disaggregated by major type. The Department chooses a narrative format for the fair value disclosures.

The Department categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs use to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At December 31, 2016, Department investments are categorized as follows: Level 1 - \$694,441 US government securities, \$3,493,243 equities and \$353,699 mutual and money market funds; Level 2 - \$2,189,232 municipal bonds and \$1,402,512 corporate bonds; \$1,735,898 certificates of deposit are not classified.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2016

3. Accounts Receivable

The following is a summary of accounts receivable as of December 31, 2016.

	<u>2016</u>
Customer accounts receivable	\$1,426,430
Other accounts receivable	38,724
Purchased power credits receivable	21,243
Allowance for uncollectible accounts	<u>(34,104)</u>
 Total accounts receivable, net	 <u>\$1,452,293</u>

Of the total customer accounts receivable at December 31, 2016 of \$1,426,430, \$1,135,845 relates to the December, 2016 power bills due from customers (due in January).

4. Prepaid Expenses

At December 31, 2016, the Department has total prepaid expenses of \$1,293,071. Most of the prepaid expense amount represents a deposit used to facilitate timely payments of certain monthly power invoices.

5. Capital Assets

The following is a summary of the Department's capital assets for the year ended December 31, 2016.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers and Reductions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and land improvements	<u>327,323</u>	=	=	<u>327,323</u>
Total capital assets not being depreciated	<u>327,323</u>	=	=	<u>327,323</u>
 Capital assets being depreciated:				
Buildings and improvements	1,264,874	-	(1)	1,264,875
Equipment	2,434,087	42,433	3,999	2,472,521
Infrastructure	<u>16,614,378</u>	<u>492,326</u>	<u>135,002</u>	<u>16,971,702</u>
Total capital assets being depreciated	<u>20,313,339</u>	<u>534,759</u>	<u>139,000</u>	<u>20,709,098</u>
 Less accumulated depreciation for:				
Buildings and improvements	(554,919)	(25,298)	-	(580,217)
Equipment	(1,786,183)	(99,595)	(3,999)	(1,881,779)
Infrastructure	<u>(8,753,549)</u>	<u>(490,217)</u>	<u>(135,002)</u>	<u>(9,108,764)</u>
Total accumulated depreciation	<u>(11,094,651)</u>	<u>(615,110)</u>	<u>(139,001)</u>	<u>(11,570,760)</u>
 Capital assets being depreciated, net	<u>9,546,011</u>	<u>(80,351)</u>	<u>(1)</u>	<u>9,465,661</u>
 Total capital assets, net	<u>9,546,011</u>	<u>(80,351)</u>	<u>(1)</u>	<u>9,465,661</u>

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2016

6. Other Post-Employment Benefits (OPEB)

The Department was required to implement GASB 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, for the 2009 financial statements. The Department established the net OPEB obligation at January 1, 2009 at zero and is applying the measurement and recognition requirements for the remaining amounts of GASB 45 on a prospective basis.

Plan Description - The Department provides for certain health care benefits in accordance with Massachusetts General Law Chapter 32B, to employees who retire in accordance with various predetermined years of service and under various age requirements under a single employer defined benefit plan. Changes to plan design and contribution rates must be negotiated through the collective bargaining process.

As of the most recent valuation date of July 1, 2016, the number of Plan participants is as follows:

Active employees	16
Retirees and beneficiaries	<u>2</u>
Total	<u>18</u>

Funding Policy - Contribution requirements are negotiated as part of the collective bargaining process. Currently, members receiving these benefits contribute 40% of the cost of the plans. The cost of administering the plan is paid for by the Town.

Annual OPEB Cost and Net OPEB Obligation - The Department's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with GASB 45 parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The components of the Department's annual OPEB cost for the year, the actual contribution to the plan and changes to the Department's net OPEB obligation are presented in the following table.

Annual required contribution	\$73,202
Interest on OPEB obligation	34,660
Amortization of actuarial gains and losses	34,891
Adjustment to annual required contribution	<u>(42,947)</u>
Annual OPEB cost	99,806
Contribution to OPEB trust	(250,000)
Expected employer contribution	<u>(18,531)</u>
Increase (decrease) in net OPEB obligation	(168,725)
Net OPEB obligation - beginning of year	<u>693,198</u>
Net OPEB obligation - end of year	<u>\$524,473</u>

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT
Notes to Financial Statements
Years Ended December 31, 2016

6. Other Post-Employment Benefits (OPEB) (continued)

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year is as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
12/31/2016	\$99,806	271%	\$524,473
12/31/2015	\$86,836	36%	\$693,198
12/31/2014	\$83,292	36%	\$637,351

Funding Status and Funding Progress - The funded status of the plan at July 1, 2016, the most recent actuarial valuation, was as follows:

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(A)</u>	<u>Actuarial Accrued</u> <u>Liability (AAL)</u> <u>Entry Age Normal</u> <u>Cost</u> <u>(B)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(B-A)</u>	<u>Funded</u> <u>Ratio</u> <u>(A/B)</u>	<u>Covered</u> <u>Payroll</u> <u>(C)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>Of Covered</u> <u>Payroll</u> <u>((B-A)/C)</u>
7/1/2016	\$246,583	\$1,165,556	\$918,973	21%	\$1,598,393	57%
7/1/2014	\$0	\$1,012,427	\$1,012,427	0%	\$1,046,715	98%

The actuarial valuation of an ongoing plan involves estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding funding status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following additional information is provided as of the latest actuarial valuation:

- Valuation date July 1, 2016
- Actuarial cost method Entry age normal
- Amortization method 30 years, level dollar
- Remaining amortization period 21 years, as of December 31, 2016
- Interest discount rate 5.00%
- Medical cost trend 5%

7. Notes and Bonds Payable

The Department did not have any outstanding short or long-term debt during 2016. At December 31, 2016, the Department has no unauthorized and unissued debt.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2016

8. Pension Plans

Plan Description: Department employees are provided with pensions through the Essex Regional Retirement System, a cost sharing, multiple employer defined benefit plans administered by the Essex Regional Retirement Board and regulated by the Massachusetts Public Employee Retirement Administration Commission (PERAC). Chapter 32 of the Massachusetts General Laws (MGL) grants the authority to establish and amend benefit terms. The System issues an annual public report and audited financial statements that can be obtained at essexregional.com.

Benefits Terms: Membership in the System is mandatory for all full-time employees and non-seasonal employees who, in general, regularly work more than twenty hours per week.

The System provides retirement, disability and death benefits. Benefit payments are based on a member's age, length of creditable service, level of compensation and group classification. Retirement benefits are determined as follows. For employees hired prior to April 2, 2012, the system provides for retirement benefits up to a maximum of 80% of a member's highest three-year average annual rate of compensation. For employees hired on or after April 2, 2012, it is a maximum of 80% of a member's highest consecutive five-year average or, if greater, during the last five years (consecutive or not) preceding retirement. Employees may elect early retirement after 20 years of service or at any time after attaining age 55 (age 60 if hired on or after April 2, 2012) with 10 years eligible service.

System members who become permanently and totally disabled may be eligible to receive a disability retirement allowance. Disability benefits are based on a number of factors, including the member's age, compensation, veteran status, years of service and whether or not the disability is work related. In addition, certain death benefits exist for beneficiaries who die in active service.

Cost of living adjustments (COLAs) granted between 1981 and 1997 are the responsibility of the Commonwealth. Beginning in 1998, funding COLAs became the responsibility of the System.

Contributions: Chapter 32 of MGL governs the contributions of plan members and member employers. Employees contribute 5% of regular compensation if employed prior to January 1, 1975; 7% if first employed from January 1, 1975 to December 31, 1983; 8% of the first \$30,000 and 10% thereafter if first employed on or after January 1, 1984; and 9% of the first \$30,000 and 11% thereafter if first employed on or after January 1, 1998. The Department's contribution reflects its share of the system-wide actuarial determined contribution, in accordance with Chapter 32 Section 22D of MGL, apportioned among all System employers based on an annual employer normal cost and amortization payments to pay the unfunded net pension liability in full by fiscal year 2035. Contributions to the System by the Department for the year ended December 31, 2015 were \$289,291.

Return of Contributions: Employee contributions may be returned to the participants upon leaving Department employment prior to retirement, within certain age and length of employment restrictions, as prescribed by the Massachusetts General Laws.

Net Pension Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the Department reported a liability of \$3,842,901 for its proportionate share of the net pension liability. The net pension liability was measured at December 31, 2016, and the

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2016

8. Pension Plans (continued)

total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 rolled forward to December 31, 2016. There were no material changes made in this update to the actuarial assumptions or to the retirement terms since the last actuarial valuation. The Department's proportion of the net pension liability was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2016, the Department's proportion was 0.9974%.

For the year ended December 31, 2016, the Department recognized pension expense of \$458,956. At December 31, 2016 the Department reported deferred outflows as follows: \$168,338 for net difference between projected and actual investment earnings, \$162,866 for changes in assumptions and \$71,676 for changes in proportion and differences between employer contributions and proportionate share of contributions and reported deferred inflows as follows: \$69,205 for the difference between expected and actual experience and \$6,010 for changes in proportion and differences between employer contributions and proportionate share of contributions. This amount will be recognized in pension expense as follows:

Fiscal year ended December 31:	
2017	\$90,492
2018	\$90,492
2019	\$94,145
2020	\$44,664
2021	7,872
Thereafter	-

Actuarial Assumptions: The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Actuarial cost method	Entry Age Normal Cost Method
	Amortization method	The total appropriation is set to increase annually by 7.74% for five years, then by 6.36% for one year and 4% increases thereafter until the final year when it will be 3.89%.
	Asset valuation method	Market value adjusted by accounts payable and receivables
	Projected salary increases	3% of the first \$13,000 of a member's retirement allowance is assumed every year
	Remaining amortization period	18 years for the fresh start base.
	Investment rate of return	7.75% per annum
	Salary increases	7.5% year one, 6.5% year two, 6.0% year three, 5.5% year four, 5.0% year five, 3.75% ultimate rate

Mortality rates were based on the RP-2000 Mortality Table (sex distinct) projected with scale BB and generational mortality. During employment, the healthy employee mortality table is used. Post-employment the healthy annuitant table is used. For disabled life, the mortality rates were based on the RP-2000 Mortality Table set forward two years. Death is assumed to be the same cause as the disability 40% of the time.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2016

8. Pension Plans (continued)

The long-term rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
<u>Global Equity</u>		
Large Cap equities	14.5%	7.5%
Small/mid cap equities	3.5%	7.75%
International equities	16%	7.83%
Emerging international equities	6%	9.61%
<u>Core Fixed Income</u>		
Core bonds	5%	4%
20+ year treasuries	5%	3.75%
TIPS	3%	3.75%
<u>Value Added Fixed Income</u>		
High-yield bonds	1.5%	5.75%
Bank loans	1.5%	6%
EMD (external)	1%	5.75%
EMD (local currency)	2%	6.5%
Private debt	4%	9.06%
Private equity	10%	9.5%
Real estate	10%	6.5%
Timberland	4%	6%
Hedge funds/other	13%	6.48%
Total	<u>100%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that contributions will be made at the actuarially determined contribution rate. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Department's proportionate share of the net pension liability of the System calculated using the discount rate of 7.75%, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
\$4,710,129	\$3,842,901	\$3,201,301

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2016

9. Commitments

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

MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable from, and secured solely by, the revenues derived from the Project to which such issue relates plus available funds pledged under the Amended and Restated General Bond Resolution with respect to the bonds of that project. The MMWEC revenues derived from each Project is 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 Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 3.7% interest in the W.F. Wyman Unit No. 4 plant, owned and operated by subsidiaries of 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 indirect subsidiary of Dominion Resources, Inc. DNCI also owns and operates Millstone Unit 2 nuclear unit. The operating license for Unit 3 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 Resources, LLC, the majority owner and indirect subsidiary of Next Era Energy Resources, LLC. The operating license for Seabrook Station extends to March 15, 2030. NextEra Seabrook has applied 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. The Project Participants are also liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act. Originally enacted in 1957, the Act has been renewed several times. In July, 2005, Congress extended the Act through the end of 2025.

The Department has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both the PSAs and PPAs, the Department is required to make certain payments to MMWEC

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2016

9. Commitments (continued)

payable solely from Department revenues. Under the PSAs, each Participant is unconditionally obligated to make 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).

MMWEC is involved in various legal actions, the outcome of which, in the opinion of MMWEC management, will not have a material adverse effect on the financial position of MMWEC. As of December 31, 2016, total capital expenditures amounted to \$1,636,374,000, of which \$39,689,000 represents the amount associated with the Department's Project Capability. MMWEC's debt outstanding for the Projects from Power Supply System Revenue Bonds totals \$55,795,000, of which \$1,752,000 is associated with the Department's share of Project Capability. As of December 31, 2016, MMWEC's total future debt service requirement on outstanding bonds issued for Projects is \$59,281,000, of which \$1,866,000 is anticipated to be billed to the Department in future years. The aggregate amount of the Department's required payments under the PSAs and PPAs, exclusive of Reserve and Contingency Fund billings, to MMWEC at December 31, 2016 and estimated for future years is shown below.

For years ended December 31,	2017	\$ 1,518,000
	2018	\$ 40,000
	2019	\$ <u>307,000</u>
	Total	\$ <u>1,865,000</u>

In addition, the Department is required to pay its share of the Operation and Maintenance (O&M) costs of the Projects in which they participate. The Department's total O&M costs including debt service under the PSAs were \$3,403,000 and \$3,478,000 for the years ended December 31, 2016 and 2015, respectively.

10. Power Contracts

The Department purchases its power through contracts with various power suppliers, including MMWEC. These contracts are subject to certain market factors. Based on current market conditions, the Department anticipates some stability to its power cost expenses over the next few years.

11. Contingencies

Numerous lawsuits may be pending or threatened against the Department, which arose from the ordinary course of operations, including actions commenced and claims asserted against it for property damage and personal injury, breaches of contract, condemnation proceedings and other alleged violations of law. The Department's attorney estimates that potential claims, not covered by insurance, resulting from such litigation, would not materially affect the financial statements.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2016

12. Implementation of new GASB Statements

During fiscal year 2016, the Department implemented the following GASB pronouncements:

- GASB Statement #72 – *Fair Value and Measurement*, which is required to be implemented in fiscal year 2016. The Department has implemented this for the current year financial statements.
- GASB Statement #76 – *The Hierarchy of GAAP for State and Local Governments*, which is required to be implemented in fiscal year 2016. The Department has implemented this for the current year financial statements.
- GASB Statement #77 – *Tax Abatement Disclosures*, which is required to be implemented in fiscal year 2016. This statement had no impact on the Department's financial statements.
- GASB Statement #78 – *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in fiscal year 2016. The Department has implemented this for the current year financial statements.
- GASB Statement #79 – *Certain External Investment Pools and Pool Participants*, which is required to be implemented in fiscal year 2016. The Department has implemented this for the current year financial statements.

In future fiscal years, the Department will implement the following GASB pronouncements:

- GASB Statement #73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is required to be implemented in fiscal year 2017. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #74 – *Financial Reporting for Post-Employment Benefits Plans Other than Pension Plans*, which is required to be implemented in fiscal year 2017. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #75 – *Accounting and Financial Reporting for Post-Employment Benefits Plans Other than Pensions*, which is required to be implemented in fiscal year 2018. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #80 – *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, which is required to be implemented in fiscal year 2017. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #81 – *Irrevocable Split-Interest Agreements*, which is required to be implemented in fiscal year 2017. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #82 Pension Issues – *An Amendment of GASB Statements 67, 68 and 73*, which is required to be implemented in fiscal year 2017. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #83 – *Certain Asset Retirement Obligations*, which is required to be implemented in fiscal year 2019. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #84 – *Fiduciary Activities*, which is required to be implemented in fiscal year 2019. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #85 – *Omnibus 2017*, which is required to be implemented in fiscal year 2018. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #86 – *Certain Debt Extinguishment Issues*, which is required to be implemented in fiscal year 2018. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #87 – *Leases*, which is required to be implemented in fiscal year 2020. The Department is currently evaluating the possible impact of this will have on its financial statements.

Town of Middleton Municipal Light Department

Required Supplementary Information

Fiscal Year Ended December 31, 2016

Town of Middleton Municipal Light Department's Proportionate Share of Net Pension Liability - Essex Regional Retirement System

	<u>2016</u>	<u>2015</u>
Department's proportion of the net pension liability	<u>0.9974%</u>	<u>0.9663%</u>
Department's proportionate share of the net pension liability	<u>\$3,842,901</u>	<u>\$3,278,215</u>
Department's covered-employee payroll	<u>\$1,390,838</u>	<u>\$1,153,368</u>
Department's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>276.3%</u>	<u>284.3%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>51.12%</u>	<u>52.27%</u>

Town of Middleton Municipal Light Department's Schedule of Contributions - Essex Regional Retirement System

	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 288,945	\$ 251,202
Contributions in relation to the contractually required contribution	<u>(289,291)</u>	<u>(251,202)</u>
Contribution deficiency (excess)	<u>(296)</u>	<u>-</u>
Department's covered-employee payroll	<u>\$1,390,838</u>	<u>\$1,153,368</u>
Contributions as a percentage of covered-employee payroll	<u>20.8%</u>	<u>21.8%</u>

Note: The above schedules are required for ten years. Additional years will be presented as they become available. These amounts were determined for 2016 as of December 31, 2016 and for 2015 as of December 31, 2014.



Bill Fraher, CPA

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Financial Statements
and Required Supplementary Information

For the Year Ended December 31, 2015

(With Independent Auditor's Report Thereon)



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Independent Auditor's Report

The Board of Light Commissioners
Town of Middleton, Massachusetts

Report on the Financial Statements

I have audited the accompanying financial statements of the Middleton Electric Light Department an enterprise fund of the Town of Middleton, Massachusetts, as of and for the year ended December 31, 2015, and the related notes to the 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 a 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 Department'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 Department's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Middleton Electric Light Department of the Town of Middleton, Massachusetts, as of December 31, 2015, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



The Board of Light Commissioners
Town of Middleton, Massachusetts
Independent Auditor's Report

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 7 and the schedules of net pension liability and pension contributions on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Auditing 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. I 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 regarding 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 obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

As discussed in Note 1, the financial statements present only the Middleton Electric Light Department and do not purport to, and do not, present fairly the financial position of the Town of Middleton, Massachusetts as of December 31, 2015, and the changes in its financial position and its cash flows in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB 68

As discussed in Note 12, for the 2015 financial statements the Department implemented GASB Statement #68 – *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement #71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. As a result, beginning net position for the proprietary fund type was restated. My opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* I have also issued my report dated June 28, 2016 on my consideration of the Middleton Electric Light Department's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Middleton Electric Light Department's internal control over financial reporting and compliance.

Bill Fraher, CPA
June 28, 2016



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Light Commissioners
Town of Middleton, Massachusetts

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Middleton Electric Light Department (the Department), an enterprise fund of the Town of Middleton, Massachusetts, as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued my report thereon dated June 28, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Middleton Electric Light Department's internal control. Accordingly, I do not express an opinion on the effectiveness of the Middleton Electric Light Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charges with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



The Board of Light Commissioners
Town of Middleton, Massachusetts
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Middleton Electric Light Department's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards.

I noted certain matters that I reported to management and Board of the Middleton Electric Light Department in a separate letter dated June 28, 2016.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Bill Fraher, CPA
June 28, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the financial statements, the management of the Middleton Electric Light Department (the Department) provides a narrative discussion of the amounts that appear in the Department's Statement of Net Position, Statement of Revenues, Expense and Changes in Net Position and Statement of Cash Flows. This discussion is provided to present an overview of the Department's year end financial position for December 31, 2015 and the results of operations for the year then ended.

Overview of the Financial Statements

The Department's basic financial statements include the Statement of Net Position, Statement of Revenues, Expense and Changes in Net Position and Statement of Cash Flows. Notes follow these financial statements to present additional information on some of the amounts in the financial statements. Each of these statements is described below.

- This is the first year that Governmental Accounting Standards Board (GASB) Statement Number 68 was implemented in the Department's financial statements. GASB Statement Number 68 became effective for fiscal years beginning after June 15, 2014. This statement requires that the Department recognize annual pension expenses on an actuarially determined basis and recognize its share of the Essex Regional Retirement System's unfunded liability in the financial statements. This statement added \$3,025,276 in a net pension liability to the Department's financial statements and required a restatement of beginning fund balance of \$3,033,990.
- The Statement of Net Position is designated to indicate our financial position as of a specific point in time. At December 31, 2015, our net position is \$19,429,349, which is an increase of \$1,030,558 (5.6%) from the prior year amount of \$18,398,791 (as restated). Of the total net position at December 31, 2015, \$9.5 million is the net investment in capital assets, \$.2 million is restricted for future rate relief and \$9.7 million is unrestricted.
- The Statement of Revenues, Expenses and Changes in Net Position shows our operating results and reveals how much, if any, profit was made for the year. This statement shows a total increase in net position (net income) of \$1,030,558 for the year ended December 31, 2015, compared with a net income of \$1,748,505 for the year ended December 31, 2014. This difference was due mainly to a higher other operating expenses (infrastructure maintenance) and a large decrease in investment income due to market returns.
- The Statement of Cash Flows provides information about the cash receipts and cash payments during the year. A review of our Statement of Cash Flows indicates that cash receipts from operating activities adequately cover our operating expenses.
- The Department continues to accrue its Other Post-Employment Benefits (OPEB) liability. The total OPEB liability in the financial statements at December 31, 2015 is \$693,198. The total unfunded actuarial liability as of the most recent actuarial valuation (July 1, 2014) is \$1,012,427. The Department plans to begin funding this liability in 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary financial information is presented below.

Summary of Net Position

	<u>2015</u>	<u>2014</u>
Current Assets	\$14,888,632	\$13,734,492
Noncurrent Assets	<u>9,546,011</u>	<u>9,512,977</u>
Total Assets	<u>24,434,643</u>	<u>23,247,469</u>
Current Liabilities	1,202,251	1,096,180
Noncurrent Liabilities	<u>3,789,886</u>	<u>3,736,077</u>
Total Liabilities	<u>4,992,137</u>	<u>4,832,257</u>
Deferred Inflows	<u>13,157</u>	<u>16,421</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	9,546,044	9,512,977
Restricted	202,072	202,071
Unrestricted	<u>9,681,266</u>	<u>8,683,743</u>
Total Net Position	<u>\$19,429,349</u>	<u>\$18,398,791</u>

Larger changes are: 1) an increase in cash and investments due to current year net income; 2) an increase in prepaid expenses due to required power supply payments; and 3) increase in net assets due to net income.

Summary of Changes in Net Position

	<u>2015</u>	<u>2014</u>
Operating Revenues	\$13,685,162	\$13,812,948
Operating Expenses	<u>12,812,976</u>	<u>12,545,382</u>
Operating Income	872,186	1,267,566
Nonoperating Revenues (Expenses)	<u>158,372</u>	<u>480,939</u>
Changes in Net Position	1,030,558	1,748,505
Beginning Net Position	<u>18,398,791</u>	<u>16,650,286</u>
Ending Net Position	<u>\$19,429,349</u>	<u>\$18,398,791</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

Operating revenues decreased, totaling \$13,812,948 for 2014 and \$13,685,162 for 2015, a decrease of less than 0.1%. Actual customer kilowatt hour sales to customers increased approximately 1.8% and overall revenue from customer charges increased 1.6%. There were no rate changes in 2015. The difference between the increase in customer power sales revenue and the total operating income change was due to fewer receipts from developers to offset infrastructure costs.

Operating expenses increased from \$12,545,382 in 2014 to \$12,812,976 in 2015, an increase of 2.1%. This was mainly due to an increase in infrastructure maintenance expenses.

The Department saw its investment income decrease from \$730,939 in 2014 to \$398,372 in 2015 due to very favorable investment returns in 2014 (market factors).

Capital Assets & Debt Administration

Total net capital assets were \$9,512,977 at December 31, 2014 and \$9,546,011 at December 31, 2015, an increase of 0.3%. Capital assets include land, buildings, structures and improvements, equipment and furnishings and infrastructure. There were approximately \$630,000 in capital additions in 2015, the largest for various line infrastructure improvements. Additions were more than depreciation for the year resulting in the increase in net capital assets.

The Department has no outstanding debt at December 31, 2015 nor was any debt outstanding during the year.

Requests For Information

This financial report is designed to provide a general overview of the Middleton Electric Light Department's finances for all those interested in the Department's financial operations. Questions concerning any of the information in this report or requests for additional financial information should be addressed to:

Manager
Middleton Electric Light Department
Middleton, MA 01834

Middleton Electric Light Department

Statement of Net Position

December 31, 2015

Assets

Current assets:

Cash and cash equivalents - unrestricted	\$	2,114,938
Cash and cash equivalents - restricted		180,210
Investments		9,317,377
User charges receivable, net		1,386,914
Other accounts receivable		24,713
Unbilled revenue		112,417
Inventory		526,424
Prepaid expenses		1,223,758
Other current assets		<u>1,881</u>

Total current assets 14,888,632

Noncurrent assets:

Capital assets, net	<u>9,546,011</u>
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Total noncurrent assets 9,546,011

Total assets \$ 24,434,643

Liabilities

Current Liabilities:

Accounts payable	\$	781,000
Customer deposits		180,666
Other current liabilities		<u>240,585</u>

Total current liabilities 1,202,251

Noncurrent liabilities:

Accrued compensated absences	71,412
Other post-employment benefits	693,198
Net pension liability	<u>3,025,276</u>

Total noncurrent liabilities 3,789,886

Total liabilities 4,992,137

Deferred Inflows

Deferred inflows related to pensions	<u>13,157</u>
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Net Position

Net investment in capital assets	9,546,011
Restricted	202,072
Unrestricted	<u>9,681,266</u>

Total net position \$ 19,429,349

The notes to the financial statements are an integral part of this statement.

Middleton Electric Light Department**Statement of Revenues, Expenses and Changes in Net Position****For the Year Ended December 31, 2015**

Operating revenues:		
Charges for services	\$	13,535,210
Other operating revenues		<u>149,952</u>
Total operating revenues		<u>13,685,162</u>
Operating expenditures:		
Purchased power and production		9,872,177
Other operating expenses		2,345,958
Depreciation		<u>594,841</u>
Total operating expenditures		<u>12,812,976</u>
Operating income		<u>872,186</u>
Nonoperating revenues (expenses):		
Interest income		398,372
Payment in lieu of taxes		<u>(240,000)</u>
Total nonoperating revenues (expenses)		<u>158,372</u>
Changes in net position		1,030,558
Net position, beginning of year, as restated		<u>18,398,791</u>
Net position, end of year	\$	<u><u>19,429,349</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Statement of Cash Flows

Year Ended December 31, 2015

Cash flows from operating activities:

Cash received from customers	\$ 13,969,112
Cash paid to suppliers	(10,893,212)
Cash paid to employees	(1,458,401)
Payment in lieu of taxes (operating transfer)	<u>(240,000)</u>

Net cash provided by operating activities 1,377,499

Cash flows from investing activities:

Interest on deposits and investments	398,372
Purchase and sales of investments (net)	<u>(505,499)</u>

Net cash provided by capital and related financing activities: (107,127)

Cash flows from capital and related financing activities:

Capital expenditures	<u>(627,875)</u>
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Net cash provided by capital and related financing activities: (627,875)

Net increase in cash and cash equivalents 642,497

Cash and cash equivalents, beginning of year 1,652,651

Cash and cash equivalents, end of year \$ 2,295,148

Reconciliation of operating income to net cash provided

By operating activities:

Operating income (loss)	\$ 872,186
Depreciation, bad debts & reserve	594,841
Payment in lieu of taxes (operating transfer)	(240,000)
Decrease in accounts receivable	115,898
Decrease in unbilled revenue	161,697
Decrease in inventory	10,885
(Increase) in prepaid expenses	(294,624)
Increase in accounts payable	106,238
Increase in customer deposits	6,355
(Decrease) in other current liabilities	(6,522)
Increase in OPEB liability	55,847
Increase in net pension liability and related deferrals	4,443
(Decrease) in other liabilities	<u>(9,745)</u>

Net cash provided by operating activities \$ 1,377,499

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2015

1. Summary of Significant Accounting Policies

A. Introduction

The Town of Middleton Electric Light Department (the Department) was incorporated in 1912. The Department operates under the provisions of Chapter 164 of the Massachusetts General Laws with an elected Board of Light Commissioners.

The Department complies with accounting principles generally accepted in the United States of America (GAAP). The Department's accounting records are required to conform to the accounting standards set by the Commonwealth of Massachusetts Department of Public Utilities (DPU), which differ from GAAP. Certain adjustments have been made to present the Department's financial statements in accordance with GAAP.

B. Reporting Entity

The financial statements present information only on activities of Town of Middleton Electric Light Department and do not purport to, and do not, present fairly the financial position of the Town of Middleton, Massachusetts as of December 31, 2015, and the changes in its financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. The Department is presented as an enterprise fund in the Town of Middleton, Massachusetts' financial statements.

C. Regulation and Operation

Under Massachusetts law, electric rates of the Department are set by the Board of Commissioners and may be changed once every three months. Rate schedules are filed with the DPU. While the DPU exercises general supervisory authority over the Department, rates are not subject to DPU approval. Rates must be set such that net earnings from operations do not exceed 8% of the cost of utility plant, unless prior year losses are being recaptured.

D. Basis of Accounting

I. Basis of Presentation

The financial condition and results of operations of the Department are presented as of and for the year ended December 31, 2015.

II. Basis of Accounting

The Department is considered a proprietary fund type. As such, the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The Department also distinguishes between operating and nonoperating revenues and expenses, based on whether the items relate to the primary operation of providing electric service.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT
Notes to Financial Statements
Years Ended December 31, 2015

1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

III. Cash Equivalents

For purposes of the statement of cash flows, the Department considers investments with original maturities of three months or less when purchased to be cash equivalents.

IV. Inventory

Inventory is carried at cost, calculated on an average cost basis.

V. Utility Plant in Service

Utility plant in service is recorded at historical cost. Depreciation is calculated on a straight line basis. Depreciation rates are as follows: buildings and structures - 50 years; utility plant infrastructure (poles, meters, transformers, etc.) - 20 to 33 years; other capital assets - 10 to 20 years.

An amount equal to annual depreciation expense is transferred by the Department from unrestricted cash to a segregated depreciation cash fund. This fund is utilized in accordance with DPU regulations for certain additions to utility plant in service.

The Department charges maintenance costs to expense when incurred. Replacements and betterments are charged to utility plant when purchased or when placed in service, according to DPU requirements. At the time plant is retired, the cost of plant, less accumulated depreciation and any salvage value, is recorded as a reduction of the related accounts.

VI. Accrued Vacation and Sick Leave

Vacation time for Department employees varies from one to four weeks, based on years of service. In addition, each year employees are eligible to "buy back" a percentage of accrued sick time, subject to certain restrictions. The total amount of accrued vacation and sick leave payable at December 31, 2015 is presented in the financial statements.

VII. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, proprietary and fiduciary fund statements may present deferred outflow and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will be recognized as an outflow (expense/expenditure) at that time. Deferred inflows of resources represent acquisition of net position that applies to a future period and will be recognized as an inflow (revenue) at that time. In the financial statements, certain items related to the net pension liability are presented as deferred inflows of resources.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT
Notes to Financial Statements
Years Ended December 31, 2015

1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

VIII. Pensions

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

IX. Other Post-Employment Benefits

In additions to pensions, the Department provides health and life insurance benefits for current and future retirees and their spouses.

X. Operating Revenues

Revenues are based on rates established by the Department and are applied to customers' consumption of electricity. The Department utilizes a fuel cost adjustment, whereby fluctuations in the cost of power can be adjusted monthly on customer bills without a change to the basic rate structure. All customers are allowed a discount on a portion of their electric bill if paid within fifteen days which is recorded as revenue when forfeited.

XI. Taxes

The Department is exempt from state and federal income taxes and local property taxes. The Department pays an in lieu of tax payment to the Town of Middleton based on an annual vote by the Board of Commissioners.

XII. Use of Estimates

In preparing the Plant's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

2. Cash and Investments

Cash of the Plant is in control of the Town Treasurer, as required by state law. State and local statutes place certain limitations on the nature of deposits and investments available to the Plant. Cash and cash equivalents in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. Separate accounts are maintained for the Plant's depreciation fund, stabilization fund and customer meter deposits fund. Operating cash is pooled with Town funds in various Town bank accounts.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2015

2. Cash and Investments (continued)

The Plant maintains a depreciation and stabilization fund, which are designations allowed per DPU regulations. Subject to certain restrictions, these amounts are available for general Plant operations and are included in the financial statements as unrestricted cash and cash equivalents. Customer meter deposits are presented as restricted cash and cash equivalents, as these amounts are available to the Plant only if a customer account is terminated with an outstanding balance.

At year-end, the Department's carrying amount of segregated bank deposits was \$185,092. The bank balance of these Department segregated funds maintained by the Town Treasurer was \$182,238. In addition to the segregated funds, there was \$2,085,376 of operating cash pooled within various Town accounts. Bank deposits are pooled with, or in the same financial institution as, Town operating funds and, therefore, specific collateralization information on these amounts is not available. In addition to bank deposits, \$1,397 was invested with the Municipal Light Departments of Massachusetts Reserve Trust, an investment pool authorized under state statutes. This is considered part of cash equivalents in the financial statements.

At year-end, the investment balances for the Plant were as follows:

<u>Type of Investment</u>	<u>Fair Value</u>
US government securities	\$1,890,963
Equities	3,193,237
Certificates of deposit	1,673,548
Municipal bonds	2,243,622
Corporate bonds	316,007
Mutual and money market funds (cash equivalents)	<u>25,188</u>
Total investments	<u>\$9,342,565</u>

Of the above amounts, maturities are as follows: 1) for US Government Securities, \$1,890,963 beyond five years; 2) for certificates of deposit, \$79,970 less than one year, \$40,140 between one and two years, \$316,012 between two and five years and \$1,237,426 beyond five years; 3) for municipal bonds \$2,243,622 beyond five years; and 4) for corporate bonds \$228,014 between two and five years and \$87,992 beyond five years.

The US government and agency securities investments are rated Aaa by Moody's Investor Services and AA+ by Standard and Poor's and all municipal bonds are rated as AA to A and corporate bonds \$87,992 are rated AA to A and \$228,014 are rated BBB by Standards and Poor's. Mutual funds, money market funds and certificates of deposit are not rated.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT
Notes to Financial Statements
Years Ended December 31, 2015

3. Accounts Receivable

The following is a summary of accounts receivable as of December 31, 2015.

	<u>2015</u>
Customer accounts receivable	\$1,412,625
Other accounts receivable	7,635
Purchased power credits receivable	17,078
Allowance for uncollectible accounts	<u>(25,711)</u>
 Total accounts receivable, net	 <u>\$1,411,627</u>

Of the total customer accounts receivable at December 31, 2015 of \$1,412,625, \$1,195,374 relates to the December, 2015 power bills due from customers (due in January).

4. Prepaid Expenses

At December 31, 2015, the Department has total prepaid expenses of \$1,223,758. Most of the prepaid expense amount represents a deposit used to facilitate timely payments of certain monthly power invoices.

5. Capital Assets

The following is a summary of the Department's capital assets for the year ended December 31, 2015.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers out and Reductions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and land improvements	<u>327,323</u>	=	=	<u>327,323</u>
Total capital assets not being depreciated	<u>327,323</u>	=	=	<u>327,323</u>
 Capital assets being depreciated:				
Buildings and improvements	1,249,918	14,956	-	1,264,874
Equipment	2,346,240	89,847	2,000	2,434,087
Infrastructure	<u>16,163,810</u>	<u>525,568</u>	<u>75,000</u>	<u>16,614,378</u>
Total capital assets being depreciated	<u>19,759,968</u>	<u>630,371</u>	<u>77,000</u>	<u>20,313,339</u>
 Less accumulated depreciation for:				
Buildings and improvements	(529,622)	(25,297)	-	(554,919)
Equipment	(1,691,025)	(97,158)	(2,000)	(1,786,183)
Infrastructure	<u>(8,353,663)</u>	<u>(472,386)</u>	<u>(72,500)</u>	<u>(8,753,549)</u>
Total accumulated depreciation	<u>(10,574,310)</u>	<u>(594,841)</u>	<u>(74,500)</u>	<u>(11,094,651)</u>
 Capital assets being depreciated, net	 <u>9,185,658</u>	 <u>35,530</u>	 <u>2,500</u>	 <u>9,218,688</u>
 Total capital assets, net	 <u>9,512,981</u>	 <u>35,530</u>	 <u>2,500</u>	 <u>9,546,011</u>

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2015

6. Other Post-Employment Benefits (OPEB)

The Department was required to implement GASB 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, for the 2009 financial statements. The Department established the net OPEB obligation at January 1, 2009 at zero and is applying the measurement and recognition requirements for the remaining amounts of GASB 45 on a prospective basis.

Plan Description - The Department provides for certain health care benefits in accordance with Massachusetts General Law Chapter 32B, to employees who retire in accordance with various predetermined years of service and under various age requirements under a single employer defined benefit plan. Changes to plan design and contribution rates must be negotiated through the collective bargaining process.

As of the most recent valuation date of July 1, 2014, the number of Plan participants is as follows:

Active employees	12
Retirees and beneficiaries	<u>6</u>
Total	<u>18</u>

Funding Policy - Contribution requirements are negotiated as part of the collective bargaining process. Currently, members receiving these benefits contribute 40% of the cost of the plans. The cost of administering the plan is paid for by the Town.

Annual OPEB Cost and Net OPEB Obligation - The Department's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with GASB 45 parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The components of the Department's annual OPEB cost for the year, the actual contribution to the plan and changes to the Department's net OPEB obligation are presented in the following table.

Annual required contribution	\$79,849
Interest on OPEB obligation	24,597
Amortization of actuarial gains and losses	16,583
Adjustment to annual required contribution	<u>(34,193)</u>
Annual OPEB cost	86,836
Contributions made	<u>(30,989)</u>
Increase (decrease) in net OPEB obligation	55,847
Net OPEB obligation - beginning of year	<u>637,351</u>
Net OPEB obligation - end of year	<u>\$693,198</u>

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2015

6. Other Post-Employment Benefits (OPEB) (continued)

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$86,836	36%	\$693,198
12/31/2014	\$83,292	36%	\$637,351
12/31/2013	\$118,692	35%	\$584,273

Funding Status and Funding Progress - The funded status of the plan at July 1, 2014, the most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal Cost (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage Of Covered Payroll ((B-A)/C)
7/1/2014	\$0	\$1,012,427	\$1,012,427	0%	\$1,046,715	98%
7/1/2012	\$0	\$1,301,250	\$1,301,250	0%	\$1,155,757	113%

The actuarial valuation of an ongoing plan involves estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding funding status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following additional information is provided as of the latest actuarial valuation:

- Valuation date July 1, 2014
- Actuarial cost method Projected unit credit
- Amortization method 30 years, level dollar
- Remaining amortization period 22 years, as of December 31, 2015
- Interest discount rate 4.00%
- Medical cost trend 5%

7. Notes and Bonds Payable

The Department did not have any outstanding short or long term debt during 2015. At December 31, 2015, the Department has no unauthorized and unissued debt.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2015

8. Pension Plans

Plan Description: Department employees are provided with pensions through the Essex Regional Retirement System, a cost sharing, multiple employer defined benefit plans administered by the Essex Regional Retirement Board and regulated by the Massachusetts Public Employee Retirement Administration Commission (PERAC). Chapter 32 of the Massachusetts General Laws (MGL) grants the authority to establish and amend benefit terms. The System issues an annual public report that can be obtained at essexregional.com.

Benefits Terms: Membership in the System is mandatory for all full-time employees and non-seasonal employees who, in general, regularly work more than twenty hours per week.

The System provides retirement, disability and death benefits. Benefit payments are based on a member's age, length of creditable service, level of compensation and group classification. Retirement benefits are determined as follows. For employees hired prior to April 2, 2012, the system provides for retirement benefits up to a maximum of 80% of a member's highest three-year average annual rate of compensation. For employees hired on or after April 2, 2012, it is a maximum of 80% of a member's highest consecutive five-year average or, if greater, during the last five years (consecutive or not) preceding retirement. Employees may elect early retirement after 20 years of service or at any time after attaining age 55 (age 60 if hired on or after April 2, 2012) with 10 years eligible service.

System members who become permanently and totally disabled may be eligible to receive a disability retirement allowance. Disability benefits are based on a number of factors, including the member's age, compensation, veteran status, years of service and whether or not the disability is work related. In addition, certain death benefits exist for beneficiaries who die in active service.

Cost of living adjustments (COLAs) granted between 1981 and 1997 are the responsibility of the Commonwealth. Beginning in 1998, funding COLAs became the responsibility of the System.

Contributions: Chapter 32 of MGL governs the contributions of plan members and member employers. Employees contribute 5% of regular compensation if employed prior to January 1, 1975; 7% if first employed from January 1, 1975 to December 31, 1983; 8% of the first \$30,000 and 10% thereafter if first employed on or after January 1, 1984; and 9% of the first \$30,000 and 11% thereafter if first employed on or after January 1, 1998. The Department's contribution reflects its share of the system-wide actuarial determined contribution, in accordance with Chapter 32 Section 22D of MGL, apportioned among all System employers based on an annual employer normal cost and amortization payments to pay the unfunded net pension liability in full by fiscal year 2035. Contributions to the System by the Department for the year ended December 31, 2015 were \$228,730.

Return of Contributions: Employee contributions may be returned to the participants upon leaving Department employment prior to retirement, within certain age and length of employment restrictions, as prescribed by the Massachusetts General Laws.

Net Pension Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the Department reported a liability of \$3,025,276 for its proportionate share of the net pension liability. The net pension liability was measured at December 31, 2014, and the

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2015

8. Pension Plans (continued)

total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 rolled forward to December 31, 2014. There were no material changes made in this update to the actuarial assumptions or to the retirement terms since the last actuarial valuation. The Department's proportion of the net pension liability was based on a projection of the Department's long term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2014, the Department's proportion was 0.8917%.

For the year ended December 31, 2015, the Department recognized pension expense of \$252,595. At December 31, 2015, the Department reported deferred inflows of \$13,157 for the net difference between projected and actual investment earnings. This amount will be recognized in pension expense as follows:

Fiscal year ended June 30:	
2016	\$3,289
2017	\$3,289
2018	\$3,289
2019	\$3,290
2020	-
Thereafter	-

Actuarial Assumptions: The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	3 percent, including longevity
Investment rate of return	8 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table projected to 2014 with Scale BB. For disabled lives, the mortality rates were based on the RP-2000 Mortality Table set forward two years. The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2012 through December 31, 2013.

The long-term rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic rates of return for each major asset class are summarized in the following table:

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2015

8. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	18%	4.61% - 4.85%
International developed equity	16%	5.1%
Emerging market equity	6%	6.31%
Core fixed income	13%	0.97%
High-yield fixed income	10%	3.8%
Private equity	10%	6.55%
Real estate	10%	3.4%
Commodities	4%	3.64%
Hedge funds	9%	3.64%
Cash/Other	4%	0.0%
Total	<u>100%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that contributions will be made at the actuarially determined contribution rate. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Department's proportionate share of the net pension liability of the System calculated using the discount rate of 8.0%, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate:

<u>1% Decrease (7.0%)</u>	<u>Current Discount Rate (8.0%)</u>	<u>1% Increase (9.0%)</u>
\$3,739,275	\$3,025,276	\$2,450,756

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in a separately available audited financial statement available at essexregional.com. The System's fiduciary net position was determined using the accrual basis of accounting.

9. Commitments

The Department 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

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2015

9. Commitments (continued)

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

MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable from, and secured solely by, the revenues derived from the Project to which such issue relates plus available funds pledged under the Amended and Restated General Bond Resolution with respect to the bonds of that project. The MMWEC revenues derived from each Project is 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 Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 3.7% interest in the W.F. Wyman Unit No. 4 plant, owned and operated by subsidiaries of FPL Energy Wyman IV, LLC, an 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 indirect subsidiary of Dominion Resources, Inc. DNCI also owns and operates Millstone Unit 2 nuclear unit. The operating license for Unit 3 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 Resources, LLC, the majority owner and indirect subsidiary of Next Era Energy Resources, LLC. The operating license for Seabrook Station extends to March 15, 2030. NextEra Seabrook has stated its intention to request an extension of the Seabrook Station operating license for an additional twenty 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. The Project Participants are also liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson 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 Price-Anderson Act through the end of 2025.

The Department has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both the PSAs and PPAs, the Department is required to make certain payments to MMWEC payable solely from Department revenues. Under the PSAs, each Participant is unconditionally obligated to make 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).

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

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2015

9. Commitments (continued)

Total capital expenditures for MMWEC's projects amounted to \$1,626,959,000, of which \$39,461,000 represents the amount associated with the Department's Project Capability of the projects in which it participates, although such amount is not allocated to the Department. MMWEC's debt outstanding for the Projects includes Power Supply System Revenue Bonds \$112,510,000, of which \$3,163,000 is associated with the Department's share of Project Capability of the projects in which it participates, although such amount is not allocated to the Department. As of December 31, 2015, MMWEC's total future debt service requirement on outstanding bonds issued for Projects is \$121,353,000, of which \$3,430,000 is anticipated to be billed to the Department in future years. The estimated aggregate amount of the Department's required payments under the PSAs and PPAs, exclusive of Reserve and Contingency Fund billings, to MMWEC at December 31, 2015 and estimated for future years is shown below.

For years ended December 31,	2016	\$ 1,564,000
	2017	\$ 1,518,000
	2018	\$ 40,000
	2019	\$ <u>307,000</u>
	Total	\$ <u>3,429,000</u>

In addition, the Department is required to pay its share of the Operation and Maintenance (O&M) costs of the Projects in which they participate. The Department's total O&M costs including debt service under the PSAs were \$3,478,000 and \$3,463,000 for the years ended December 31, 2015 and 2014, respectively.

10. Power Contracts

The Department purchases its power through contracts with various power suppliers, including MMWEC. These contracts are subject to certain market factors. Based on current market conditions, the Department anticipates some stability to its power cost expenses over the next few years.

11. Contingencies

Numerous lawsuits may be pending or threatened against the Department, which arose from the ordinary course of operations, including actions commenced and claims asserted against it for property damage and personal injury, breaches of contract, condemnation proceedings and other alleged violations of law. The Department's attorney estimates that potential claims, not covered by insurance, resulting from such litigation, would not materially affect the financial statements.

12. Restatement of Beginning Fund Balances

In 2015, the Department implemented GASB Statement #68 – *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement #71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The implementation of this statement required that the Department record the beginning net pension liability and the effects on net position of contributions made by the Department during the measurement period. As a result, beginning net position for governmental activities was restated and decreased by \$3,033,990.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2015

13. Implementation of new GASB Statements

During fiscal year 2015, the Department implemented the following GASB pronouncements:

- GASB Statement #68 – *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2015. This statement had a significant impact on the Department's financial statements due to the recording of its proportional share of the regional retirement system's net pension liability.
- GASB Statement #69 – *Government Combinations and Disposals of Government Operations*, which is required to be implemented in fiscal year 2015. This statement did not have any impact on the Department's financial statements.
- GASB Statement #71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, which is required to be implemented in fiscal year 2015. This was implemented in conjunction with Statement #68, as noted above.

In future fiscal years, the Department will implement the following GASB pronouncements:

- GASB Statement #72 – *Fair Value and Measurement*, which is required to be implemented in fiscal year 2016. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is required to be implemented in fiscal year 2017. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #74 – *Financial Reporting for Post-Employment Benefits Plans Other than Pension Plans*, which is required to be implemented in fiscal year 2017. This statement will have no impact on the Department's financial statements.
- GASB Statement #75 – *Accounting and Financial Reporting for Post-Employment Benefits Plans Other than Pensions*, which is required to be implemented in fiscal year 2018. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #76 – *The Hierarchy of GAAP for State and Local Governments*, which is required to be implemented in fiscal year 2016. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #77 – *Tax Abatement Disclosures*, which is required to be implemented in fiscal year 2016. This statement will have no impact on the Department's financial statements.
- GASB Statement #78 – *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in fiscal year 2016. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #79 – *Certain External Investment Pools and Pool Participants*, which is required to be implemented in fiscal year 2016. The Department is currently evaluating the possible impact of this will have on its financial statements.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2015

13. Implementation of New GASB Statements (continued)

- GASB Statement #80 – *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, which is required to be implemented in fiscal year 2017. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #81 – *Irrevocable Split-Interest Agreements*, which is required to be implemented in fiscal year 2017. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #82 Pension Issues – *An Amendment of GASB Statements 67, 68 and 73*, which is required to be implemented in fiscal year 2017. The Department is currently evaluating the possible impact of this will have on its financial statements.

Town of Middleton Municipal Light Department

Required Supplementary Information

Fiscal Year Ended December 31, 2015

Town of Middleton Municipal Light Department's Proportionate Share of Net Pension Liability - Essex Regional Retirement System

	<u>2015</u>
Department's proportion of the net pension liability	<u>0.8917%</u>
Department's proportionate share of the net pension liability	<u>\$3,025,276</u>
Department's covered-employee payroll	<u>\$1,098,922</u>
Department's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>275.3%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.25%</u>

Department of Middleton Municipal Light Department's Schedule of Contributions - Essex Regional Retirement System

	<u>2015</u>
Contractually required contributions	\$228,730
Contributions in relation to the contractually required contribution	<u>(228,730)</u>
Contribution deficiency (excess)	<u>-----</u>
Department's covered-employee payroll	<u>\$1,098,922</u>
Contributions as a percentage of covered-employee payroll	<u>22.6%</u>

Note: The above schedules are required for ten years. Additional years will be presented as they become available. These amounts were determined for 2015 as of December 31, 2014.



Bill Fraher, CPA

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Financial Statements
and Required Supplementary Information

For the Year Ended December 31, 2014

(With Independent Auditor's Report Thereon)



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Independent Auditor's Report

The Board of Light Commissioners
Town of Middleton, Massachusetts

Report on the Financial Statements

I have audited the accompanying financial statements of the Middleton Electric Light Department an enterprise fund of the Town of Middleton, Massachusetts, as of and for the year ended December 31, 2014, and the related notes to the 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 a 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 Department'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 Department's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



The Board of Light Commissioners
Town of Middleton, Massachusetts
Independent Auditor's Report

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Middleton Electric Light Department of the Town of Middleton, Massachusetts, as of December 31, 2014, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Auditing 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. I 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 regarding 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 obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

As discussed in Note 1, the financial statements present only the Middleton Electric Light Department and do not purport to, and do not, present fairly the financial position of the Town of Middleton, Massachusetts as of December 31, 2014, and the changes in its financial position and its cash flows in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* I have also issued my report dated July 15, 2015 on my consideration of the Middleton Electric Light Department's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Middleton Electric Light Department's internal control over financial reporting and compliance.

Bill Fraher, CPA
July 15, 2015



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

The Board of Light Commissioners
Town of Middleton, Massachusetts

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Middleton Electric Light Department (the Department), an enterprise fund of the Town of Middleton, Massachusetts, as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued my report thereon dated July 15, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Middleton Electric Light Department's internal control. Accordingly, I do not express an opinion on the effectiveness of the Middleton Electric Light Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



The Board of Light Commissioners
Town of Middleton, Massachusetts
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Middleton Electric Light Department's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards.

I noted certain matters that I reported to management and Board of the Middleton Electric Light Department in a separate letter dated July 15, 2015.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Bill Fraher, CPA
July 15, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the financial statements, the management of the Middleton Electric Light Department (the Department) provides a narrative discussion of the amounts that appear in the Department's Statement of Net Position, Statement of Revenues, Expense and Changes in Net Position and Statement of Cash Flows. This discussion is provided to present an overview of the Department's year end financial position for December 31, 2014 and the results of operations for the year then ended.

Overview of the Financial Statements

The Department's basic financial statements include the Statement of Net Position, Statement of Revenues, Expense and Changes in Net Position and Statement of Cash Flows. Notes follow these financial statements to present additional information on some of the amounts in the financial statements. Each of these statements is described below.

- The Statement of Net Position is designated to indicate our financial position as of a specific point in time. At December 31, 2014, our net position is \$21,432,781, which is an increase of \$1,748,505 (8.9%) from the prior year amount of \$19,684,276. Of the total net position at December 31, 2014, \$9.5 million is the net investment in capital assets, \$.2 million is restricted for future rate relief and \$11.7 million is unrestricted.
- The Statement of Revenues, Expenses and Changes in Net Position shows our operating results and reveals how much, if any, profit was made for the year. This statement shows a total increase in net position (net income) of \$1,748,505 for the year ended December 31, 2014, compared with a net income of \$840,741 for the year ended December 31, 2013. This difference was due mainly to a lower purchased power costs and other operating expenses and a large increase in investment income due to market returns.
- The Statement of Cash Flows provides information about the cash receipts and cash payments during the year. A review of our Statement of Cash Flows indicates that cash receipts from operating activities adequately cover our operating expenses.
- The Department continues to accrue its Other Post-Employment Benefits (OPEB) liability. The total OPEB liability in the financial statements at December 31, 2014 is \$637,351. The total unfunded actuarial liability as of the most recent actuarial valuation (July 1, 2014) is \$1,012,427. The Department plans to begin funding this liability in 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary financial information is presented below.

Summary of Net Position

	<u>2014</u>	<u>2013</u>
Current Assets	\$13,734,492	\$12,197,709
Noncurrent Assets	<u>9,512,977</u>	<u>9,281,046</u>
Total Assets	<u>23,247,469</u>	<u>21,478,755</u>
Current Liabilities	1,096,180	1,137,735
Noncurrent Liabilities	<u>718,508</u>	<u>656,744</u>
Total Liabilities	<u>1,814,688</u>	<u>1,794,479</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	9,512,977	9,281,046
Restricted	202,071	202,072
Unrestricted	<u>11,717,733</u>	<u>10,201,159</u>
Total Net Position	<u>\$21,432,781</u>	<u>\$19,684,276</u>

Larger charges are: 1) an increase in cash and investments due to current year net income; 2) an increase in inventory due to materials purchased for 2015 line improvement projects; and 3) increase in net assets due to net income.

Summary of Changes in Net Position

	<u>2014</u>	<u>2013</u>
Operating Revenues	\$13,812,948	\$13,852,368
Operating Expenses	<u>12,545,382</u>	<u>12,954,267</u>
Operating Income	1,267,566	898,101
Nonoperating Revenues (Expenses)	480,939	(67,360)
Changes in Net Position	1,748,505	830,741
Beginning Net Position	<u>19,684,276</u>	<u>18,853,535</u>
Ending Net Position	<u>\$21,432,781</u>	<u>\$19,684,276</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

Operating revenues decreased, totaling \$13,852,368 for 2013 and \$13,812,948 for 2014, a decrease of less than .2%. Actual customer kilowatt hour sales to customers were approximately the same as the prior year and there were no rate increases.

Operating expenses decreased from \$12,954,267 in 2013 to \$12,545,382 in 2014, a decrease of 3.2%. This was due to a slight decrease in purchased power and other expenses.

The Department also increased its payment in lieu of taxes to the Town of Middleton, from \$200,000 in 2013 to \$250,000 in 2014 and saw its investment income increase from \$132,640 in 2013 to \$730,939 in 2014 due to very favorable investment returns (market factors).

Capital Assets & Debt Administration

Total net capital assets were \$9,281,046 at December 31, 2013 and \$9,512,977 at December 31, 2014, an increase of 2.5%. Capital assets include land, buildings, structures and improvements, equipment and furnishings and infrastructure. There were approximately \$800,000 in capital additions in 2014, the largest for various line infrastructure improvements. Additions were more than depreciation for the year resulting in the increase in net capital assets.

The Department has no outstanding debt at December 31, 2014 nor was any debt outstanding during the year.

Requests For Information

This financial report is designed to provide a general overview of the Middleton Electric Light Department's finances for all those interested in the Department's financial operations. Questions concerning any of the information in this report or requests for additional financial information should be addressed to:

Manager
Middleton Electric Light Department
Middleton, MA 01834

Middleton Electric Light Department**Statement of Net Position****December 31, 2014****Assets****Current assets:**

Cash and cash equivalents - unrestricted	\$	1,478,712
Cash and cash equivalents - restricted		173,939
Investments		8,811,878
User charges receivable, net		1,391,705
Other accounts receivable		135,820
Unbilled revenue		274,114
Inventory		537,309
Prepaid expenses		929,134
Other current assets		<u>1,881</u>

Total current assets 13,734,492

Noncurrent assets:

Capital assets, net		<u>9,512,977</u>
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Total noncurrent assets 9,512,977

Total assets \$ 23,247,469

Liabilities**Current Liabilities:**

Accounts payable	\$	674,762
Customer deposits		174,311
Other current liabilities		<u>247,107</u>

Total current liabilities 1,096,180

Noncurrent liabilities:

Accrued compensated absences		81,157
Other post-employment benefits		<u>637,351</u>

Total noncurrent liabilities 718,508

Total liabilities 1,814,688

Net Position

Net investment in capital assets		9,512,977
Restricted		202,071
Unrestricted		<u>11,717,733</u>

Total net position \$ 21,432,781

The notes to the financial statements are an integral part of this statement.

Middleton Electric Light Department**Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2014**

Operating revenues:		
Charges for services	\$	13,481,842
Other operating revenues		<u>331,106</u>
Total operating revenues		<u>13,812,948</u>
Operating expenditures:		
Purchased power and production		9,905,536
Other operating expenses		2,078,726
Depreciation		<u>561,120</u>
Total operating expenditures		<u>12,545,382</u>
Operating income		<u>1,267,566</u>
Nonoperating revenues (expenses):		
Interest income		730,939
Payment in lieu of taxes		<u>(250,000)</u>
Total nonoperating revenues (expenses)		<u>480,939</u>
Changes in net position		1,748,505
Net position, beginning of year, as previously reported		<u>19,684,276</u>
Net position, end of year	\$	<u><u>21,432,781</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Statement of Cash Flows

Year Ended December 31, 2013

Cash flows from operating activities:

Cash received from customers	\$ 13,867,303
Cash paid to suppliers	(10,572,409)
Cash paid to employees	(1,435,829)
Payment in lieu of taxes (operating transfer)	<u>(250,000)</u>

Net cash provided by operating activities	<u>1,609,065</u>
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Cash flows from investing activities:

Interest on deposits and investments	730,939
Purchase and sales of investments (net)	<u>(684,383)</u>

Net cash provided by capital and related financing activities:	<u>46,556</u>
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Cash flows from capital and related financing activities:

Capital expenditures	<u>(793,050)</u>
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Net cash provided by capital and related financing activities:	<u>(793,050)</u>
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Net increase in cash and cash equivalents	862,571
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Cash and cash equivalents, beginning of year	<u>790,080</u>
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Cash and cash equivalents, end of year	<u>\$ 1,652,651</u>
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Reconciliation of operating income to net cash provided

By operating activities:

Operating income (loss)	\$ 1,267,566
Depreciation, bad debts & reserve	561,120
Payment in lieu of taxes (operating transfer)	(250,000)
Decrease in accounts receivable	29,110
Decrease in unbilled revenue	172
(Increase) in inventory	(151,413)
(Increase) in prepaid expenses	(13,478)
Decrease in other assets	145,779
(Decrease) in accounts payable	(74,557)
Increase in customer deposits	25,073
(Decrease) in other current liabilities	7,929
(Decrease) in OPEB liability	53,078
Increase in other liabilities	<u>8,686</u>

Net cash provided by operating activities	<u>\$ 1,609,065</u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements Years Ended December 31, 2013

1. Summary of Significant Accounting Policies

A. Introduction

The Town of Middleton Electric Light Department (the Department) was incorporated in 1912. The Department operates under the provisions of Chapter 164 of the Massachusetts General Laws with an elected Board of Light Commissioners.

The Department complies with accounting principles generally accepted in the United States of America (GAAP). The Department's accounting records are required to conform to the accounting standards set by the Commonwealth of Massachusetts Department of Public Utilities (DPU), which differ from GAAP. Certain adjustments have been made to present the Department's financial statements in accordance with GAAP.

B. Reporting Entity

The financial statements present information only on activities of Town of Middleton Electric Light Department and do not purport to, and do not, present fairly the financial position of the Town of Middleton, Massachusetts as of December 31, 2014, and the changes in its financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. The Department is presented as an enterprise fund in the Town of Middleton, Massachusetts' financial statements.

C. Regulation and Operation

Under Massachusetts law, electric rates of the Department are set by the Board of Commissioners and may be changed once every three months. Rate schedules are filed with the DPU. While the DPU exercises general supervisory authority over the Department, rates are not subject to DPU approval. Rates must be set such that net earnings from operations do not exceed 8% of the cost of utility plant, unless prior year losses are being recaptured.

D. Basis of Accounting

I. Basis of Presentation

The financial condition and results of operations of the Department are presented as of and for the year ended December 31, 2014.

II. Basis of Accounting

The Department is considered a proprietary fund type. As such, the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The Department also distinguishes between operating and nonoperating revenues and expenses, based on whether the items relate to the primary operation of providing electric service.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2013

1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

III. Cash Equivalents

For purposes of the statement of cash flows, the Department considers investments with original maturities of three months or less when purchased to be cash equivalents.

IV. Inventory

Inventory is carried at cost, calculated on an average cost basis.

V. Utility Plant in Service

Utility plant in service is recorded at historical cost. Depreciation is calculated on a straight line basis. Depreciation rates are as follows: buildings and structures - 50 years; utility plant infrastructure (poles, meters, transformers, etc.) - 20 to 33 years; other capital assets - 10 to 20 years.

An amount equal to annual depreciation expense is transferred by the Department from unrestricted cash to a segregated depreciation cash fund. This fund is utilized in accordance with DPU regulations for certain additions to utility plant in service.

The Department charges maintenance costs to expense when incurred. Replacements and betterments are charged to utility plant when purchased or when placed in service, according to DPU requirements. At the time plant is retired, the cost of plant, less accumulated depreciation and any salvage value, is recorded as a reduction of the related accounts.

VI. Accrued Vacation and Sick Leave

Vacation time for Department employees varies from one to four weeks, based on years of service. In addition, each year employees are eligible to "buy back" a percentage of accrued sick time, subject to certain restrictions. The total amount of accrued vacation and sick leave payable at December 31, 2014 is presented in the financial statements.

VII. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, proprietary and fiduciary fund statements may present deferred outflow and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will be recognized as an outflow (expense/expenditure) at that time. Deferred inflows of resources represent acquisition of net position that applies to a future period and will be recognized as an inflow (revenue) at that time. In the proprietary fund financial statements, there were no items that required to be reported in these categories.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2013

1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

VIII. Operating Revenues

Revenues are based on rates established by the Department and are applied to customers' consumption of electricity. The Department utilizes a fuel cost adjustment, whereby fluctuations in the cost of power can be adjusted monthly on customer bills without a change to the basic rate structure. All customers are allowed a discount on a portion of their electric bill if paid within fifteen days which is recorded as revenue when forfeited.

IX. Taxes

The Department is exempt from state and federal income taxes and local property taxes. The Department pays an in lieu of tax payment to the Town of Middleton based on an annual vote by the Board of Commissioners.

X. Use of Estimates

In preparing the Plant's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

2. Cash and Investments

Cash of the Plant is in control of the Town Treasurer, as required by state law. State and local statutes place certain limitations on the nature of deposits and investments available to the Plant. Cash and cash equivalents in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. Separate accounts are maintained for the Plant's depreciation fund, stabilization fund and customer meter deposits fund. Operating cash is pooled with Town funds in various Town bank accounts.

The Plant maintains a depreciation and stabilization fund, which are designations allowed per DPU regulations. Subject to certain restrictions, these amounts are available for general Plant operations and are included in the financial statements as unrestricted cash and cash equivalents. Customer meter deposits are presented as restricted cash and cash equivalents, as these amounts are available to the Plant only if a customer account is terminated with an outstanding balance.

At year-end, the Department's carrying amount of segregated bank deposits was \$178,191. The bank balance of these Department segregated funds maintained by the Town Treasurer was \$180,435. In addition to the segregated funds, there was \$1,360,437 of operating cash pooled within various Town accounts. Bank deposits are pooled with, or in the same financial institution as, Town operating funds and, therefore, specific collateralization information on these amounts is not available. In addition to bank deposits, \$1,385 was invested with the Municipal Light Departments of Massachusetts Reserve Trust, an investment pool authorized under state statutes. This is considered part of cash equivalents in the financial statements.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2013

2. Cash and Investments (continued)

At year-end, the investment balances for the Plant were as follows:

<u>Type of Investment</u>	<u>Fair Value</u>
US government securities	\$2,347,675
Equities	2,718,302
Certificates of deposit	1,434,093
Municipal bonds	2,224,130
Corporate bonds	87,679
Mutual and money market funds (cash equivalents)	<u>113,931</u>
Total investments	<u>\$8,925,810</u>

Of the above amounts, maturities are as follows: 1) for US Government Securities, \$46,019 between two and five years and \$2,301,666 beyond five years; 2) for certificates of deposit, \$41,999 less than one year, \$49,913 between one and two years, \$187,924 between two and five years and \$1,154,257 beyond five years; 3) for municipal bonds \$2,224,130 beyond five years; and 4) for corporate bonds \$87,679 beyond five years.

The US government and agency securities investments are rated Aaa by Moody's Investor Services and AA+ by Standard and Poor's and municipal bonds are rated \$459,457 as AAA and \$1,764,673 as AA to A and all corporate bonds are rated AA to A by Standards and Poor's. Mutual funds, money market funds and certificates of deposit are not rated.

3. Accounts Receivable

The following is a summary of accounts receivable as of December 31, 2014.

	<u>2014</u>
Customer accounts receivable	\$1,415,532
Other accounts receivable	105,340
Purchased power credits receivable	30,480
Allowance for uncollectible accounts	<u>(23,827)</u>
Total accounts receivable, net	<u>\$1,527,525</u>

Of the total customer accounts receivable at December 31, 2014 of \$1,415,532, \$1,131,894 relates to the December, 2014 power bills due from customers (due in January).

4. Prepaid Expenses

At December 31, 2014, the Department has total prepaid expenses of \$929,134. Most of the prepaid expense amount represents a deposit used to facilitate timely payments of certain monthly power invoices.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements Years Ended December 31, 2013

5. Capital Assets

The following is a summary of the Department's capital assets for the year ended December 31, 2014.

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Transfers out and Reductions</u>	Ending <u>Balance</u>
Capital assets not being depreciated:				
Land and land improvements	<u>327,323</u>	=	=	<u>327,323</u>
Total capital assets not being depreciated	<u>327,323</u>	=	=	<u>327,323</u>
Capital assets being depreciated:				
Buildings and improvements	1,197,231	52,687	-	1,249,918
Equipment	2,317,399	31,341	2,500	2,346,240
Infrastructure	<u>15,544,186</u>	<u>709,022</u>	<u>89,400</u>	<u>16,163,808</u>
Total capital assets being depreciated	<u>19,058,816</u>	<u>793,050</u>	<u>91,900</u>	<u>19,759,966</u>
Less accumulated depreciation for:				
Buildings and improvements	(505,677)	(23,945)	-	(529,622)
Equipment	(1,594,394)	(99,131)	(2,500)	(1,691,025)
Infrastructure	<u>(8,005,021)</u>	<u>(438,044)</u>	<u>(89,400)</u>	<u>(8,353,663)</u>
Total accumulated depreciation	<u>(10,105,092)</u>	<u>(561,120)</u>	<u>(91,900)</u>	<u>(10,574,312)</u>
Capital assets being depreciated, net	<u>8,953,724</u>	<u>231,930</u>	=	<u>9,185,654</u>
Total capital assets, net	<u>9,281,047</u>	<u>231,930</u>	=	<u>9,512,977</u>

6. Pension Plans

Department employees participate in a cost sharing, multiple employer defined benefit plan. The system is funded by contributions from participants and employer contributions. This system, the Essex Regional Retirement System, covers all employees of the Department.

Eligibility and Vesting - Employees of the Department who are employed on a basis which anticipates work at an annual rate to exceed 1040 hours are eligible to participate in the System. Employees are eligible immediately after the date of employment. For participants who were employed by the Department prior to January 1, 1978, benefits become vested after 20 or more years of creditable service or upon reaching the age of 55. Benefits relating to participants who were hired subsequent to December 31, 1977 become vested after 20 or more years of creditable service or after 10 or more years of creditable service and if they have reached the age of 55.

Contributions - Employees contribute 5% of regular compensation if employed prior to 1/1/1975; 7% if first employed from 1/1/1975 to 12/31/1983; 8% of the first \$30,000 and 10% thereafter if first employed on or after 1/1/1984; and 9% of the first \$30,000 and 11% thereafter if first employed on or after 1/1/1997. Employee contributions may be returned to the participants upon leaving Department

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements Years Ended December 31, 2013

6. Pension Plans (continued)

employment prior to retirement, within certain age and length of employment restrictions, as prescribed by the Massachusetts General Laws.

Retirement Benefits & Other - The amount of normal monthly retirement benefit is equal to a percentage of the participant's average monthly compensation, determined based on age at retirement, the maximum being 2.5% at age 65, and based on the higher of the participant's (1) highest three consecutive years of compensation or (2) last three calendar years of employment preceding retirement whether or not such years are consecutive, multiplied by years of service, up to a maximum of 80% of the average monthly compensation as computed above or \$30,000 in annual compensation for participants who first became employed after January 1, 1979. Any cost-of-living adjustments granted since 1981 and any increase in other benefits imposed by state law after that year are borne by the Commonwealth. Provisions exist in the plan for cost of living adjustments and disability benefits.

Department Contributions Required and Made - The Town is assessed annually for their share of system costs. The Department reimburses the Town for their share of this assessment. The Department paid to the Town (based on the Town's fiscal year ended June 30th) \$200,459 in 2012, \$222,791 in 2013 and \$247,854 in 2014. The total Town assessment represents approximately 3.0% of system wide employer assessments for these years.

The System issues an annual public report that can be obtained by contacting the Massachusetts Public Employee Retirement Administration Commission (PERAC), One Ashburton Place, Boston, MA 02108. Summary plan information is presented as required supplementary information (RSI) following these notes to the financial statements.

7. Notes and Bonds Payable

The Department did not have any outstanding short or long term debt during 2014. At December 31, 2014, the Department has no unauthorized and unissued debt.

8. Other Post-Employment Benefits (OPEB)

The Department was required to implement GASB 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, for the 2009 financial statements. The Department established the net OPEB obligation at January 1, 2009 at zero and is applying the measurement and recognition requirements for the remaining amounts of GASB 45 on a prospective basis.

Plan Description - The Department provides for certain health care benefits in accordance with Massachusetts General Law Chapter 32B, to employees who retire in accordance with various predetermined years of service and under various age requirements under a single employer defined benefit plan. Changes to plan design and contribution rates must be negotiated through the collective bargaining process.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2013

8. Other Post-Employment Benefits (OPEB) (continued)

As of the most recent valuation date of July 1, 2014, the number of Plan participants is as follows:

Active employees	12
Retirees and beneficiaries	<u>6</u>
Total	<u>18</u>

Funding Policy - Contribution requirements are negotiated as part of the collective bargaining process. Currently, members receiving these benefits contribute 40% of the cost of the plans. The cost of administering the plan is paid for by the Town.

Annual OPEB Cost and Net OPEB Obligation - The Department's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with GASB 45 parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The components of the Department's annual OPEB cost for the year, the actual contribution to the plan and changes to the Department's net OPEB obligation are presented in the following table.

Normal cost	\$32,795
Interest on OPEB obligation	23,371
Amortization of actuarial gains and losses	15,057
Adjustment to annual required contribution	(32,489)
Amortization of unfunded actuarial accrued liability	<u>44,558</u>
Annual OPEB cost	83,292
Contributions made	<u>(30,214)</u>
Increase (decrease) in net OPEB obligation	53,078
Net OPEB obligation - beginning of year	<u>584,273</u>
Net OPEB obligation - end of year	<u>\$637,351</u>

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$83,292	36%	\$637,351
12/31/2013	\$118,692	35%	\$584,273
12/31/2012	\$157,387	36%	\$532,693

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2013

8. Other Post-Employment Benefits (OPEB) (continued)

Funding Status and Funding Progress - The funded status of the plan at July 1, 2014, the most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal Cost (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage Of Covered Payroll ((B-A)/C)
7/1/2014	\$0	\$1,012,427	\$1,012,427	0%	\$1,046,715	98%
7/1/2012	\$0	\$1,301,250	\$1,301,250	0%	\$1,155,757	113%

The actuarial valuation of an ongoing plan involves estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding funding status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following additional information is provided as of the latest actuarial valuation:

- Valuation date July 1, 2014
- Actuarial cost method Projected unit credit
- Amortization method 30 years, level dollar
- Remaining amortization period 23 years, as of December 31, 2014
- Interest discount rate 4.00%
- Medical cost trend 5%

9. Commitments

The Department 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 revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt service to be paid into a Reserve and Contingency

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2013

9. Commitments (continued)

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

MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable from, and secured solely by, the revenues derived from the Project to which such issue relates plus available funds pledged under the Amended and Restated General Bond Resolution with respect to the bonds of that project. The MMWEC revenues derived from each Project is 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 Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 3.7% interest in the W.F. Wyman Unit No. 4 plant, owned and operated by subsidiaries of FPL Energy Wyman IV, LLC, an indirect 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 indirect subsidiary of Dominion Resources, Inc. DNCI also owns and operates Millstone Unit 2 nuclear unit. The operating license for Unit 3 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 Resources, LLC, the majority owner and indirect subsidiary of Next Era Energy Resources, LLC. The operating license for Seabrook Station extends to March 15, 2030. NextEra Seabrook has stated its intention to request an extension of the Seabrook Station operating license for an additional twenty 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. The Project Participants are also liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson 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 Price-Anderson Act through the end of 2025.

The Department has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both the PSAs and PPAs, the Department is required to make certain payments to MMWEC payable solely from Department revenues. Under the PSAs, each Participant is unconditionally obligated to make 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).

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

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2013

9. Commitments (continued)

Total capital expenditures for MMWEC's projects amounted to \$1,616,889,000, of which \$39,193,000 represents the amount associated with the Department's Project Capability of the projects in which it participates, although such amount is not allocated to the Department. MMWEC's debt outstanding for the Projects includes Power Supply System Revenue Bonds \$167,110,000, of which \$4,575,000 is associated with the Department's share of Project Capability of the projects in which it participates, although such amount is not allocated to the Department. As of December 31, 2014, MMWEC's total future debt service requirement on outstanding bonds issued for Projects is \$184,002,000, of which \$5,064,000 is anticipated to be billed to the Department in future years.

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

For years ended December 31,	2015	\$ 1,635,000
	2016	\$ 1,564,000
	2017	\$ 1,518,000
	2018	\$ 40,000
	2019	<u>\$ 307,000</u>
	Total	<u>\$ 5,064,000</u>

In addition, the Department is required to pay its share of the Operation and Maintenance (O&M) costs of the Projects in which they participate. The Department's total O&M costs including debt service under the PSAs were \$3,643,000 and \$3,783,000 for the years ended December 31, 2014 and 2013, respectively.

10. Power Contracts

The Department purchases its power through contracts with various power suppliers, including MMWEC. These contracts are subject to certain market factors. Based on current market conditions, the Department anticipates some stability to its power cost expenses over the next few years.

11. Contingencies

Numerous lawsuits may be pending or threatened against the Department, which arose from the ordinary course of operations, including actions commenced and claims asserted against it for property damage and personal injury, breaches of contract, condemnation proceedings and other alleged violations of law. The Department's attorney estimates that potential claims, not covered by insurance, resulting from such litigation, would not materially affect the financial statements.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2013

12. Implementation of new GASB Statements

During 2014, the Plant implemented the following GASB pronouncements:

- GASB Statement #67 – *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, which was required to be implemented in 2014. This statement had no impact on the Plant's financial statements.
- GASB Statement #69 – *Government Combinations and Disposals of Government Operations*, which was required to be implemented in 2014. This statement had no impact on the Plant's financial statements.
- GASB Statement #70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which was required to be implemented in 2014. This statement had no impact on the Plant's financial statements.

In future years, the Plant will implement the following GASB pronouncements:

- GASB Statement #68 – *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, which is required to be implemented in 2015. The Plant is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, which is required to be implemented in 2015. The Plant is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #72 – *Fair Value Measurement and Application*, which is required to be implemented in 2016. The Plant is currently evaluating the possible impact of this will have on its financial statements.