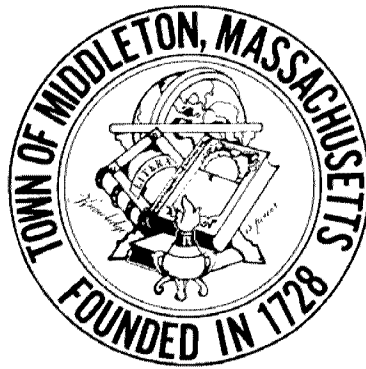


# **Town of Middleton Massachusetts**

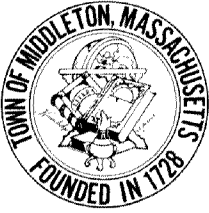


## **Annual Reports for Fiscal Year 2019**

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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](http://www.middletonma.gov/list.aspx)



**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](http://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

Ipswich Chronical

1-800-697-2737

**Post Office**

41 South Main Street

978-774-4367

**MIDDLETON SCHEDULE of MEETINGS and OFFICE HOURS and TELEPHONE LISTINGS**  
**Please check the Public Calendar at [www.middletonma.gov](http://www.middletonma.gov) for actual scheduled meetings**

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	2nd Tuesday in May	7:30 pm	Howe-Manning School	
Annual Town Election	Monday after 2nd Tuesday in May	7:00 am – 8:00 pm	Fuller Meadow School	
Board of Appeals Meeting	4th Thursday	7:00 pm	Fuller Meadow School	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.	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
<b>EMERGENCY</b>	<b>Always</b>	<b>24 hours</b>	<b>POLICE, FIRE &amp; AMBULANCE</b>	<b>911</b>
Finance Committee Meeting	Variable		Flint Public Library	
<b>FIRE Department</b>	<b>Always</b>	<b>24 hours</b>	<b>Non-Emergency / 4 Lake St.</b>	<b>978-774-2466</b>
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 <sup>st</sup> 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	978-774-8132
Flint Public Library/Winter	Monday – Thursday	10:00 am-8:00 pm	2 North Main Street	978-774-8132
	Friday	10:00 am-5:00 pm		
	Sunday	1:00 pm-5:00 pm		
Flint Public Library/Summer	Tues., Wed., Thursday	10:00 am-8:00 pm	2 North Main Street	978-774-8132
	Friday	10:00 am-2:00 pm		
	Sunday	1:00 pm-5:00pm		
Planning Board Meeting	2nd Wednesday	7:00 pm	Fuller Meadow School	978-777-2850
Planning Board Office	Monday – Friday	8:00 am - 4:00 pm	195 North Main Street	978-777-2850
<b>POLICE Department</b>	<b>Always</b>		<b>65 N. Main St./Non-Emergency</b>	<b>978-774-4424</b>
Recreation Commission Mtg	1 <sup>st</sup> Wednesday & Variable	6:30 pm	Flint Public Library	978-774-8132
Masconomet Regional School Committee Meeting	1st & 3rd Wednesdays	7:30 pm	Masconomet Administration Building	978-887-2323
Elementary School Committee Meeting	2nd Thurs & Variable	7:00 pm	Fuller Meadow School	978-887-0771
Board of Selectmen Meeting	Bi-weekly on Tuesdays	7:30 pm	Fuller Meadow School	978-774-3589
Selectmen'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.	978-774-3589
Town Clerk's Office	Mon., Wed., & Thurs.	9:00 am - 4:00 pm	Memorial Hall / 48 South Main St.	978-774-6927
	Tuesday	9:00 am - 6:00 pm		
	Friday	9:00 am - 1:00 pm		
Transfer Station	Sunday, Wed, Saturday	8:00 am - 4:00 pm	Natsue Way	
Treasurer/ Collector's Office	Monday, Wed., & Thurs.	8:00 am -5:00 pm	Memorial Hall / 48 South Main St.	978-774-8327 978-774-1867
	Tues.	8:00 am-6:00 pm		
	Friday (after 1:00 by appt.)	8:00 am-1:00 pm		
<b>Tri-Town Council Hotline</b>	<b>Always</b>			<b>978-771-4619</b>
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

**Transfer Station Rules and Regulations**  
**Hours of Operation: 8:00 a.m. - 4:00 p.m.**  
**Wednesday, Saturday & Sunday**  
**[www.middletonma.gov](http://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](http://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](mailto:Bruce.Tarr@masenate.gov)

### REPRESENTATIVE IN GENERAL COURT

*Precinct 1*

20<sup>th</sup> Middlesex District

*TWENTIETH 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](mailto:Bradley.Jones@mahouse.gov)

*Precinct 2*

13<sup>th</sup> Essex District

*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](mailto: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](mailto: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

Website: [www.moulton.house.gov](http://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

Website: [www.warren.senate.gov](http://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

Website: [www.markey.senate.gov](http://www.markey.senate.gov)

# TOWN OF MIDDLETON

## 2019

### ELECTED OFFICIALS

<b>Moderator</b>		<b>Planning Board</b>	
Barbara Piselli	2021	Anthony Tierno	2020
		David M. McGlone	2021
<b>Deputy Moderator</b>		Brian York	2022
Vacant	2018	Nicholas Bonugli	2023
		Brian J. Carroll	2024
<b>Town Clerk</b>		<b>Electric Light Commission</b>	
Ilene B. Twiss	2020	Frank W. Twiss	2020
<b>Selectmen</b>		James Carbone	2020
Brian M. Cresta	2020	James W. Kelley	2021
Todd Moreschi	2021	Timothy P. Houten	2021
Kosta E. Prentakis	2021	Charles S. Clinch, III	2022
Timothy P. Houten	2022		
Richard W. Kassiotis, Jr.	2022		
<b>Constable</b>		<b>Library Trustees</b>	
Paul F. Armitage	2022	Shirley M. Raynard	2020
		Ann Noyes	2020
<b>Board of Assessors</b>		Gretchen Hover Moreschi	2021
Jeffrey P. Garber	2020	Donna Bambury	2021
Deborah J. Carbone	2021	Melissa L. Stankus	2022
Toula Guarino	2022		
<b>Elementary School Committee</b>		<b>Housing Authority</b>	
(Dorian) Christine Carrol	2020	Maria Paikos-Hantzis	2020
Fred Clapp	2021	Jill Mann	2021
Kristen Richardson	2021	Douglas LeColst	2024
Natasha M. Bansfield	2022	Lisa Boucher (Tenant Rep.)	
Jennifer Lynne Pesce	2022	Ilene Twiss (State Apptd.)	2010
<b>Regional School Committee</b>			
Tasha Cooper	2020		
Kosta E. Prentakis	2020		
Joseph Ciampa	2021		
Arete H. Pascucci	2022		

# TOWN OF MIDDLETON APPOINTED OFFICIALS

**Town Administrator**  
Andrew Sheehan 2021

**Assistant Town Administrator**  
Tanya Stepasiuk 2021

**Town Accountant**  
Sarah Wood 2022

**Custodian of Town Lands**  
Robert F. Murphy 2020

**Treasurer/Collector**  
Belinda Young 2021

**Assistant Treasurer**  
Cassandra Murphy 2020

**Town Counsel**  
Mead Talerman and Costa 2021

**Assistant Assessor**  
Bradford W. Swanson 2020

**Administrative Assessor**  
Theresa A. Fontaine 2020

**Assistant Town Clerk**  
Carmelina Fiore 2020

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

**Chief of Police**  
James A. DiGianvittorio

**Superintendent of Schools**  
Scott Morrison

**Library Director**  
Melissa Gaspar

**Director of Veterans' Services**  
Gary Bent 2022

**Building Commissioner  
Zoning Enforcement Officer  
Fence Viewer & A.D.A. Officer**  
Scott Fitzpatrick 2022

**Local Building Inspector**  
Michael Donahue 2020  
E. Peter Swindell 2020

**Plumbing and Gas Inspector**  
Todd Moreschi 2020  
Peter Sakelakos (Alternate) 2020  
Gary Paul (Alternate) 2020

**Inspector of Wires**  
James Carbone 2020  
Mark Fialkowski (Alternate) 2020

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

**Superintendent of Burials**  
Leah Moreschi 2020

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

**Assistant Health Agents**  
Leo Cormier 2020  
Ron Beauregard 2020

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

**Planning Coordinator**  
Katrina O'Leary 2020

**Local Cable Television Access Director**

Paul A. Pellicelli	2020
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**Election Officers**

Warden	Vacant
Eileen Bakoian, -Clerk	2021

**Registrars of Voters**

Ilene B. Twiss (ex officio)	
Richard Cardinale	2022
James V. Hannon Jr.	2022
Sarah George	2020

**Executive Director of the  
Middleton Housing Authority**

Cindy Dunn/Danvers Housing Authority
--------------------------------------

**Director of the Council on Aging**

Jillian Smith	2020
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**Middleton Electric Light  
Department Manager**

Michael Cloutier
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**Essex North Shore Regional Agricultural and  
Technical School District Representative**

Alexandra Liteplo	2020
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**Representative to the Metropolitan  
Area Planning Council**

Katrina O'Leary	2020
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**Municipal Hearing Officer, Parking Clerk, &  
Municipal Liaison to the Ethics Commission**

Ilene B. Twiss	2020
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**Board of Appeals**

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

**Board of Health**

George Demeritt	2020
Judy Schneider	2020
Raymond Cryan	2021
Paul LeBlanc	2021
Matthew Greenfield	2022

**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

**Bylaw Review Committee**

Timothy Houten	2019
Jeffrey Garber	2019
Beverly Popielski	2019
Ilene Twiss (ex officio)	2019
Sarah B. George	2019
Richard Cardinale	2021
Vacancy	2019

**Community Preservation Committee**

Ann LeBlanc-Snyder	2020
Kosta Prentakis	2020
Ilene Twiss	2020
Maryanne Erickson	2021
Robert Murphy	2021
Anthony Tierno	2021
John Erickson	2022
Timothy Houten	2022
Laurie York	2022

**Complete Streets Committee**

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

**Conservation Commission**

Andrea Nelson	2020
Antonio Pesce	2020
Gerald Gove	2021
Laurie York	2021
Michael G. Sliney	2022

**Council on Aging**

Barbara Sogdiana (Alternate)	2019
Barbara Sanborn	2020
Ellen Strobel (Alternate)	2020
Alice Tierney	2020
Wendy Tirck (Alternate)	2020
Gerald Gove	2021
Leah Magnifico	2021
Kathryn Martinuk	2021
Francis J. Leary, Jr.	2021
Carol Carr	2022
Joan Shea-Desmond	2022

**Cultural Council**

Diana Jackson	2020
Judy Schneider	2020
Cathy Lindquist	2021
Richard Gilman	2022
Pam Hartman	2022

**Design Review Committee**

Paul Richardson	2020
Michael Watkin	2020
Robert Murphy	2021
Chuck Kozlosky	2022

**Finance Committee**

John Erickson	2020
Richard Gregorio	2020
George E. Dow, Sr.	2021
John Mahoney	2021
Antionietta Mertz	2021
Michelle Cresta	2022
Jason Vining	2022

**Historical Commission**

Sarah B. George	2020
Anne LeBlanc-Snyder	2020
Shirley Raynard	2021
Anne Cote	2022
Pike Messenger	2022

**Housing Production Plan Committee**

Raymond Cryan	2020
George Demeritt	2020
Derek Fullerton	2020
Maria Paikos Hantzis	2020
Katrina O'Leary	2020
Andrew J. Sheehan	2020
Barbara Tilton	2020

**Industrial and Commercial  
Design Review Committee**

Paul Richardson	2020
Michael Watkin	2020
Robert Murphy	2021
Chuck Kozlosky	2022

**Master Development Planning Committee**

George Dow, Sr
Amy Karas
Kenneth Lisiak
William Renault
Thomas Schank
Frank Twiss
Annette Wilton

**Master Plan Committee**

John Erickson	2020
Peter Moon	2020
Nicholas Bonugli	2021
John LeBlanc	2021
Paul Richardson	2021
Annette Wilton	2021
Timothy Houten	2022
Robert Murphy	2022
Vacancy	2019

**Memorial Day Committee**

Shirley Reynard	2020
Robert Wahl	2020
Scott Saulnier	2021
Vacancy	2018
Vacancy	2018
Vacancy	2019



**Municipal Tax Relief Committee**

Deborah Carbone	2019
Robert. F. Murphy	2020
Belinda Young (ex officio)	2021
Jeffrey Garber	2022
Vacancy	
Vacancy	

**Water Advisory Committee**

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

**Planning Board – Alternate Members**

Anthony DeGregorio	2020
Joseph Kikta	2020

**Zoning Bylaw Review Committee**

Jeffrey Garber	2022
Craig Hartwell	2022
Todd Moreschi	2022
David Parker	2022
Annette Wilton	2022

**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

**Rails to Trails Committee**

Derek Fullerton	2020
Thomas Martinuk	2020
Scott Downs	2020
Vacancy	2020

**Recreation Commission**

Michelle Creasi	2020
Diane Currier (Alternate)	2020
Maria Schena (Alternate)	2020
James Desrochers (Alternate)	2021
Hayato Tsurumaki	2021
Jessica Sollazo	2022

**Scholarship Committee**

Claudia Johnson	2020
Rodney Pendleton	2022
Shirley Raynard	2022
Ilene B. Twiss	2022

## **SPECIAL TOWN MEETING MARCH 19, 2019**

On Tuesday, March 19, 2019, voters of the Town of Middleton met in the Howe-Manning School gymnasium. At 7:00 P.M. Town Clerk Ilene Twiss welcomed voters to the 2019 Special Town Meeting and declared that a quorum was present. (It was later shown that 577 voters were in attendance.)

The reading of the Return of Service of the Warrant was waived by Town Clerk Ilene Twiss. Middleton Boy Scout Troop 19 presented the colors and led the Meeting in the Pledge of Allegiance.

The first order of business was to elect a Temporary Moderator for Special Town Meeting, as our Town Moderator, Lynn Murphy had moved out of Town. The law required we elect a Temporary Moderator this meeting only. Nominations were taken from the floor and Barbara Piselli was nominated by Tim Houten and seconded by Mary Rockwood. The voice vote to elect the Temporary Moderator was unanimous. The Town Clerk, Ilene Twiss administered the Oath of Office to Barbara Piselli as the Temporary Moderator for the meeting.

After the Moderator reviewed the ground rules for Town Meeting, the articles on the Warrant were disposed of as follows:

**ARTICLE 1.** On petition of the Board of Selectmen and Finance Committee, to see if the Town will vote to raise and appropriate, borrow or transfer from available funds the sum of three million eight hundred thousand dollars (\$3,800,000) to fund the acquisition, by purchase, gift, or eminent domain, of two certain parcels of land located off South Main Street shown as Lots 184 and 185 on Middleton Assessors Map 29 consisting of 52 acres more or less; and to authorize the Board of Selectmen to purchase said property on terms and conditions they determine to be in the best interest of the Town; and further that the Board is authorized to convey and accept easements and restrictions related thereto; or take any other action relative thereto.

**Purpose:** This article will authorize the acquisition of land for future municipal use.

**Planning Board Recommendation:** The Planning Board unanimously (4-0) recommends approval of the article.

**Master Plan Committee Recommendation:** The Master Plan Committee unanimously (5-0) recommends approval of the article.

The Finance Committee recommended and moved (by George Dow) that the Town vote to appropriate a total of three million eight hundred thousand dollars (\$3,800,000) to fund the acquisition, by purchase, gift, or eminent domain, of two certain parcels of land located off South Main Street shown as Lots 184 and 185 on Middleton Assessors Map 29 consisting of 52 acres more or less, as follows: (1) the sum of three hundred eighty thousand dollars (\$380,000) from

the Community Preservation Fund Balance to acquire a conservation restriction on a certain portion of said property, consisting of approximately 8 acres in the approximate configuration as shown on a certain plan available to Town Meeting voters, said portion of the property to be restricted for open space, conservation and/or passive recreational purposes; and (2) the sum of three million four hundred twenty thousand dollars (\$3,420,000), by borrowing, to acquire the balance of said property; and to authorize the Board of Selectmen to acquire said property on terms and conditions they determine to be in the best interest of the Town; and further that the Board is authorized to convey and accept easements and restrictions related thereto.

After a presentation of the project by Town Administrator Andrew Sheehan and considerable discussion, a voice vote was taken. The Moderator declared that the motion had carried and that a 2/3 majority had been attained.

**ARTICLE 2.** On petition of the Board of Selectmen and Finance Committee, to see if the Town will vote to raise and appropriate, borrow or transfer from available funds three-hundred-twenty-five dollars \$325,000 to fund a master development plan of land located off South Main Street shown as Lots 184 and 185 on Middleton Assessors Map 29; or take any other action relative thereto.

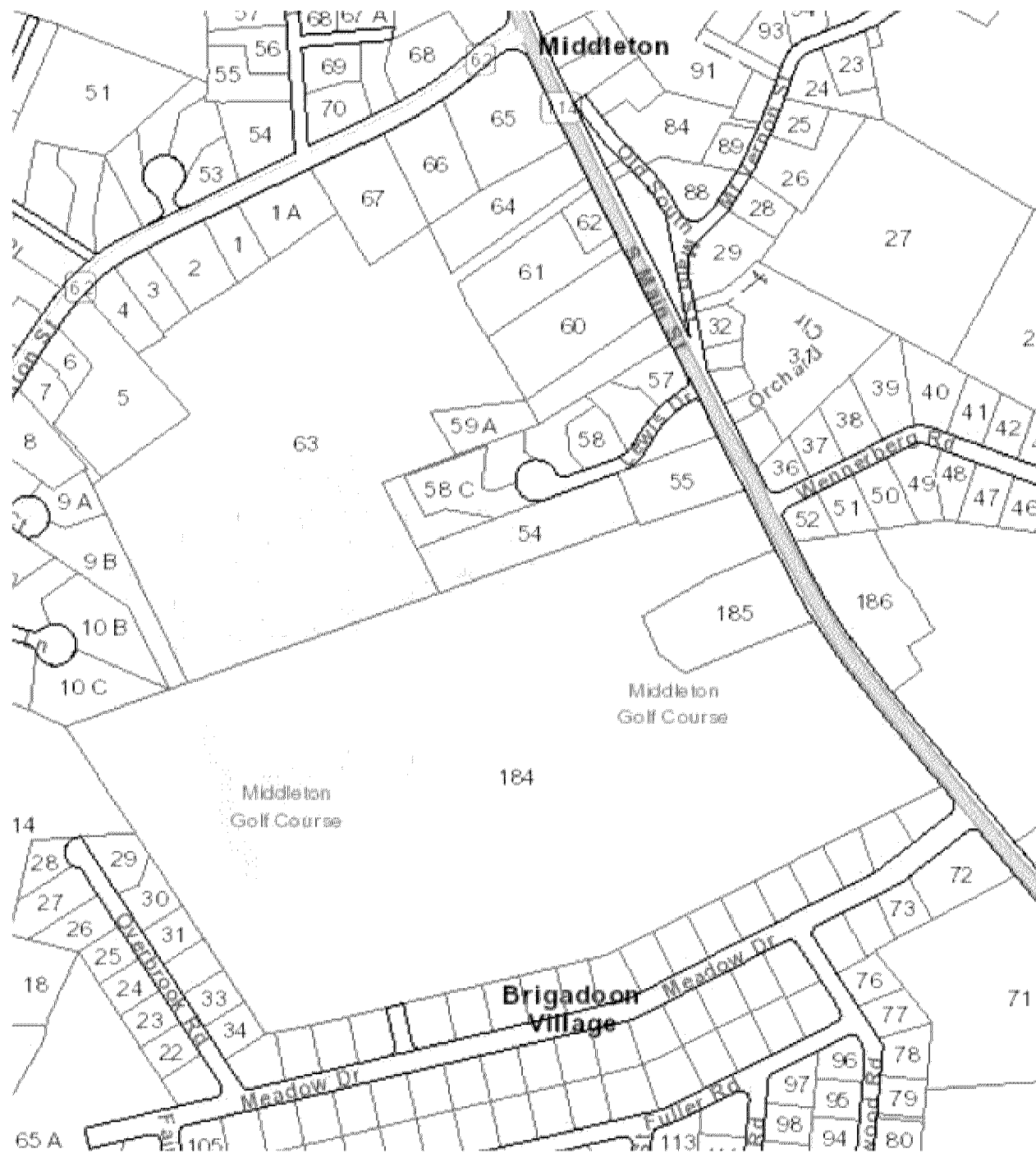
**Purpose:** This article will fund a master development plan of the site for future municipal use.

**Planning Board Recommendation:** The Planning Board unanimously (4-0) recommends approval of the article.

**Master Plan Committee Recommendation:** The Master Plan Committee unanimously (5-0) recommends approval of the article.

The Finance Committee recommended and moved (by Jason Vining) that the Town vote to borrow three hundred twenty-five thousand dollars (\$325,000) to fund a master development plan of land located off South Main Street shown as Lots 184 and 185 on Middleton Assessors Map 29.

After brief discussion, a voice vote was taken. The Moderator declared that the motion had carried and that a 2/3 majority had been attained.



At 8:47 PM there was a motion and a second from the floor to dissolve the Special Town Meeting, and the vote to do so was unanimous.

Attest, a True Copy,

Ilene B. Twiss  
Town Clerk

**2019 ANNUAL TOWN MEETING  
MAY 14, 2019**

On Tuesday, May 14, 2019, voters of the Town of Middleton met in the Howe-Manning School gymnasium. At 7:00 P.M. Town Clerk Ilene Twiss welcomed voters to the Annual Town Meeting and declared that a quorum was present. The reading of the Return of Service of the Warrant was waived by Town Clerk Ilene Twiss. Middleton Boy Scout Troop 19 presented the colors and led the Meeting in the Pledge of Allegiance.

As required by law, nominations were taken from Town Meeting floor to elect a Temporary Moderator. Barbara Piselli was elected and sworn as Temporary Moderator for the meeting. This session of Town Meeting was not dissolved until 8:56 pm, when all 26 articles on the Warrant had been dealt with. It was later shown that 118 voters were in attendance.

After the Moderator reviewed the ground rules for Town Meeting, the articles on the Warrant were disposed of as follows:

**ARTICLE 1.** To hear Committee Reports:

School Committee  
Finance Committee  
Master Plan Committee  
Other Committees

The Board of Selectmen recommended and moved that the Town hear and accept Committee reports.

The motion passed unanimously.

**ARTICLE 2.** On petition of the Finance Committee and Board of Selectmen, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds a certain sum to be used to fund the deficit incurred in the Department of Public Works snow removal and winter road maintenance budget; or take any other action relative thereto.

**Purpose:** This article will transfer funds to close the deficit for snow and ice removal.

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by George Dow that the Town take **No Action** on this Article.

The motion passed unanimously.

**ARTICLE 3.** On petition of the Finance Committee and Board of Selectmen, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds a certain sum to be used to fund the maintenance of the Middleton Golf Course; or take any other action relative thereto.

**Purpose:** This article will fund the maintenance of the Middleton Golf Course located at 105 South Main Street.

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by Toni Mertz that the Town transfer from Free Cash the sum of **\$25,000** to pay for maintenance of the property at 105 South Main Street.

The motion passed unanimously.

**ARTICLE 4.** On petition of the Board of Selectmen, to see if the Town will vote to raise and appropriate, transfer between and among various accounts, or transfer from available funds to supplement the Fiscal Year 2019 operating budget; or take any other action relative thereto.

**Purpose:** This article is to transfer funds and supplement monies, if necessary, to meet departmental expenses in the current fiscal year.

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by George Dow that the Town take no action on this Article.

The motion passed unanimously.

**ARTICLE 5.** On petition of the Board of Selectmen acting in the capacity of the Personnel Board, to see if the Town will vote to set the salaries of elected officials pursuant to Massachusetts General Law Chapter 41, Section 108 and the Town Consolidated Personnel Plan, Section 9-5 as follows; or take any other action relative thereto.

See page 38 for full Compensation Plan

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by George Dow that the Town set the compensation of elected officials pursuant to Massachusetts General Laws Chapter 41, Section 108, and the Town Consolidated Personnel Plan, Section 9-5, all as shown on the Compensation Plan printed on pages 38-40 of the Town Meeting Warrant.

The motion passed unanimously.

**ARTICLE 6.** On petition of the Finance Committee and Board of Selectmen, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds a certain sum to fund the Omnibus Budget for Fiscal Year 2020; or take any other action relative thereto.

**Purpose:** This article requests approval of the Town operating budget for the coming fiscal year.

<b>Town of Middleton</b> <b>Summary of Fiscal Year 2019 and Proposed 2020 Operating Budget Totals</b>				
	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2020</b>	<b>(Decrease) Increase In Dollars \$</b>	<b>Percent + or - Change</b>
Town Operating Budgets	\$8,593,328	\$8,871,849	\$278,521	3.2%
Health Insurance, Retirement, Unclassified	\$2,627,621	\$2,661,981	\$34,360	1.3%
Town Debt Service (offset by CPA funding)	\$1,282,835	\$1,481,095	\$198,260	15.5%
<b>Town General Government Totals</b>	<b>\$12,503,784</b>	<b>\$13,014,925</b>	<b>\$511,141</b>	<b>4.1%</b>
<u>Schools</u>				
Local School Budget	\$11,883,149	\$12,538,943	\$655,794	5.5%
Masconomet Budget	\$9,795,231	\$10,350,504	\$555,273	5.7%
Essex Technical High School Budget	\$817,515	\$777,677	(\$39,838)	-4.9%
<b>All School Totals</b>	<b>\$22,495,895</b>	<b>\$23,667,124</b>	<b>\$1,171,229</b>	<b>5.2%</b>
<b>Operating Budget Totals</b>	<b>\$34,999,679</b>	<b>\$36,682,049</b>	<b>\$1,682,370</b>	<b>4.8%</b>

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by John Erickson that the Town appropriate the sum of **\$36,682,049** to fund the Omnibus Budget for FY20 and that to meet this appropriation:

- \$35,967,851 be raised and appropriated taxation
- \$475,000 be transferred from the Ambulance Fund,
- \$154,406 be transferred from PEG Cable Fund,



- \$22,792 be transferred from Weights & Measures, and
- \$62,000 be transferred from the Special Education Stabilization Fund

The motion passed unanimously.

**ARTICLE 7.** On petition of the Board of Selectmen and Community Preservation Committee, to see if the Town will vote to appropriate or reserve from the Community Preservation Fund annual revenues or available funds the amounts recommended by the Community Preservation Committee for debt service, and community preservation projects and other expenses in Fiscal Year 2020 with each item to be considered a separate appropriation; or take any other action relative thereto.

### **Proposed Fiscal Year 2020 Community Preservation Budget**

The Community Preservation Committee recommends that the following amounts be appropriated or reserved from Fiscal Year 2020 Community Preservation Fund Revenues, unless otherwise specified for Fiscal Year 2020 Community Preservation Purposes with each item considered to be a separate appropriation:

<b><u>Purpose</u></b>	<b><u>Recommended Amount</u></b>	<b><u>Funding Source</u></b>
A) Reserves: Open Space	\$31,641	FY 2020 Estimated CPA Receipts
Reserves: Historic Resources	\$31,641	FY 2020 Estimated CPA Receipts
Reserves: Community Housing	\$31,641	FY 2020 Estimated CPA Receipts
 B Flint Library Debt Service	 \$62,750	 \$32,090 from Historic Resources Reserve and \$30,660 from Fund Balance
 C 11 South Main St. Debt Service	 \$40,325	 \$32,090 from Open Space Reserve and \$8,2354 from Fund Balance
 D CPA Committee Admin. Expenses	 \$1,150	 From Fund Balance
 <b>Community Preservation Total</b>	 <b>\$235,148</b>	

**Purpose:** Each year the Town Meeting must appropriate or reserve for future appropriation at least 10% of the estimated annual fund revenues for acquisitions and initiatives in each of the following three categories of allowable community preservation purposes:

Open space excluding recreational uses  
Historic resources  
Community housing

The term “annual fund revenues” in Fiscal Year 2020 are estimated at \$251,000 and is composed of the estimated receipts from the local surcharge of \$230,000 and monies from the State Trust Fund, which will make its fifteenth payment in October of 2019 providing an additional estimated \$21,000 in matching funds based upon the local share raised in FY 2019.

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by John Mahoney that the Town appropriate or reserve from the Community Preservation Fund annual revenues or available funds the amounts recommended by the Community Preservation Committee and printed on page 19 of the Town Meeting Warrant for debt service, community preservation projects and other expenses in Fiscal Year 2020 with each item to be considered a separate appropriation for a total of **\$235,148**.

The motion passed unanimously.

**ARTICLE 8.** On petition of the Board of Selectmen and Community Preservation Committee, to see if the Town will vote to appropriate from the Community Preservation Fund annual revenues the following amounts recommended by the Community Preservation Committee for new community preservation projects in Fiscal Year 2020 with each item to be considered a separate appropriation; or take any other action relative thereto.

<u>Purpose</u>	<u>Recommended Amount</u>	<u>Funding Source</u>
A) Rubchinuk Park irrigation	\$24,500	Fund Balance
B) Digitize Historic Records	\$89,000	Fund Balance
<b>Community Preservation Total</b>	<b>\$ 113,500</b>	

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by John Mahoney that the Town appropriate from the Community Preservation Fund the sum of \$24,500 from Fund Balance for Rubchinuk

Park Irrigation and the sum of \$89,000 from Fund Balance to Digitize Historic Records, with each item to be considered a separate appropriation for a total of **\$113,500**.

The motion passed unanimously.

**ARTICLE 9.** On petition of the Board of Selectmen to see if the Town will vote to authorize the spending limits of the following revolving funds established under the Town Bylaw and General Laws Chapter 44, Section 53E ½:

<b>Revolving Fund</b>	<b>Spending Limit</b>
Firearms License and Permits	\$10,000
Council on Aging	\$35,000
Recreation	\$15,000
Recreation Field Use	\$15,000
Stormwater Management	\$5,000

Or take any other action relative thereto.

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by Jason Vining that the Town authorize the spending limits for the revolving funds under Massachusetts General Laws Chapter 44, Section 53E ½, for the following amounts:

<b>Revolving Fund</b>	<b>Spending Limit</b>
Firearms License and Permits	\$10,000
Council on Aging	\$35,000
Recreation	\$15,000
Recreation Field Use	\$15,000
Stormwater Management	\$5,000

The motion passed with a strong majority.

**ARTICLE 10.** On petition of the Town Accountant, Public Works Superintendent, Board of Selectmen, and Finance Committee, to see if the Town will vote to appropriate a certain sum from the Sewer Enterprise receipts to pay expenses and contractual services required to operate the Sewer Enterprise Fund for Fiscal Year 2020; or take any other action relative thereto.

Direct Costs	
SESD Assessment	\$105,000
Expenses	\$100
Extra/Unforeseen	\$1,000
Total Direct Costs:	\$106,100

Indirect Costs *	
Salaries and Wages	\$4,346
Insurance & Benefits	\$515
Total Indirect Costs:	\$4,861

**Total FY2020 Budget            \$110,961**

*\*to be raised and appropriated in the General Fund Operating Budget*

Town shall raise the sum of \$106,100 or any other sum from the Sewer Enterprise Revenues and to approve the sum of \$4,861 of indirect costs appropriated in the general fund under article 8 to be funded from Sewer Enterprise Revenues.”

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by John Mahoney that the Town appropriate the following sums from the Sewer Enterprise receipts to pay expenses and contractual services required to operate the Sewer Enterprise Fund for FY2020:

**Direct Costs**

SESD Assessment	\$105,000
Expenses	100
Extra/Unforeseen	1,000
Total Direct Costs:	\$106,100

**Indirect Costs \***

Salaries and Wages	\$4,346
Insurance & Benefits	515
Total Indirect Costs:	\$4,861

**Total FY2020 Budget            \$110,961**

*\*to be raised and appropriated in the General Fund Operating Budget*

and that in order to meet such appropriation, the Town shall raise the sum of \$106,100 from the Sewer Enterprise Revenues and approve the sum of \$4,861 of indirect costs appropriated in the general fund under article 6 to be funded from Sewer Enterprise Revenues.

The motion passed unanimously.

**ARTICLE 11.** On petition of the Town Accountant, Public Works Superintendent, Board of Selectmen, and Finance Committee, to see if the Town will vote to appropriate a certain sum from the Water Enterprise receipts to pay expenses and contractual services required to operate the Water Enterprise Fund for Fiscal Year 2020; or take any other action relative thereto.

Direct Costs	
Salaries and Wages	\$110,768
Capital Outlay	0
Debt Service	\$11,285
Expenses	\$116,600
Total Direct Costs:	\$238,653

Indirect Costs *	
Salaries and Wages	\$13,530
Insurance & Benefits	\$7,419
Total Indirect Costs:	\$20,949

Total FY2020 Budget	<b>\$259,602</b>
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*\*to be raised and appropriated in the General Fund Operating Budget*

Town shall raise the sum of \$238,653 or any other sum from the Water Enterprise Revenues and to approve the sum of \$20,949 of indirect costs appropriated in the general fund under article 8 to be funded from Water Enterprise Revenues.”

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by John Erickson that the Town appropriate the following sums from the Water Enterprise receipts to pay expenses and contractual services required to operate the Water Enterprise Fund for FY2020:

**Direct Costs**

Salaries & Wages	\$110,768
Capital Outlay	\$0
Debt Service	\$11,285
Expenses	\$116,600
Total Direct Costs:	\$238,653

**Indirect Costs \***

Salaries and Wages	\$13,530
Insurance & Benefits	\$7,419
Total Indirect Costs:	\$20,949

**Total FY2020 Budget                      \$259,602**

*\*to be raised and appropriated in the General Fund Operating Budget*

and that in order to meet such appropriation, the Town shall raise the sum of \$238,653 from the Water Enterprise Revenues and approve the sum of \$20,949 of indirect costs appropriated in the general fund under article 6 to be funded from Sewer Enterprise Revenues.

The motion passed unanimously.

**ARTICLE 12.** On petition of the Board of Assessors and Director of Veterans Services, to see if the Town will vote to accept Clause 22G of Section 5 of Chapter 59 of the General Laws also referenced in Section 15 of Chapter 218 of the Acts of 2018, known as the BRAVE Act, to allow veterans or their surviving spouses whose domicile is owned by a trustee, conservator, or other fiduciary for the person's benefit to be eligible for exemption under Clause 22 if they would otherwise qualify, said acceptance to take effect in Fiscal Year 2020; or take any other action relative thereto.

**Purpose:** This article would expand eligibility for Clause 22 exemptions to veterans who did not name themselves as trustees at the time the home was conveyed to a trust. Under the previous version of Clause 22, a veteran who conveyed their home to a trust was only eligible for the exemption if they listed themselves as a trustee. This would apply to one Middleton resident.

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by George Dow that the Town accept Clause 22G of Section 5 of Chapter 59 of the General Laws also referenced in Section 15 of Chapter 218 of the Acts of 2018, known as the BRAVE Act, to allow veterans or their surviving spouses whose domicile is owned by a trustee, conservator, or other fiduciary for the person's benefit to be eligible for exemption under Clause 22 if they would otherwise qualify, said acceptance to take effect in Fiscal Year 2020.

The motion passed unanimously.

**ARTICLE 13.** On petition of the Electric Light Commissioners, to see if the Town will vote to accept a sum of money from the earnings of the Electric Light Department, said sum to be used for the reduction of taxes; or take any other action relative thereto.

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by Toni Mertz that the Town accept the sum of **\$176,100** from the earnings of the Electric Light Department.

The motion passed unanimously.

**ARTICLE 14.** On petition of the Electric Light Commissioners, to see if the Town will vote to authorize the appropriation of all income of the Municipal Light Department, the whole to be expended by the Manager thereof under the direction and control of the Commissioners, for the expenses of the Department for the Fiscal Year as defined in Section 57 of Chapter 164 of the General Laws of the Commonwealth, and the excess to be transferred to the Depreciation Fund of said Department to be used as the Commissioners may direct hereto; or take any other action relative thereto.

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by Toni Mertz that the Town appropriate all income of the Municipal Light Department, the whole to be expended by the Manager thereof under the direction and control of the Commissioners, for the expenses of the Department for the Fiscal Year as defined in Section 57 of Chapter 164 of the General Laws of the Commonwealth, and the excess to be transferred to the Depreciation Fund of said Department to be used as the Commissioners may direct hereto.

The motion passed unanimously.

**ARTICLE 15.** On petition of the Superintendent of Public Works, to see if the Town will vote to raise and appropriate such sums of monies as may be received from the Commonwealth of Massachusetts for the fiscal year commencing July 1, 2019 to install drainage, widen, pave, and otherwise improve any public way in accordance with the provisions of Chapter 90 of the Massachusetts General Laws; or take any other action relative thereto.

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by Richard Gregorio that the Town appropriate such sums of monies as may be received from the Commonwealth of Massachusetts for the fiscal year commencing July 1, 2019 to install drainage, widen, pave, and otherwise improve any public way in accordance with the provisions of Chapter 90 of the Massachusetts General Laws.

The motion passed unanimously.

**ARTICLE 16.** On petition of the Finance Committee and Board of Selectmen, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds a certain sum to fund the Capital expenditures for Fiscal Year 2020; and to authorize the Town Administrator to sell or trade items rendered surplus by such purchases; or take any other action relative thereto.

<b>Department/Location</b>	<b>Project</b>	<b>Expenditure</b>
<u>Dept. of Public Works</u>	Skid Steer Loader	55,000
	F350 Pickup Truck or similar	40,000
	Asphalt Hot Box, Roller, Trailer	43,000
	Paving to Supplement c. 90	100,000
	Sidewalk Improvements	75,000
	Roll-off Containers	20,500
	Lawnmower	10,500
	<b><i>Public Works subtotal</i></b>	<b>344,000</b>
<u>Police Department</u>	Patrol Rifles	1,400
	Taser replacement	18,750
	Patrol vehicles	102,000
	Office Shredder, Multifunction Copier	2,800
	Outfit, Train New Reserve Officers	11,180
	<b><i>Police subtotal</i></b>	<b>136,130</b>
<u>Fire Department</u>	Self-Contained Breathing Apparatus	9,000
	Replace Squad 5 Pump	9,000
	Replace Air Bags	2,250
	Replace Ladder 1 Lighting	5,700
	Ballistic Vests, Helmets	8,300
	Replace 4 AEDs	10,000
	Ambulance Load System	34,000
	Replace Stair Chairs	8,600
	CPR Mannequin	2,700
	Outfit, Train New Firefighter/Paramedic	20,045
	<b><i>Fire subtotal</i></b>	<b>109,595</b>
<u>Information Technology</u>	Fire Department File-Print Server	4,000
	Memorial Hall Network Switches	2,000
	Memorial Hall NAS Backup Device	1,500
	Fire Dept. Network Switch	1,000
	Multifunction Copier-Printers: MH, COA, PD	19,000
	<b><i>Information Technology subtotal</i></b>	<b>27,500</b>



<u>Facilities</u>	Memorial Hall Repairs, Maintenance	17,300
	Memorial Hall LED Lighting Upgrades	22,000
	COA Refinish Hardwood Flooring	7,500
	<b>Facilities subtotal</b>	<b>46,800</b>
<u>Administration</u>	Board of Health Ford Escape or similar	25,430
	Building Dept. F150 or similar	29,100
	ClearGov Budget Module	9,300
	HR Software	14,727
	<b>TA/BOS subtotal</b>	<b>78,557</b>
<u>Middleton Public Schools</u>	Fuller Meadow End-User Technology	34,198
	Fuller Meadow Technology Infrastructure	15,000
	Fuller Meadow Building Interior	22,500
	Fuller Meadow Playground, Parking Lot	15,000
	Howe Manning End User Technology	84,249
	Howe Manning Technology Infrastructure	15,000
	<b>Middleton schools subtotal</b>	<b>185,947</b>
<u>Essex No. Shore Tech</u>	Capital contribution	19,765
	<b>Essex Tech subtotal</b>	<b>19,765</b>
<b>Capital Projects Total</b>		<b>\$ 948,294</b>

**Purpose:** This article requests approval of the capital budget for the coming fiscal year. Capital items are assets that have a useful life of five 5 or more years and a cost of more than \$5,000. Regular capital investment is critical to maintaining the Town's infrastructure, including vehicle fleet, buildings, equipment, and acquisition of land. Annually, a capital improvement plan CIP is developed looking ahead for the next five years. Year one of the CIP is the ensuing year's capital budget.

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by Richard Gregorio that the Town appropriate the sum of **\$948,294** to fund the capital improvements printed on pages 22-23 of the Town Meeting Warrant and that, to meet this appropriation, it transfer the following amounts from the following sources:

- \$693,967 from Free Cash
- \$199,027 from Overlay Reserve
- \$55,300 from the Ambulance Fund

The motion passed unanimously.

**ARTICLE 17.** On petition of the Masconomet School Committee and Superintendent, see if the Town will vote to raise and appropriate, borrow, or transfer from available funds the sum

of \$159,795 to fund Middleton's share of the capital expenditures of the Masconomet Regional School District for Fiscal Year 2020 for the following:

• Woodshop Safety Measures	\$40,000
• Sidewalk and Parking Lot Repairs	\$60,000
• Stabilization Fund	<u>\$350,000</u>
Masconomet Total	\$450,000
 <b>Middleton's share</b>	 <b>\$159,795</b>

Or take any other action relative thereto.

Under a motion duly made and seconded, it was voted as follows:

After considerable discussion, the Finance Committee recommended and moved by Richard Gregorio that the Town transfer from Free Cash the sum of **\$159,795** to fund Middleton's share of the capital expenditures of the Masconomet Regional School District for Fiscal Year 2020 for the following:

• Woodshop Safety Measures	\$40,000
• Sidewalk and Parking Lot Repairs	\$60,000
• Stabilization Fund	<u>\$350,000</u>
Masconomet Total	\$450,000
 <b>Middleton's share</b>	 <b>\$159,795 35.51%</b>

The motion passed with a majority.

**ARTICLE 18.** On petition of the Board of Selectmen and Finance Committee, to see if the Town will vote to raise and appropriate, borrow or transfer from available funds certain sums of money to the following reserve accounts:

- Stabilization Fund: \$50,000
- Capital Stabilization Fund: \$50,000
- Special Education Stabilization Fund: \$50,000
- Other Post-Employment Benefits Liability Irrevocable Trust Fund: \$50,000

Or take any other action relative thereto.

Under a motion duly made and seconded, it was voted as follows:

The Finance Committee recommended and moved by Richard Gregorio that the Town transfer the sum of **\$200,000** from Free Cash to the following reserve accounts:

- \$50,000 to the Stabilization Fund
- \$50,000 to the Capital Stabilization Fund

- \$50,000 to the Special Education Stabilization Fund
- \$50,000 to the Other Post-Employment Benefits Liability Irrevocable Trust Fund

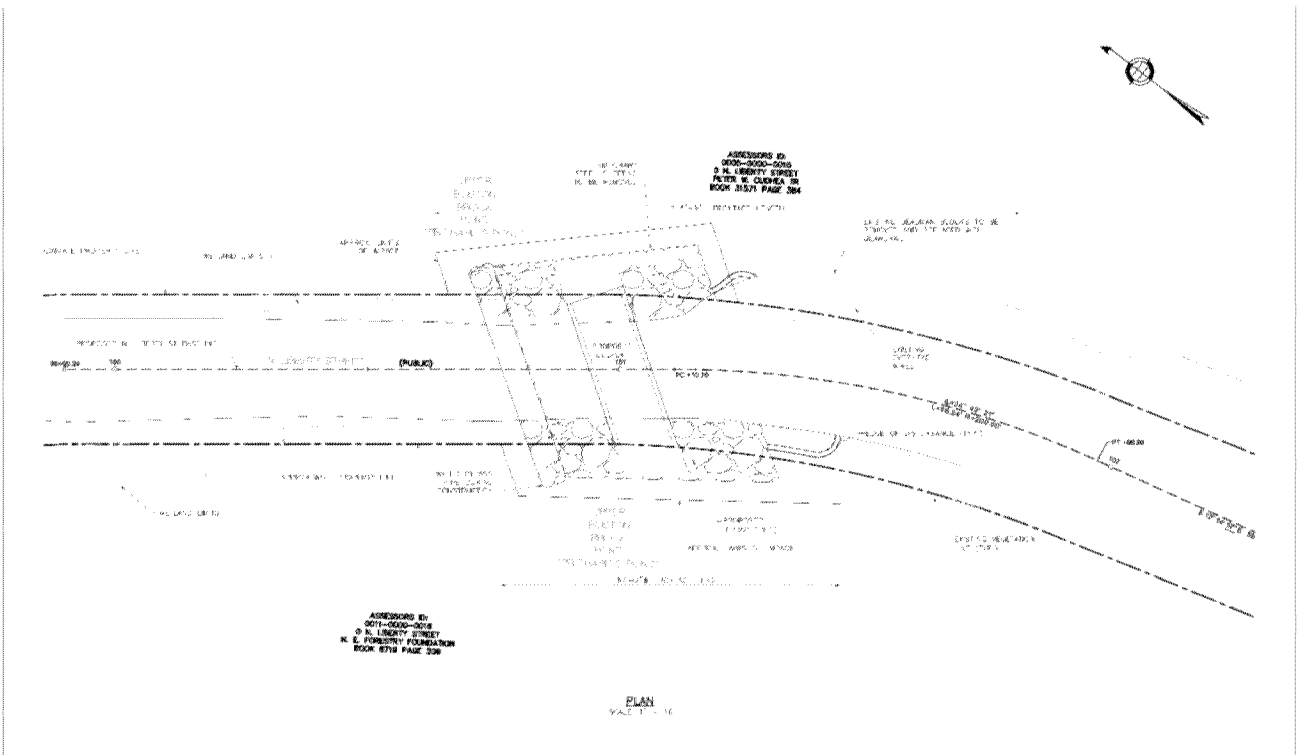
The motion passed unanimously.

**ARTICLE 19.** On petition of the Board of Selectmen, to see if the Town will vote to authorize the Selectmen to acquire temporary easements necessary for the reconstruction of the North Liberty Street Bridge, as described on easement plans on file in the Office of the Town Clerk; or taken any action relative thereto.

Under a motion duly made and seconded, it was voted as follows:

The Board of Selectmen recommended and moved by Kosta Prentakis, seconded from the floor that the Town authorize the Selectmen to acquire temporary easements necessary for the reconstruction of the North Liberty Street Bridge, as described on easement plans on file in the Office of the Town Clerk.

The motion passed unanimously.



**ARTICLE 20.** On petition of the Board of Selectmen, to see if the Town will vote to amend Chapter 169, Licenses and Permits, Article I Delinquent Taxpayers, by deleting the words shown in ~~bold-strikethrough~~ and inserting the words in **underline and bold**; or taken any action relative thereto.

§ 169-1 List to be furnished.

The Treasurer-Collector or other municipal official responsible for records of all municipal taxes, assessments, betterments and other municipal charges shall annually furnish each department, board, commission or division, hereinafter referred to as the "licensing authority," that issues licenses or permits, including renewals and transfers, a list of any person, corporation, or business enterprise, hereinafter referred to as the "party," that has neglected or refused to pay any local taxes, fees, assessments, betterments or other municipal charges ~~for not less than a twelve-month period~~, and that such party has not filed in good faith a pending application for an abatement of such tax or has a pending petition before the Appellate Tax Board.

§ 169-2 Denial, suspension or revocation of license or permit.

The licensing authority shall deny, revoke or suspend any license or permit, including renewals and transfers, of any party whose name appears on said list furnished to the licensing ~~board~~ **authority** from the Treasurer-Collector **or with respect to any activity, event or other matter which is the subject of such license or permit and which activity, event or matter is carried out or exercised or is to be carried out or exercised on or about real estate owned by any party whose name appears on said list furnished to the licensing authority from the Treasurer-Collector;** provided, however, that written notice is given to the party and the Treasurer-Collector, as required by applicable provision of law, and the party is given a hearing, to be held not earlier than 14 days after said notice. Said list shall be a prima facie evidence for denial, revocation or suspension of said license or permit to any party. The Treasurer-Collector shall have the right to intervene in any hearing conducted with respect to such license denial, revocation or suspension. Any findings made by the licensing authority with respect to such denial, revocation or suspension shall be made only for the purposes of such proceeding and shall not be relevant to or introduced in any other proceedings at law, except for any appeal from such license denial, revocation, suspension. Any license or permit denied, suspended or revoked under this section shall not be issued or renewed until the licensing authority receives a certificate issued by the Treasurer-Collector that the party is in good standing with respect to any and all local taxes, fees, assessments, betterments or other municipal charges payable to the municipality as of the date of issuance of said certificate.

### § 169-3 Payment agreements.

Any party shall be given an opportunity to enter into a payment agreement with the Treasurer-Collector, thereby allowing the licensing authority to issue a certificate indicating said limitations to the license or permit, and the validity of said license shall be conditioned upon the satisfactory compliance with said agreement. Failure to comply with said agreement shall be grounds for the suspension or revocation of said license or permit; provided, however, that the holder be given notice and a hearing as required by applicable provisions of law.

### § 169-4 Waiver.

The Board of Selectmen may waive such denial, suspension or revocation if it finds there is no direct or indirect business interest by the property owner, its officers or stockholders, if any, or members of his immediate family, as defined in MGL c. 268A, ~~§ 4~~, in the business or activity conducted in or on said property.

### § 169-5 Exceptions.

This section shall not apply to the following licenses and permits granted under the General Laws of the Commonwealth of Massachusetts: open burning, MGL c. 48, § 13; bicycle permits, MGL c. 85, § 11A; sales of articles for charitable purposes, MGL c. 101, § 33; children work permits, MGL c. 149, § 69; clubs, associations dispensing food or beverage license, MGL c. 140, § 21E; dog licenses, MGL c. 140, § 137; fishing, hunting, trapping licenses, MGL c. 131, § 12; marriage licenses, MGL c. 207, § 28; and theatrical events, public exhibition permits, MGL c. 140, § 181.

Or take any action relative thereto.

**Purpose:** This article updates and modernizes Chapter 169.

Under a motion duly made and seconded, it was voted as follows:

The Board of Selectmen recommended and moved by Tim Houten, seconded by Shirley Raynard that the Town amend the General Bylaws, Chapter 169, Licenses and Permits, Article I, Delinquent Taxpayers, as printed on pages 28-29 of the Town Meeting Warrant.

The motion passed unanimously.

**ARTICLE 21.** On petition of the Board of Selectmen, to see if the Town will vote to amend Chapter 1, Section 1-2 Non-Criminal Disposition, by deleting the words shown in ~~**bold strikethrough**~~ and inserting the words in **underline and bold**; or taken any action relative thereto.

### 1-1 Criminal Complaints

Whoever violates any provision of these bylaws may be penalized by indictment or on complaint brought in the District Court. Except as may be otherwise provided by law and as the District Court may see fit to impose, the maximum penalty for each violation, or offense brought in such manner, shall be \$300.

### 1-2 Noncriminal Disposition

A. In addition to the procedures for enforcement as described above, the provisions of these bylaws and the Board of Health Regulations entitled "Sale of Tobacco Products to Minors" may also be enforced by noncriminal complaint pursuant to the provisions of MGL c. 40, § 21D.

[Amended 11-29-2005 STM by Art. 10]

B. The Police Department, **Building Commissioner**, or in cases concerning the enforcement of the Board of Health Regulations entitled "Sale of Tobacco Products to Minors," agents of the Board of Health, as an alternative to initiating criminal proceedings may give to the offender a written notice to appear before the Clerk of the Salem District Court at any time during office hours, not later than 21 days after the date of such notice. Such notice shall be in triplicate and shall contain the name and address, if known, of the offender, the specific offense charged, and the time and place for his required appearance. Such notice should be signed by a police officer, **Building Commissioner**, or in cases concerning the enforcement of the Board of Health Regulations entitled "Sale of Tobacco Products to Minors," by an agent of the Board of Health, and shall be signed by the offender whenever practicable in acknowledgement that such notice has been received.

C. The notice shall be served and all the procedures followed as set out in said MGL c. 40, § 21D, as amended.

D. Each day, or portion of a day, that any violation is allowed to continue shall constitute a separate offense, beginning with the date of receipt of the notice and order issued pursuant to this bylaw. The penalty for violation of any provision of these bylaws shall be as each bylaw provides, and if there is no penalty the following shall apply:

[Amended 11-29-2005 STM by Art. 10]

- 1 First offense: written warning.
- 2 Second offense: \$100.
- 3 Third offense: \$200.
- 4 Fourth and subsequent offenses: \$300.

E. Without intending to limit the generality of the foregoing, it is the intention of this provision that all bylaws and sections of bylaws and the Board of Health Regulations entitled "Sale of Tobacco Products to Minors" are to be included within the scope of this section, that the specific penalties as set forth in the bylaws and sections of the bylaws and the Board of Health Regulations entitled "Sale of Tobacco Products to Minors" shall apply and that in addition to police officers, who shall in all cases be considered enforcing persons for the purpose of this provision, the municipal personnel listed for each section, if any, and in cases concerning the enforcement of the Board of Health Regulations entitled "Sale of Tobacco Products to Minors" agents of the Board of Health shall also be enforcing persons for such sections.

Under a motion duly made and seconded, it was voted as follows:

After considerable discussion, the Board of Selectmen recommended and moved by Brian Cresta, seconded by Frank Leary that the Town amend the General Bylaws, Chapter 1, General Provisions, Section 1-2, Non-Criminal Disposition, as printed on pages 30-31 of the Town Meeting Warrant.

The motion passed with a majority vote.

**ARTICLE 22.** On petition of the Board of Selectmen and Town Clerk, to see if the Town will vote to authorize the Board of Selectmen to petition the General Court of the Commonwealth of Massachusetts for special legislation in the form set forth below exempting the Town of Middleton from Chapter 54, Section 24 of the General Laws, as follows:

SECTION 1. Chapter 54, Section 24 of the General Laws is hereby amended by deleting the following language "...Alcoholic beverages shall not be sold in any portion of a building which is designated as a polling place, during voting hours or while ballots are being counted...",

And replacing it with the following language.

"...Alcoholic beverages shall not be served or consumed in that portion of a building used as a polling place, during voting hours or while ballots are being counted therein..."

SECTION 2. This act shall take effect upon passage.

Provided however, that the General Court may make clerical or editorial changes of form only to the bill, unless the Board of Selectmen approves amendments to the bill before enactment by the General Court, and that the Board of Selectmen is authorized to approve amendments which shall be within the scope of the general public objectives of the petition; or take any action relative thereto.

**Purpose:** This article seeks a special act of the Massachusetts Legislature to allow elections to be held in a building in which alcoholic beverages are sold as long as alcoholic beverages are not consumed inside the polling location during voting hours or while ballots are being counted. The tradition of holding elections in public schools is becoming more challenging and problematic. This exemption from the State election laws would allow the Town to hold elections in a function hall. The special legislation would make available more options for the Town in designating polling places.

Under a motion duly made and seconded, it was voted as follows:

The Board of Selectmen recommended and moved by Todd Moreschi, seconded by John Erickson that the Town authorize the Board of Selectmen to petition the General Court of the Commonwealth of Massachusetts for special legislation in the form set forth on page 31 of the Town Meeting Warrant exempting the Town of Middleton from the stated provision of Chapter 54, Section 24 of the General Laws.

The motion passed with a strong majority vote.

**ARTICLE 23.** On petition of 10 or more registered voters, to see if the Town will vote to amend the Middleton General Bylaws, Chapter 75: Records & Reports, as shown in the highlighted text below:

§75-1. The Annual Town Report shall be printed and published **14 days** before the Annual Town Meeting by the Selectmen at the expense of the Town, and shall contain the reports of the Selectmen, the School Committee, and each other department of the Town for the preceding financial year, as required by law or by this bylaw; the record of all Town Meetings during said year; a record of appropriations made for each department during said year; a financial statement of the accounts of the Town as of the end of the year; the report of the Finance Committee and its recommendations as to appropriations for the following year; the jury list; the reports of all committees; a statement by any board or committee in charge of any contract work or other undertaking for which a special appropriation has been made, reporting all receipts, expenditures and indebtedness incurred up to date; and an estimate of the amount of money necessary to finish such work; and such other matters as may be required by law, by vote of the Town, or in the discretion of the Selectmen. **If the selectmen neglect or refuse to make the annual report, they shall severally forfeit fifty dollars.**

Purpose: As of March 1, 2019, Annual Reports for the following years were unavailable: FY2010, FY2011, FY2012, FY2014, FY2015, FY2016, FY2017. The intent of this article is to provide consistency with Massachusetts General Law, Part I, Title VII, Chapter 40, Section 49 in regard to a penalty for noncompliance and to ensure the Annual Report is published in a timely manner prior to the Annual Town Meeting.

Under a motion duly made and seconded, it was voted as follows:

Teresa Buono moved, seconded by Stephen Buono that the Town vote to amend the Middleton General Bylaws, Chapter 75: Records & Reports, as shown in the highlighted text below:

§75-1. The Annual Town Report shall be printed and published **14 days** before the Annual Town Meeting by the Selectmen at the expense of the Town, and shall contain the reports of the Selectmen, the School Committee, and each other department of the Town for the preceding financial year, as required by law or by this bylaw; the record of all Town Meetings during said year; a record of appropriations made for each department during said year; a financial statement of the accounts of the Town as of the end of the year; the report of the Finance Committee and its recommendations as to appropriations for the following year; the jury list; the reports of all



committees; a statement by any board or committee in charge of any contract work or other undertaking for which a special appropriation has been made, reporting all receipts, expenditures and indebtedness incurred up to date; and an estimate of the amount of money necessary to finish such work; and such other matters as may be required by law, by vote of the Town, or in the discretion of the Selectmen. **If the selectmen neglect or refuse to make the annual report, they shall severally forfeit fifty dollars.**

The motion passed with a majority vote.

**ARTICLE 24.** On petition of 10 or more registered voters, to see if the Town will vote to amend the Middleton General Bylaws, Chapter 56: Meetings, by adding the following section shown below:

§56-9. All meetings of the following committees shall be broadcast: Board of Assessors, Board of Selectmen, Board of Health, Conservation Commission, Elementary School Committee, Regional School Committee, Finance Committee, Master Plan Committee, Planning Board, and Zoning Board of Appeals. This listing does not preclude the Town from broadcasting meetings of other committees. If a meeting cannot be broadcast, the meeting shall be video recorded and aired on the Public Cable Access Channel and made available on the Town website within 2 business days of the meeting.

Purpose: Beginning September 1, 2019, committee meetings will be recorded to ensure transparency of town government activities and to provide current information to citizens in a timely manner.

Teresa Buono moved, seconded by Stephen Buono that the Town vote to amend the Middleton General Bylaws, Chapter 56: Meetings, by adding the following section shown below:

§56-9. All meetings of the following committees shall be broadcast: Board of Assessors, Board of Selectmen, Board of Health, Conservation Commission, Elementary School Committee, Regional School Committee, Finance Committee, Master Plan Committee, Planning Board, and Zoning Board of Appeals. This listing does not preclude the Town from broadcasting meetings of other committees. If a meeting cannot be broadcast, the meeting shall be video recorded and aired on the Public Cable Access Channel and made available on the Town website within 2 business days of the meeting.

After considerable discussion a subsequent motion, duly made and seconded, it was voted as follows:

Michelle Creasi moved, seconded by Frank Leary that the Town indefinitely postpone the vote to amend the Middleton General Bylaws, Chapter 56: Meetings, by adding the following section shown below:

§56-9. All meetings of the following committees shall be broadcast: Board of Assessors, Board of Selectmen, Board of Health, Conservation Commission, Elementary School Committee, Regional School Committee, Finance Committee, Master Plan Committee, Planning Board, and

Zoning Board of Appeals. This listing does not preclude the Town from broadcasting meetings of other committees. If a meeting cannot be broadcast, the meeting shall be video recorded and aired on the Public Cable Access Channel and made available on the Town website within 2 business days of the meeting. If, for any valid reason, a meeting cannot be recorded, the affected committee will ensure that minutes from said meeting are approved at their next meeting and posted to the town website within 2 days of approval.

The motion passed with a majority vote.

**ARTICLE 25.** On petition of the Board of Selectmen, to see if the Town will vote to amend the Middleton General Bylaws, Chapter 270: Animals, Article II: Animal Control by adding the words shown in **bold underline** and deleting the words in **~~bold strikethrough~~** below.

§ 270-~~64~~. Definitions.

As used in this article, the following terms shall have the meanings indicated:

AT LARGE or LOOSE

A dog which is off the property of its owner or keeper and is:

- A. Unaccompanied by a person of adequate age and discretion to properly control its actions;
- B. Unrestrained by a leash or chain of less than eight feet in length; **or**
- C. A danger to persons or property as determined by the Animal Control Officer.

**NUISANCE**

~~Animal behavior which constitutes a nuisance includes but is not limited to the following: molesting a passerby or passing vehicles including bicycles, attacking persons or domestic animals, trespassing on public or private property or damaging public or private property, and barking, whining or howling in an excessive, continuous or untimely fashion.~~

**DANGEROUS DOG**

**Any dog that:**

- A. Without justification, attacks a person or domestic animal causing physical injury or death;**
- B. Behaves in a manner that a reasonable person would believe poses an unjustified imminent threat of physical injury or death to a person or to a domestic or owned animal.**

§ 270-~~45~~. Dog license required; rabies vaccination for dogs and cats.

The Animal Control Officer hereinafter called "ACO" is authorized to require all dogs in the Town of Middleton to be licensed in accordance with MGL c 140, § 137. The ACO is authorized to require all Middleton dogs and cats to be vaccinated against rabies by a licensed veterinarian

and to require their owners or keepers to retain proof of said vaccination supplied by a veterinarian in accordance with MGL c. 140, s. 145B. Whosoever violates the provisions of this section shall be subject to a fine in accordance with MGL c 140, § 173A, of \$50; each day of violation shall be considered a separate offense.

§ 270-56. Dogs to be restrained.

~~The Animal Control Officer is authorized to require owners or keepers of dogs to keep such dogs from becoming a public nuisance. All dogs within the Town of Middleton are prohibited from running at large or loose and shall be leashed when off the owner's property. The ACO is further authorized to require owners or keepers of dogs to restrain their dogs from running at large or loose.~~ The ACO is required to enforce this requirement with uniformity.

Whoever violates any provision of this article shall be subject to a fine of \$50.00 for a first offense and \$75.00 for any subsequent offense relating to the same dog. Any dog which has been the subject of four violations of this section, shall be reported as a potential nuisance dog by the animal control officer to the Board of Selectmen for a hearing pursuant to § 270-7 of this bylaw.

~~§ 270-7. Violations and penalties.~~

~~A. Dog control fines:~~

~~{Amended 3-15-2016; 3-29-2016}~~

~~1 First offense: punishable by a fine of \$25.~~

~~2 Second offense: punishable by a fine of \$50.~~

~~3 Third and subsequent offenses: punishable by a fine of \$100.~~

~~B. Domestic animal killing another domestic animal:~~

~~1 First offense: punishable by a fine of \$10. A public hearing shall be held by the Board of Selectmen on each complaint.~~

~~2 Second offense: punishable by the maximum fine permissible per MGL c. 140, § 173, \$50, and destruction of the dog or placement with another owner. A public hearing shall be held by the Board of Selectmen on each complaint.~~

§ 270-7. Complaint, Hearing & Appeal Process.

- A. It shall be the duty of the Board of Selectmen to determine if a dog is to be deemed a nuisance or dangerous.
- B. Town law enforcement officers, inspectors or medical technicians shall report to the Board of Selectmen any potentially nuisance or dangerous dogs and any witnessed inappropriate behavior or incidents. Any other person may file a complaint in writing to the Board of Selectmen that a dog owned or kept in the town is a nuisance dog or a dangerous dog.

- C. After receiving a complaint that a dog is a nuisance or dangerous, the Board of Selectmen shall investigate and hold a public hearing, to include examination under oath of the complainant. Based on credible evidence and testimony presented at the public hearing, the Board of Selectmen may deem a dog a nuisance or dangerous.
- D. A determination of the Board of Selectmen shall be final and binding, subject to appeal to a court of competent jurisdiction pursuant to G. L. 140, s. 157 as may be amended.
- E. No dog shall be declared dangerous if the threat, injury, or damage was sustained by a person who, at the time, was committing a willful trespass or other tort upon the premises occupied by the owner of the dog; was tormenting, abusing, or assaulting the dog or has, in the past, been observed or reported to have tormented, abused, or assaulted the dog; or was committing or attempting to commit a crime. Children under seven years of age at the time injury was sustained will be presumed to have not committed any of the actions stated in this subsection.

**§ 270-8. Order – Nuisance Dogs.**

The Board of Selectmen may impose the following penalties or conditions following a finding that a dog is a nuisance dog:

- A. That the owner or keeper of the dog take remedial action to ameliorate the cause of the nuisance behavior.
- B. And any and all other remedies available to the Town pursuant to G.L. c. 140, § 157.

**§ 270-9. Order – Dangerous Dogs.**

The Board of Selectmen may impose the following penalties or conditions following a finding that a dog is a dangerous dog:

- A. That the dangerous dogs must be securely confined indoors or in a securely enclosed and locked pen or structure, suitable to prevent the entry of young children and designed to prevent the dog from escaping. Such pen or structure shall have secure sides and a secure top and shall also provide protection from the elements for the dog.
- B. That the dangerous dog shall be prohibited upon any public way unless accompanied by a person over the age of 17 and restrained by an appropriate dog leash no longer than three feet in length.
- C. That the owner be required to obtain insurance in an amount not less than \$100,000 insuring the owner or keeper against any claim, loss, damage or injury to persons, domestic animals or property resulting from the acts, whether intentional or unintentional.
- D. That the dog be euthanized.
- E. That the dangerous dog be required to wear a bright orange collar, at least two inches in width.

- F. That the person who either owns or harbors the dangerous dog conspicuously display a sign approved by the animal control officer with a warning symbol that informs children of the presence of such dangerous dog and a sign easily readable by the public using the words "dangerous dog." Signs are to be posted at each entrance to the house and on gates that are part of a fence enclosing the property as well as on the pen.
- G. That the dangerous dog be muzzled when not securely confined indoors or in a pen. The muzzle shall be made in a manner that will not cause injury to the dog or interfere with its vision or respiration, but shall prevent it from biting any person or animal.
- H. And any and all other remedies available to the Town pursuant to G.L. c. 140, § 157.

§ 270-10. Number limited.

- A. There shall be no more than one dangerous dog per dwelling unit allowed in the town.
- B. No person shall be permitted to own, harbor or otherwise control or have custody of more than one dangerous dog, excepting a licensed kennel.

§ 270-11. Possession by minor.

It is prohibited for a minor to either own, harbor or to otherwise have control or custody of a dangerous dog.

§ 270-12. Breeding, selling or trading.

No person shall be permitted to breed dangerous dogs or sell or trade them within the town without informing the recipient of the dog of the finding or dangerousness in accordance with MGL c. 140, s. 157A.

§ 270-13. Inflicting injury or damage.

Any injury or damage inflicted by a dog on a human or domestic animal shall result in immediate confinement, and a hearing shall be conducted as soon as possible in accordance with M.G.L. c. 140, § 157.

Any dog, if found to be in violation of an order of a hearing authority or district court, may be captured, detained or, in the case of a threat to public safety, euthanized in a humane manner pursuant to M.G.L. c. 140, § 158. Any dog found living in a wild state may be euthanized in a humane manner. ; or take any other action relative thereto.

Under a motion duly made and seconded, it was voted:

The Board of Selectmen recommended and moved by Timothy Houten, seconded from the floor that the Town Take No Action regarding this Article.

The motion passed unanimously.



At 8:56 PM there was a motion and a second from the floor to dissolve the May 14, 2019 Annual Town Meeting, and the vote to do so was unanimous.

Attest, a True Copy,

Ilene B. Twiss  
Town Clerk

# Board of Health

## Chief Health Strategist/

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

**Public Health Nurse:** Traci Mello, RN, MSN

**Board of Health Chairman:** Paul Leblanc

**Board of Health Members:** George Demeritt  
Matt Greenfield  
Ray Cryan  
Judith Schneider

## 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

## Accomplishments

Notable accomplishments over the past year include:

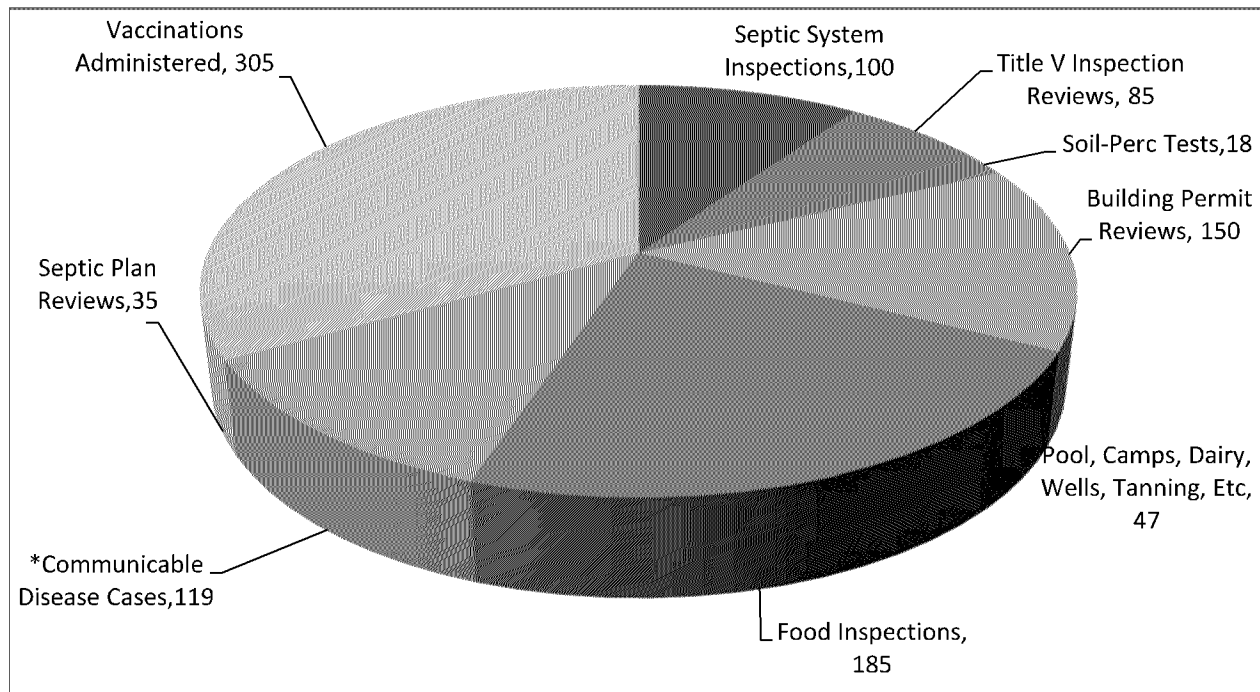
- **John D. Crowley Public Health Award:** Awarded to The Director of Public Health by the Massachusetts Health Officers Association (MHOA) for contributing to the growth and success of the MHOA through outstanding leadership and extraordinary service during his past presidency of MHOA, the State of Massachusetts public health representative to the National Association of County and City Health Officials (NACCHO), and for his leadership on the development of an online, digital, interactive local health department opioid planning toolkit for local communities.



- **Regional Food Safety Forum:** Through a grant awarded to the Middleton Health Department by the Federal Food and Drug Administration (FDA) by enrollment in the nation voluntary food standards program, a regional food safety forum was held. The forum was free for all food establishment permit holders in the North Shore where local professionals provided information on changes to the food code, best practices for food safety, employee health and hygiene, specialized processes, and efforts of mutual collaboration between both the food industry and local health departments.
- **Cross Jurisdictional Sharing Collaborative Panel:** The Health Director continued to serve 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 305 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 one senior worker 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.
- **Opioid and Substance Use Disorder Planning:** The Health Department is currently working with the Tri-Town Council Substance Abuse Prevention Committee in outlining a framework of planning priorities for the Tri-Town related to opioid and substance use prevention and response. An intern has been awarded by the Massachusetts Health Officers Association for 2019 to assist the department on this effort.
- **Youth Mental Health First Aid Training:** Health Department Staff attended youth mental health training and became certified. The public health nurse held an in town mental health first aid training along with recognizing an overdose, free to the public, that and explained how 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.

- **Tobacco Regulation Changes:** In 2018, the Middleton Board of Health Adopted regulations setting a limit on the number permits issued in Middleton for the sale of tobacco, nicotine and vaping products.

### Statistics of a sample amount of services provided by the Middleton Health Department



\*Large increase in disease data due to outbreak at Middleton Correctional Facility under the State Department of Public Health Surveillance

### Fiscal Year 2020

#### Goals and Objectives

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

- Organizational Goal: Expand Substance Use Disorder Planning and Response  
Objective: In collaboration with the Tri-Town Coalition, assess and utilize the Massachusetts Health Officers Association Opioid Planning Toolkit to effectively create a framework for the Tri-Town to implement for prevention and response efforts to substance use disorder, in particular opioid use disorder.

- 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: Narcan overdose response training  
Objective: Through the Public Health Nurse, conduct free training to the community on how to recognize an overdose and how to respond with the overdose reversal drug, commonly known as Narcan.
- Organizational Goal: Implement recent food code adoption into inspection operations  
Objective: Through the recent adoption of the 2013 federal food code, the intent will be to incorporate the inspectional form process into an electronic field program which inspectors would enter data live into the electronic program.

# Animal Control

**Animal Control Officer:**      **Bev 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.

## **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.

## **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: Engage with Organization for care of unowned stray animals  
Objective: Explore partnership with the Massachusetts Veterinary Medical Association Charities to help get unowned stray animals emergency care with associated funds to cover the costs of care.
- Organizational Goal: Small Animal/Farm Yard Animal Registration  
Objective: Collaborate with Board of Health on small animal/farm yard animal registration process with residents to properly monitor populations for zoonotic disease prevention and nuisance mitigation.

# Information Technology

**IT Liaison: Derek Fullerton**

## **Department Description**

Information Technology within the town is handled by the IT Liason, our outside contractors, HiQ, our Cable PEG Access Director, and several employees within departments that have some IT aptitude. This department provides desktop support, provides A/V service under the public access director, ensures our infrastructure is working and secure, plans upgrades, and helps implement software. Information Technology is an important component in virtually every town department. Since this is such an important component in this age, in the coming year we will be looking to possible different models that will enable more in-house support, security, infrastructure, and strategic planning.

## **Highlights of FY19:**

- Library – The Library received a good deal of IT attention this year including the purchase and installation of wireless access points and upgrading network switches, public computers, and the server.
- Town Website – We made continued improvements and upgrades to make televised meetings more available as well as more accessibility to pay bills online, including transfer station stickers.
- Town Meeting Upgrades – We purchased new projectors for the Howe-Manning school which are also connected to the gym for Town Meeting overflow usage.
- CitizenServe – CitizenServe is our online software for permitting. We have continued to expand the use into additional departments, including the Fire Department. Additionally, we added a second portal for constituent use at the town building. Building permitting is now 100% electronic.
- Munis Upgrade – In conjunction with the Accounting Department/CFO, we underwent an upgrade to our financial software.
- Community Compact Grants – We applied for and received two Community Compact Best Practice grants from the state which are financing the purchase of Human Resource modules from Munis and the purchase of software for record keeping and mapping of our cemeteries.

- Regional IT Study – The town submitted an application for a regional grant to study our IT department in anticipation of possible shared services with neighboring towns.

#### **Fiscal Year 2020 Goals and Objectives**

- Continue to implement Cemetery and HR software.
- If the Community Compact grant is funded, work with consultants to evaluate IT hardware, software and staffing for preparation for regional IT initiatives. Should this initiative not be funded, we will continue to look to increase our IT capacity through collaborative efforts with neighboring towns, the school system, or other internal initiatives.
- Expand utilization of CitizenServe in Planning and Conservation departments.
- Expand part-time staffing coverage for the taping and broadcasting of additional public meetings.
- Explore fiber options to allow more reliable and faster connections between town buildings.

# Inspectional Services Department

**Building Commissioner/Zoning Enforcement Officer:**  
**Local Building Inspector/Plans Examiner/Zoning Enforcement**  
**Local Building Inspector/Plans Examiner/Zoning Enforcement**  
**Electrical Inspector**  
**Plumbing and Gas Inspector**  
**Multi-Department Clerk Dispatcher**

**Scott M. Fitzpatrick**  
**Michael Donahue**  
**Peter Swindell**  
**James Carbone**  
**Todd Moreschi**  
**Lisa Brown**

## 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.

## Significant Code Changes in Fiscal Year 2020

The Commonwealth of Massachusetts Board of Building Regulations and Standards has begun the process of adopting the 10<sup>th</sup> Edition of the Massachusetts State Building Code. The 10<sup>th</sup> Edition of the code will be based on the 2018 I Codes issued by the International Code Council with Massachusetts Amendments.

- IRC 2018 International Residential Building Code
- IBC 2018 International Building Code
- IMC 2018 International Mechanical Code
- IEBC 2018 International Existing Buildings Code
- IECC 2018 International Energy Conservation 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 Regulations 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.

## **Fiscal Year 2019 Accomplishments**

During Fiscal Year 2019 we continued 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 further expedited the review process for the Stormwater bylaw as well as Fire Prevention Regulations which helped reduce the overall review time on permit applications. We provided our inspectors with wireless tablets which gave 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 has allowed for smoother inspections and has reduced the need to return to the office and review a file before an inspection can be passed or failed. This has saved the inspectors and contractors valuable time, and allows the inspectors to record all inspections on the spot and then email the contractor/owner an inspection report before stepping off the job.

## **Fiscal Year 2020 Goals and Objectives**

**Permitting** - During Fiscal Year 2020 it is our goal to continue to expand our online permitting system by adding the application and inspection process for the annual inspections performed by the department in conjunction with the Middleton Fire Department Fire Prevention Division. These inspections are mandated by the State Building Code and include multi-unit residential properties, education facilities and places of assembly. We will also begin to explore the feasibility of digitizing the existing building department records to be added to the Citizenserve System.

**Zoning** – We will work with the Bylaw Study Committee and Town Planner to address any proposed zoning bylaw changes and any needed housekeeping changes to the Towns Zoning Bylaw.

**Training** – We will continue the training and education of the Inspectional Services staff in the Commonwealth's building, energy, plumbing and electrical codes as well as continuing training on our new permitting software system for use in the field for immediate recording of all inspections.



# Fire Department

**Fire Chief:** Thomas J. Martinuk

## Department Description

The Middleton Fire Department is a full-spectrum life-saving agency protecting more than 10,000 persons daily who reside and work in a community consisting of over 14 square miles.

The Middleton Fire Department, which is currently under the direction of Chief Thomas J. Martinuk, consists of one fire station that is centrally located in the community and employs thirty two 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, fire prevention, emergency medical services (both advanced and basic), hazardous materials mitigation, disaster response, public education and community service.

All members of the department are certified firefighter I/II and attend the Massachusetts firefighting academy in Stow, Massachusetts. The department currently has four members trained at the EMT-Basic level, and twenty-eight are trained at the EMT-Paramedic level. All full-time members are now paramedics.

## Fiscal Year 2019 Accomplishments

- Justin Nigrelli was sworn in as our newest fulltime employee filling the slot that was approved in FY18 for a new full-time person. Justin is due to graduate from the Fire Academy in February.
- Appointed four new call firefighters: Eric Beaulieu, Doug Boudrou, Steve DeBay and Mike Ferreira
- 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 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 was able to secure an Assistance to Firefighters Grant in the amount of \$168,800 to use toward replacing self-contained breathing apparatus. The department is the process of wear testing different manufacturers in order to decide which one fits our needs the best in hopes of making a decision in early 2019.
- The Department was also able to secure a grant through MEMA to continue to increase our interoperability capabilities and also received a \$3000 grant from FM Global to purchase a computer to be used for Fire Prevention.
- The Department was able to completely refurb a 1989, five-ton army truck that was obtained through the government surplus program (This vehicle new cost \$90,000). The vehicle was completely painted and outfitted with a thousand-gallon water tank and new pump. This vehicle will serve the town for many years to come.
- **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**- Lt. Dan 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. Lt. Kessel worked closely with the inspection's division learning the new Citizen Serve program that was put into service this year. The workload continues to grow as the town grows and the demands on the department increase. This position should be a full-time position
- **Public Education**- The Department continues to work in the schools teaching fire and life safety education. We are fortunate to have firefighter David 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.

- The department worked closely with the Police Departments D.A.R.E officer and both Firefighters and Police Officers had lunch with many of the elementary school classes.
- 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 2018 by HDI Global and assisted by representatives of Arkema and Bostik along with Lt. Kessel from the Middleton Fire Department.

### **Fiscal Year 2020 Goals and Objectives**

- This year the department hopes to add another full-time person to help increase the efficiency and operation of the department staying with the plan set forth starting in FY18.
- The department is in need of a clerk to help with the day to day administrative operations of the department including permit processing, filing, data entry into the records management system and other general clerical duties.
- The Chief and members of the department will hopefully be working with architects and design professionals 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 year grants were submitted to replace a pumper, jaws of life and airbags and a regional grant was submitted for portable radios.
- The Department will continue to replace outdated and worn apparatus and equipment to ensure safety and efficiency in its operation. Requests for FY 2020 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), jaws of life and a pump for the squad truck.
- The Department is in the process of updating its communications network in conjunction with Verizon discontinuing the use of copper wire. This work not only benefits the fire department, but also the Police department . Most of the work is being completed by Lt. Dechene saving the town thousands of dollars.
- In February, the Chief will be attending the professional development conference sponsored by the Fire Chiefs Association of Massachusetts.

# Police Department

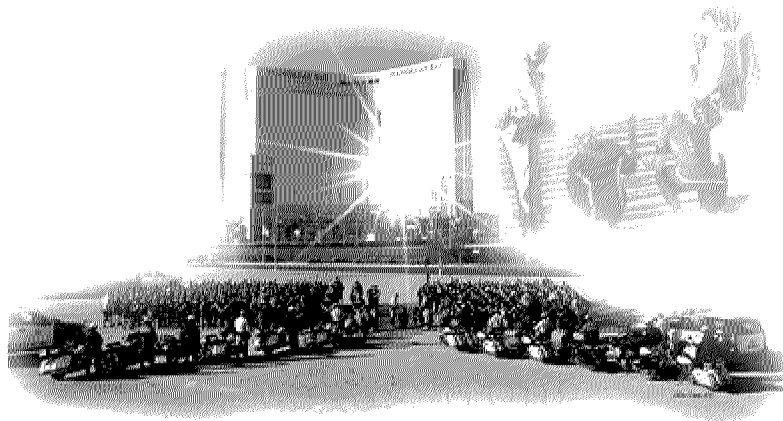
**Police Chief: James DiGianvittorio**

## Department Description

President Calvin Coolidge once said, “No one is compelled to choose the profession of a police officer, but having chosen it, everyone is obligated to live up to the standards of its requirements.”

This year from January 1<sup>st</sup> through December 21<sup>st</sup>, 2018 over 140 law enforcement officers lost their lives while performing their duty. This is a 9% increase from this same time last year. This must stop. Last year I spoke about how society’s perception of law enforcement is constantly changing; again this year there has been no difference. Last year we watched in horror the madness that unfolded before our very eyes when on Sunday October 1<sup>st</sup>, at the Route 91 Harvest Country Music Festival in Las Vegas an outdoor music concert was interrupted by the sounds of gunfire. Police said the gunman fired on the crowd of approximately 22,000 people from the 32<sup>nd</sup> floor of the Mandalay Bay Resort and Casino.

This year on Saturday November 10, 2018 I had the privilege along with 750 other law enforcement officers from around the globe to participate in a 5K run on the Las Vegas strip. We ran into the same parking lot at the Mandalay Bay Hotel and Casino where those innocent people were killed in an effort to pay tribute to those men and women who made the ultimate sacrifice.



Standing there in the parking lot was so surreal. Everyone was silent and I tried to imagine what those innocent people went through that night. Looking up at the building and then looking around I saw that these poor people had nowhere to go. They were basically sitting ducks as the bullets rained down. This one horrific event killed 58 people and injured 851 more. Over 400 of them by gunfire and hundreds more in the ensuing panic.

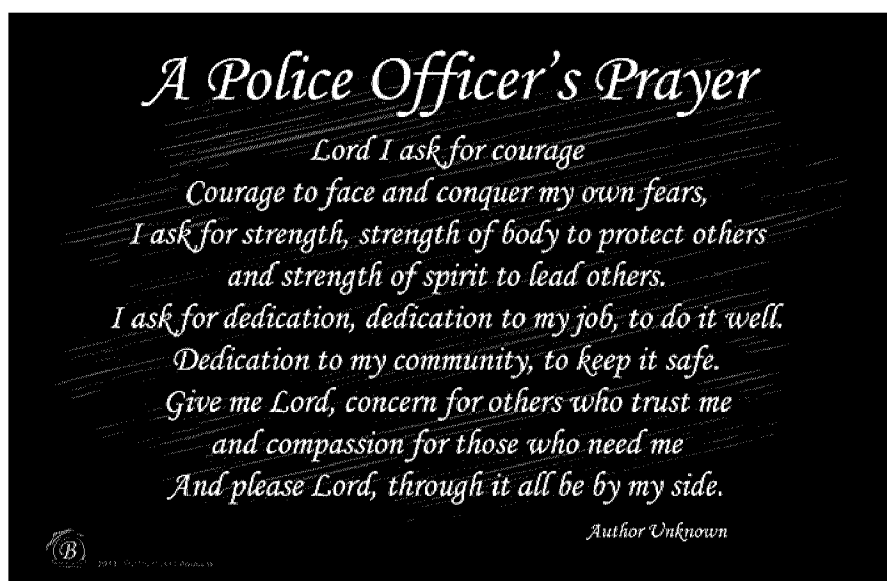
The frightening part about this story is that it's not an episode of one of the many police drama shows we watch on T.V, its reality. It's the realism that the men and women of our profession are facing more and more each day.

In recent years our department has spent countless hours working with our partners in Law Enforcement and with the local school district on strategic emergency and action planning in the preparation of these types of events. Not only are we working with the Middleton School system but we have participated in presentations at the Goddard School and the Magical Beginning Day care Center educating the teachers and students on what to do in the case of an active shooter.

The presentation that we speak and teach about must be fluid and flexible. Each year we find ourselves hearing about yet another mass casualty shooting at a school, mall, or place of worship. Each time we as law enforcement professionals must learn from the encounter and make the necessary adjustments to how we respond and attack the threat. It's hard to believe that the Columbine Shooting was in 1999, almost twenty years ago. That event in history has changed the way in which our profession reacts.

Back then we would arrive on scene and wait for a small army to enter and confront the perpetrator, however, now we are trained to enter as quickly as possible and we must do something that is total against our nature and what we have been trained for years and years to do. We must pass by the wounded and attack the threat as soon as possible. Statistics show that the first 5 minutes is when the most tragedies occur.

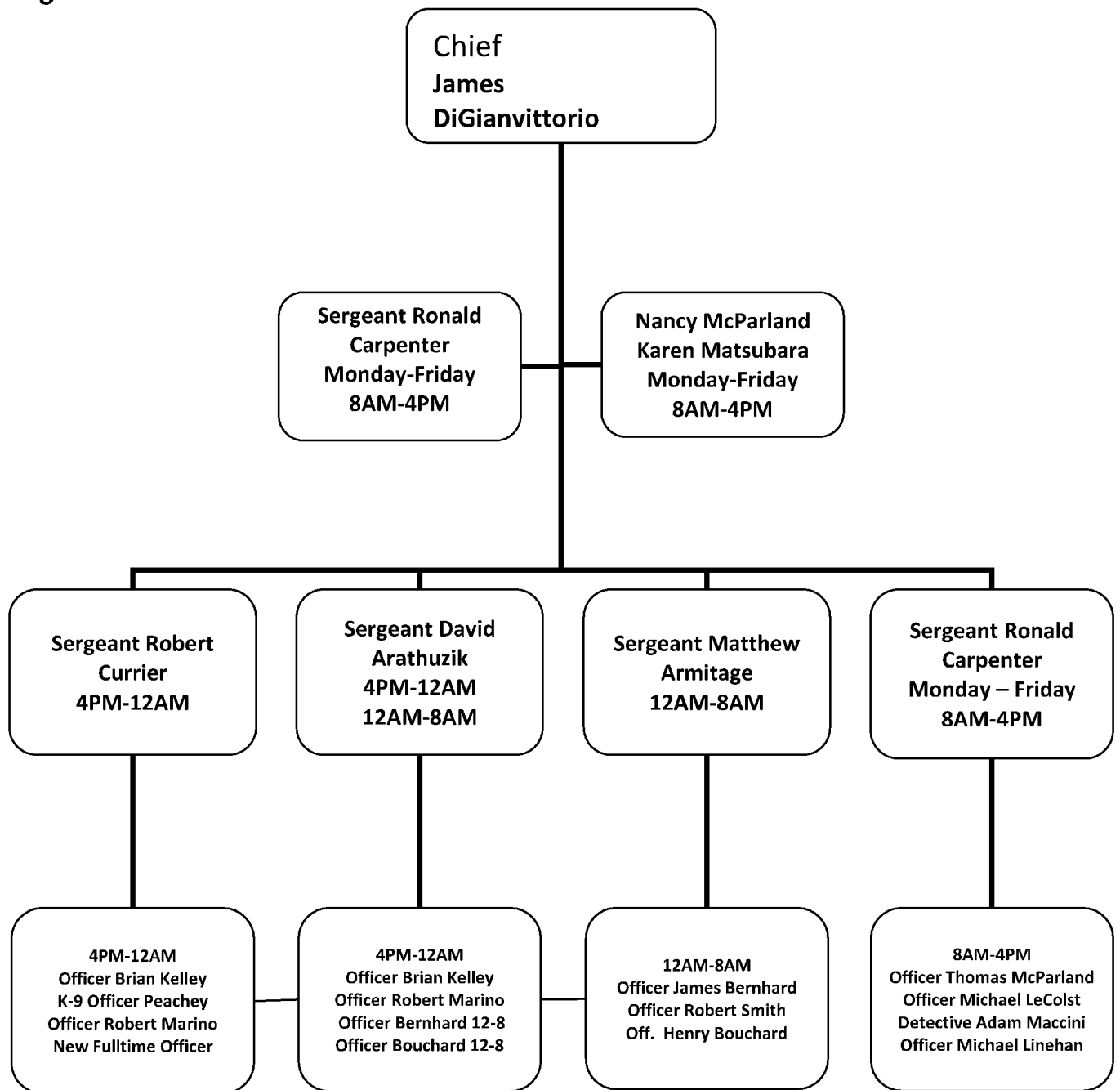
I would like the residents and parents of our community to know that the Police and Fire Departments in Middleton have made it our top priority to keep your children safe.



## 2018 Accomplishments

- The Department promoted Officer Joseph Fedullo from our Reserve ranks to the Fulltime status.
- Our Department is currently in the process of becoming State Certified by the Massachusetts State Accreditation Commission.
- Continued to work with Local and Private School Departments with our School Resource and DARE Officers in an effort to train and educate the schools on the “ALICE” response to an active shooter threat.
- The Town is in talks with the owners of the Middleton Par-Tree Golf course for a possible site for a new Police/Fire Station and community buildings in the future.
- The Police Department was awarded Traffic Safety Grants for OUI and Traffic Enforcement Initiatives.
- The Police Department received awards from Triple AAA for Traffic Safety. Officer Robert Smith was awarded the “Traffic Safety Hero” of the year award.
- 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. We are also in the final stages of selecting a new RMS (Records Management System) and (CAD) Computer Automated Dispatch System for the Regional Center.
- As of July 1, 2019 the State 911 Center will assume the role of the governing body overseeing our Regional Center.
- The Middleton Police Department promoted its first full-time Detective last year. Detective Adam Maccini has been attending specialty training in all aspects of investigation since his new role as detective begun.
- The Middleton Police Department hired Melissa Witt, as a Reserve Police Officer. Melissa was born and raised in Middleton and was a self-sponsor in the fulltime police academy.

## Organizational Chart





#### **Reserve Officers**

**Officer Richard Mendes**  
**Officer Charles Costigan**  
**Officer John Griffith**  
**Officer Gary Lacey**  
**Officer Richard Cardinale**  
**Officer Wade Maribito**  
**Officer Richard Kassiotis**  
**Officer Mark Finer**  
**Officer Jose Hernandez**  
**Officer Leonardo Jorge**  
**Officer Melissa Witt**

**Officer Gary Lacey Scheduled to (Ret. January 2019)**

**Officer Charles Costigan Scheduled to (Ret. July 2019)**

**Officer Richard Mendes Scheduled to (Ret. December 2019)**

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.
- Bring 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.
- Becoming a more inclusive police department.

## **Fiscal Year 2019 Goals and Objectives**

Goals:

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:

- Have innovative, honest, responsive leadership. The staff should never be satisfied with the status quo, but always seek ways to improve all of the department’s operations. The staff will set the tone of professionalism, integrity, hard work and receptivity to change. Perfection will be expected.
- Provide realistic departmental guidelines and policies.

- Recruit and retain the best possible police officers.
- Provide quality training for every entry level of the organization.
- Promote police conduct that is responsive and sensitive to the needs of the community.
- Require aggressive crime fighting to improve the utilization of patrol and investigative resources in the identification, arrest, and conviction of individuals committing criminal activity within our jurisdiction.
- Require a professional work ethic and professional work product by officers engaged in routine police duties, and preliminary and follow-up investigations.
- Enhance the role of department personnel in the planning and development process.
- Recognize exceptional work by police employees.
- Stress the responsibility of all employees to be accountable to the department and the community for all his/her actions.

### **Objectives:**

1. To maintain competent staff to ensure the delivery of quality service to the community.
  - 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.
  - 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.
- 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.
- 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.*
- 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.
- Deliver police services based on community needs.
  - Address safety concerns with the community.
  - Provide services consistent with statutory requirement.

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.

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

Respectfully,

*James A. DiGianvittorio*

Chief James A. DiGianvittorio

# Planning Department

**Town Planner:** Katrina O'Leary

## Department Description

The Planning Department coordinates land use planning efforts, advises elected and appointed officials on planning and zoning-related matters, and provides staff assistance to the Planning Board and Zoning Board of Appeals. Serving as a liaison between the public and permitting boards, the Department also serves to assist homeowners, developers and consultants in navigating the relevant local approval processes. The Planning Department provides support and guidance to the following boards and committees: : Planning Board, Zoning Board of Appeals, Master Plan Committee, Industrial & Commercial Design Review Committee, Development Review Group, Complete Streets Committee, Rail Trail Alliance, and the Stormwater Permitting Authority.

The office is staffed by full time Town Planner Katrina O'Leary and two shared administrative assistants: Lisa Brown (Zoning Board of Appeals) and Wendi Williams (Planning Board). Four meeting recording secretaries attend Planning Board, Master Plan Committee, Industrial & Commercial Design Review Committee, and Zoning Board of Appeals meetings to provide written records of those meetings.

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
- Establishing planning goals and priorities
- Researching and drafting Zoning Bylaws
- Researching grant opportunities and writing grant applications

## Accomplishments

- **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. The plan is due to be completed in January of 2019.

- **Community Compact Program** Through the Community Compact Program, 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. The HPP is due to be completed in March of 2019.
- **Paperless Permitting** In 2018, the Planning Board and the Zoning Board of Appeals were trained in the use of Chromebooks at their monthly meetings. This will reduce the amount of paper required in the administration of their duties and will reduce the amount of paperwork required of each applicant. The permitting database has been fully designed to accept applications for both boards and will be introduced to the public in early 2019.
- **Board of Appeals Workshop** Town Counsel conducted a workshop for the Board of Appeals and covered topics which included determining what constitutes a hardship for a variance and determining between major and minor modifications of a site plan approval.
- **Massachusetts Municipal Management Certificate Program** Katrina O’Leary successfully completed the nine month MMA course that covered the following topics: Human Resource Management, Municipal Budgeting & Financial Management, Public Policy Legal Challenges, Strategic Leadership, and Citizen Engagement.

### **Fiscal Year 2020 Goals and Objectives**

- Work with the appropriate town departments, boards and committees to execute the Master Plan 300 Action Plan recommendations
- Advocate for the adoption of the Housing Production Plan recommendations
- Continue to facilitate and empower the Middleton Rail Trail Alliance to advocate for and raise the necessary funds for the construction of the Middleton Rail Trail
- 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.

# Public Works

**DPW Superintendent:**           **Kenneth Gibbons**

## **Department Description**

The Department of Public Works provides operations and maintenance (O&M) on the Town's infrastructure system in as an effective and efficient manner as possible. The department performs or oversees design, construction and maintenance of roadways, sidewalks, drainage, trees, signs, water distribution system, cemeteries, parks and waste disposal.

## **Fiscal Year 2019 Accomplishments**

The DPW has seen a significant change in personnel. There are many new faces in new places. What remains a constant is the effort and dedication of the hard-working staff. Both new and more tenured employees take pride in what they do and work as a team to provide quality public works services to the community.

The entire staff performs many tasks which some may call routine. These tasks are performed throughout the year and are imperative for the overall appearance, maintenance and safety of the community. Along with these continual tasks are larger projects done during FY19 which are listed below:

## **ROAD WORK**

- Asphalt overlay and associated work on the following streets utilizing Chapter 90 funds: Liberty Street, Gregory Street, Old South Main Street, King Street and Mt. Vernon Street.
- Begin process of complete streets funding from MA DOT for a portion of work at the intersection of Maple and Liberty Streets.
- Temporary repair and work on acquiring funding for the collapsed culvert replacement of North Liberty Street.

## **CAPITAL EQUIPMENT**

- Purchase 6-wheel dump truck with sander and plow.

## **WATER**

- Replace a booster pump at the Forest street pump station and perform all EPA/DEP regulatory compliance testing and associated public notices as needed.

## **Fiscal Year 2020 Goals and Objectives**

### **WATER**

- Continue DEP/EPA regulatory testing and work with Danvers Water Department on any system O&M tactics that could be beneficial.
- Replace/Maintain/Flush water distribution system appurtenances.
- Possible GIS mapping of system.

### **ROADS**

- Continue to prioritize roadwork throughout the town utilizing Chapter 90 and Town Funds.
- Follow through and finish funding, design and construction of North Liberty Street culvert and the Maple Street/Liberty Street intersection.

### **CEMETERY**

- Convert paper cemetery records and maps to an electronic format utilizing Community Compact Cemetery Grant funds.

### **OTHER**

- Prioritize department needs and capital expenditures to continue to provide high-quality services with fiscal responsibility.



# Flint Public Library

Library Director: Melissa Gaspar

## Department Description

### **The Flint Public Library--Libraries Deliver!**

The Flint Public Library is a hub of activity and daily delivers great services, resources, programs, technology, and information. People connect with each other and a vast array of interesting programs, educational resources and technology at the library. This past year more than 52,750 people visited the library or attended a program. The library offers 60,000+ books, 3,900+ videos, numerous magazines and newspapers, not to mention 245,000+ eBooks. People enjoy using the 11 different passes to major museums, and other cultural and recreational areas. The library is a vital resource accessible to all.

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

This past year the library offered more than 500 programs on cultural, recreational or educational subjects. **(up 16%!)** For toddlers, there was a variety of early 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. Participation was **up 21%** and time spent reading was **up 28%** this past summer! 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. We also offer Teen programs. Adults take part in the Flint's many programs, including the popular book discussion group, an avid writing group, two conversation circles, author visits, a mahjongg club 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 5325 Middleton residents owning a library card. **(up 4%)** 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 very accessible. The library also has two quiet study areas which are always in use by adult students, researches, small group meetings, or tutoring groups. The rooms are also used to proctor exams.

### 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 \$12,000 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

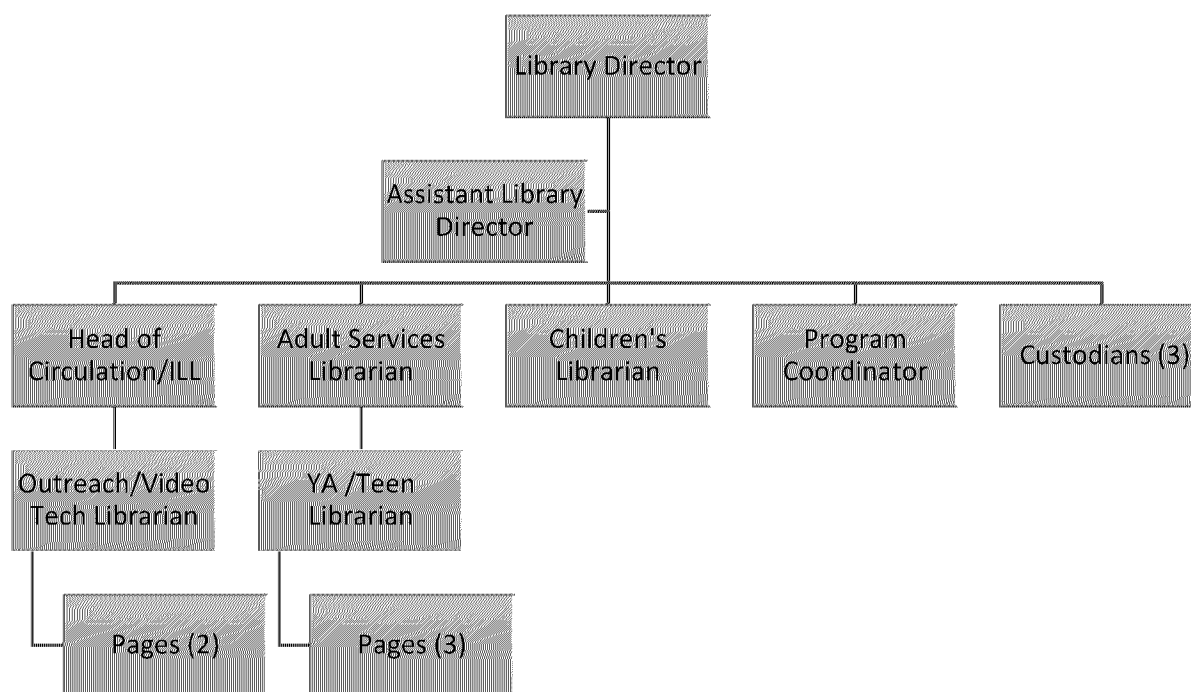


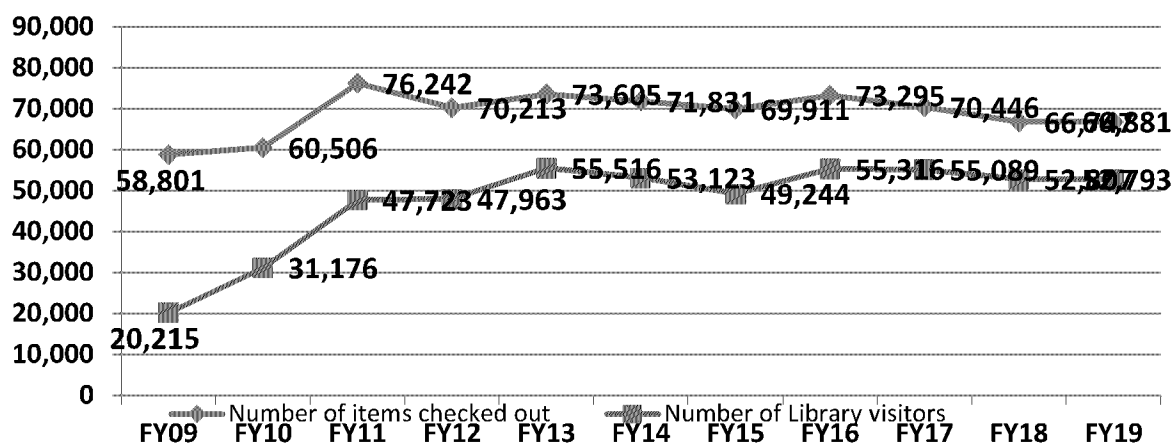
Figure 1

## Accomplishments

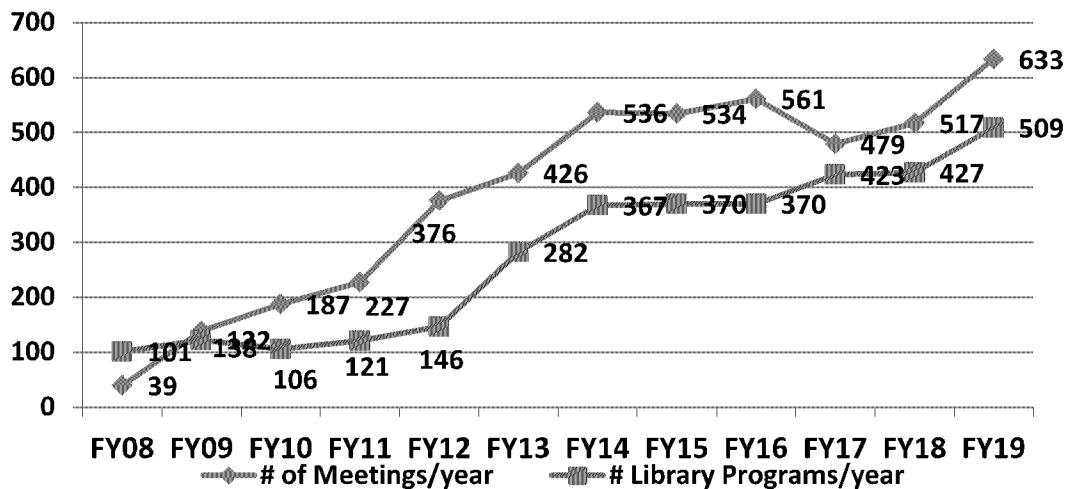
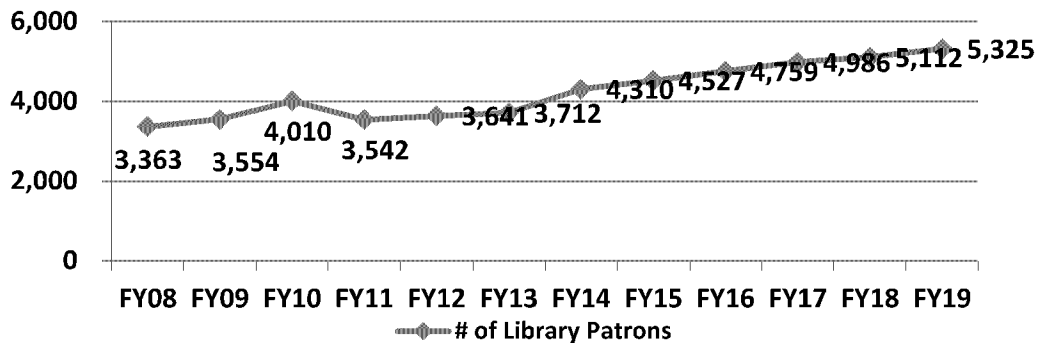
- We added notary public services at the library.
- The library offered several new adult programs this past year including a current events discussion group, Jane Austen month-long event, Elizabeth Berg author visit, Diwali celebration and interesting crafts for adults.
- The library digitized the first 30 years of the Tri-town Transcript 1962-1992 and made them available online in a searchable format from the library's website. Another thirteen and a half years are being digitized in collaboration with Boxford and Topsfield. All three libraries will offer access to the newspapers on their websites.
- The library added more programming for children such as the 1000 books before Kindergarten reading initiative. We also added drop-in craft programs, and family events such the Harry Potter Birthday Party, Library Prom Event and Noon Year's Eve Party on Dec. 31.
- The library staff have welcomed opportunities to attend more trainings and workshops, as well as library services meetings. This has improved the staff's professional development, customer service skills and level of library services.
- The library was able to update the wireless access points for a stronger more secure connection.
- The use of the library and its resources are steadily growing. Please see the graphs below. Please note: Statistics are taken from the Annual Report Information Survey which is gathered by the MA Board of Library Commissioners.

**FY19 statistics refer to FY18 data.**

**Number of Items checked out up 12% since FY09  
Number of Library visitors up 62% since FY09**



**Number of Middleton residents  
with library cards up 37% from FY09**



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

**Fiscal Year 2020 Goals and Objectives**

- Update public use computers and develop a technology plan to replace a few computers each year so that all computers are upgraded over a five year period.
- Improve our online presence by creating more engaging website content and by promoting the many online resources offered by the library.
- 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.
- Create and present innovative library programs for all ages, dynamic displays, and interesting collections to keep the community engaged and reading.
- 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.

# 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 (see Personnel info at end of report).

In FY '18, the COA invested 95 hrs/wk in direct and indirect outreach, assisting over 450 people in various capacities. This represents a **25% increase over the prior year**. This totaled almost 5,000 hours in FY '18 spent assisting Middleton senior and disabled residents, some with significant and time-consuming needs. Projections for the 1st 6 months of FY '19 indicate 106 hrs/wk in outreach services. At this rate we expect our outreach efforts to exceed 5,500 hrs/yr. This is an extraordinary growth pattern. Even with all that we offer, we still cannot accommodate all of the needs with which we are presented.

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**. From 2010 to 2015, the Federal Census Bureau predicted an increase of 119% in our 60+ population. In actuality, the growth 145%, far exceeding all predictions. This is a trend

that we see continuing. 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+.

**We also have a large percentage of veteran residents.** With the continued aging in place we see in town, and with the numerous 55+ condo developments, most of which bring new residents to the town, this number will continue to rise far more than the population rise in general. It is also important to note that there are a number of residents who go unreported on the census and voter registration records, thus inhibiting our ability to acknowledge these residents and provide services for them, whether social and/or outreach in manner.

In the past five years, we have seen the following trends in the various categories listed below. For total meals served, increases from year to year average:

Congregate in Dining Hall	24%
Home Delivered	32%
COA Prepared Meals	56%
Patio Parties	28%
Off-Site Outreach	74%
Special Events	55%

Our transportation programs have increased one-way trips by over 350% since 2012. 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.

## **Accomplishments**

- Increased attendance at regular programming by 24%
- Increased Outreach to 60+ by 50%
- Increased Outreach to Veterans by 45%
- Applied for and received 5 grants
- Through grants, donations, CSI, brought over \$53,000 in assets to the COA
- Expanded programming by 30%
- Facilitated 9 employees in updated training
- Assisted North Shore Community College with their intern placements
- Assisted local high schools with their intern placements and community service placements
- Administered the 8<sup>th</sup> year of the Middleton Food Pantry
- Administered the 10<sup>th</sup> year of the CSI Program, (Senior and Veterans' Work-Off)
- Oversight of day-to-day operations of Food Service Programs, Extensive Outreach, Office management
- Collaboration with Town Outreach programs

- **Grants/Donations** via Director Susan J. Gannon.....not previously listed below

Year	Description	Value	Town Cost	Notes
2000	8 passenger van	36,000	7,200	Director SJG obtained 80% grant
2001	Fed Surplus Office Furn., Equip	12,000	300	Moving costs
2005	Fed Surplus Conference, other	12,000	450	Moving costs
	Furniture MH, other Depts			
2005	Fed surplus Computer Lab	8,000	900	Moving, Electrical
	Great Boston A.B.L.E.			
2006	Commercial Kitchen Equip Donated by family friend	65,000	3,000	Reconfiguration of Kitchen areas
2007	11 passenger van	54,000	10,800	Director SJG obtained 80% grant
2008	CD & E ~ Business Closing	4,500	-0-	Furniture, misc.
2009	Computer Lab ~ PD	6,000	1,000	Moving, Electrical
2015	Reception Furniture	2,000	-0-	NSES Surplus
Misc.	Furniture, Craft Items, Other	4,000	-0-	Friends, acquaintances
		203,500	23,650	

## FY '20 Goals and Objectives

- After ensuring that those of us involved in the successful operation of the Council on Aging do our jobs to the best of our abilities, and that includes our **ever increasing outreach efforts**, the next most important goal and objective for the Director is the seeking of grants.

We cannot operate as successfully as we do without grant funding to supplement municipal funding. In most years, these grant funds are a great part of what is included in the 30% non-municipal funding we use to supplement the municipal operating budget.

GRANT YEAR	TITLE IIIB OUTREACH	TITLE IIIC NUTRITION	FORMULA GRANT	OTHER	MCOA *
2008	4,500	11,751	6,617		
2009	4,500	11,751	6,617		
2010	4,500	9,812	7,126		
2011	4,500	9,214	7,126		
2012	4,500	9,000	7,126		
2013	4,322	9,727	11,718		
2014	4,372	9,736	8,000	1,500	
2015	7,000	9,736	13,392	1,500	



2016	7,000	13,916	15,066	1,500	
2017	7,500	13,916	15,066	2,500	
2018	9,000	13,916	19,656	1,000	8,112
2019	11,500	13,916	20,088	2,000	8,112

16,224      73,194      126,655      144,728      10,000  
**370,801**

**These totals do not include the 8 years prior to 2008 during which the director obtained grants**

\*This is the Middleton share of an \$81,900 27-month collaborative grant negotiated by S Gannon and P Maher

Obtaining funding for grants is very competitive. Middleton has always been positively acknowledged in the grant review process. It has been gratifying for FY16 that the most recent grant for Title IIIB (Outreach and Transportation) was used as the template for the grant process to potentially award 11 agencies vying for the limited funding. This information is by way of North Shore Elder Services, the grant processing entity for the Title III grants. In June of 2018 we were awarded the first grant of its kind in the Commonwealth. It is a MA Councils on Aging grant for 27 months for a total of \$81,900 with oversight of four municipal COAs (Danvers, Middleton, Peabody, Salem).

Our goal is to continue to honor and support the generations of residents who range in age from 50+ to 95+ and who are the ones who had worked hard to make this town the wonderful place it is now and will continue to be in the future. The Council on Aging acknowledges and provides as much programming as possible for those who have been instrumental in all of this. The Town will need to consider, with the projected growth of the senior population and the need for more dedicated areas for confidential conversations with clients, whether the existing COA building is adequately meeting resident needs. Federal statistics inform us that over 10,000 people per day turn 65 in this country. Middleton is a community with many aging in place residents in need of greater and greater services as they age. The prediction for the 2010 Census was that by 2015 our 60+ population would expand by 119%. In fact, it increased by 145% and the trend continues. Our budget has not been keeping up with the explosive growth. It is a serious concern.

- **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.

**Specific to the COA:**

- A gathering place for those 55+ to meet with their peers and colleagues
- Increase participation in our numerous current programs
- Constant expansion to meet the programming wishes of a larger 55+ community
- Adult education courses and excursions, i.e., in conjunction with NSCC, Road Scholars, Salem State College and other educational entities
- Intergenerational programming with those age preschool to college
  - In 2018 we began a new program called Grand Times, which supports older caregivers and young children
- After school and school vacation mentoring programs
- Financial and legal consultations
- Increased well-being clinics
- Workforce training with an emphasis on computer literacy
- Job development in the community and region
- Entrepreneurial courses
- End-of-life seminars
- Fitness facilities
- Expanded day and evening social activities
- In-home care and social day care services
- Expanded counseling for personal matters, mental health issues, PTSD, veteran services
- Opportunities for community service/volunteerism

# Veterans' Services

**Director/Veterans Service Officer: Gary Bent**

## Department Description

The Veterans' Services Department is currently staffed by one part time Director/Veterans Service Officer. He priority is providing services and benefits to all Veterans/military members 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, those that 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.)
- Assistance with obtaining Massachusetts-specific benefits (Welcome Home Bonus, etc.)
- Providing transportation to medical appointments at VA hospitals and clinics.

The Veterans' Services Officer 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. It will support the Council on Aging's (COA) tributes to Veterans prior to Veterans Day and luncheon meetings on Veterans benefits while visiting 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 Essex County Sheriff's Office facilities, the Massachusetts Department of Youth Services, 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 webpage 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 annual legislative luncheon at the state house, regional Veterans Employment/Housing roundtables, annual training Conferences by the Department of Veterans' Services, and the Massachusetts Veterans' Services Association.

### **Fiscal Year 2019 Accomplishments**

- Attended state annual training as a state certified Veterans' Service Officer
- Guest speaker at the Newburyport Yankee Homecoming Veterans event
- Working closely with the Essex County Sheriff's Office to provide assistance with their Veteran/National Guard/Reserve staff members
- Attended training/briefings at Massachusetts Military Records Office
- Attended Legislative Luncheon at State House in support of Veterans Legislation
- Provided or coordinated transportation for Veterans to attend VA medical appointments as well as local transportation
- Visited Veterans in hospice, the hospital and rehabilitation facilities
- Arranged for military assets to attend the Touch a Truck night event
- Attended meetings at the Council on Aging and worked diligently to support COA attempt to provide their ongoing musical tribute to Veterans prior to Veterans Day
- Supervised Veterans in the COA and Veteran Work Off Programs
- Guest speaker at US Navy submarine Veterans group
- Staffed an informational table at the Pumpkinfest breakfast & school event
- Continued a Veterans Outreach Program that reached many Veterans including Veterans from Florida, Maine, New Hampshire, Vermont, Colorado, etc.
- Invited to speak at MA State House on behalf of Veterans/VSO's who have family serving in the military
- Assisting Veterans employed at DYS as well as seeking out qualified Veterans for job placement within DYS
- Guest speaker at MA Department of Youth Services (DYS) Veterans Day event

### **Fiscal Year 2020 Goals and Objectives**

- Attend January Legislative Luncheon at the State House with our Legislative members to advocate for bills to assist Veterans
- Clean, paint and reorganize the VSO office to provide a more welcoming and private atmosphere to visitors
- Continue supporting/meetings at the COA, support their hosting of a musical tribute to Veterans prior to Memorial Day and other events recognizing Veterans

- Utilize the Veterans/Senior Tax Work Off services to support Veterans Service Department projects
- 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 services
- Maintain Certification for Veteran Service Officers by attending training conferences in February and June for the Massachusetts Veterans Service Officers Association and October for the MA Department of Veterans Services
- Seek out and offer assistance to the younger Middleton Veteran population
- Working with Windrush Farm in North Andover to develop a program (Horsemanship for Heroes) for Veterans/injured military members and their families
- Continue to support the community in any capacity (volunteering, attending events, etc.)

# 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 full-time Chief 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 operating and capital budgets. The Town Administrator keeps the Board of Selectmen fully informed regarding all departmental operations, fiscal affairs, problems, and 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 policy direction of the five member Board of Selectmen.

## **Fiscal Year 2019 Accomplishments**

- Developed, proposed, and administered the Fiscal Year 2019 Operations & Maintenance Budget and Capital Budget.
- Continued the open and collaborative approach to budgeting introduced during the FY18 budget cycle; continued to provide departments with the opportunity to adjust budgets to meet program and operational needs.
- Completed labor negotiations and executed a contract through Fiscal Year 2020 with the Public Works Employees Organization. The contract strikes a balance between fair compensation and benefits and respect for the impact on taxpayers. Negotiations are ongoing with the Call Firefighters and Police. All settled collective bargaining agreements were updated to incorporate adopted language into consolidated contracts.
- The Town maintained a Aa2 bond rating through Moody's Investor Service reflecting very strong creditworthiness. A strong bond rating allows the Town to borrow at very low interest rates.
- With the invaluable assistance of the Town Accountant/CFO, continued to modernize financial management practices that meet both the letter and spirit of municipal finance laws and generally accepted financial management practices.

- Working with the finance team, drafted updated Financial Management Policies. Final adoption by the Board of Selectmen, Finance Committee, and finance officers occurred in April 2018.
- The certified public accounting firm of Roselli, Clark & Associates continued to audit 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.
- Expanded the Town's social media presence by posting a number of short video webcasts through the Town's Facebook page. Topics included Town Meeting, the budget process, and financial matters. This platform will continue to be used to spread information and news.
- Continued to hold a Pre-Town Meeting prior to every Town Meeting. 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.
- Completed the cooperative project with MELD on the conversion of streetlights from high pressure sodium to more energy efficient LED fixtures.
- Began modernizing of personnel/human resource systems including implementing HR software, conducting an HR audit, updating and instituting new policies, and standardizing practices.
- Working with the Cable Television Advisory Committee, successfully conducted an ascertainment of cable related needs in advance of negotiations with cable providers.
- Continued efforts to identify a suitable location for a new Fire Station as well as potential locations for a new Police Station, Memorial Hall, and Council on Aging/Community Center. Successfully negotiated an offer to purchase the Middleton Golf Course (MGC). MGC is large enough to accommodate all of the Town's various facility needs.
- Continued to support the Town Planner and Master Plan Committee on the development of Master Plan 300, guiding the Town through its 300<sup>th</sup> birthday in 2028.
- Oversaw the successful recruitment of several department heads, including Treasurer-Collector, Public Works Superintendent, Assistant Town Administrator, and Veterans Services Officer.

- Completed prior year Annual Reports.
- Successfully advocated for grant funding including \$171,925 in Complete Streets funding for the reconstruction of the Maple and Liberty street intersection, \$500,000 for the replacement of the North Liberty Street Bridge, \$250,000 to fund the design of roadway improvements in the Maple Street corridor, \$25,000 for Human Resource software, and \$24,000 for cemetery mapping and digitization of documents.

### **Fiscal Year 2020 Goals and Objectives**

- If the Town approves acquisition of Middleton Golf Course, build community support for funding for design of a new Fire Station. Funding support will also be sought from the legislative delegation and other sources in order to lessen the impact on Middleton taxpayers.
- 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 retirement of the Police Chief.
- Work with the Town's environmental engineer to ensure the former landfill areas at Natsue Way meet state and federal environmental standards.
- Continue negotiations on a new inter-municipal Water agreement with the Town of Danvers to improve cost sharing and system maintenance.
- Continue to work with the Town staff and partners on the modernization of the Town's IT infrastructure.
- Continue to work with the Essex County Sheriff and municipal partners to transfer operation of the Essex County Regional Emergency Communications Center (RECC) to State 911. This transfer is expected to improve operations as well as reduce costs.
- Continue 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. Additional legislation is required to complete the transfer.
- Continue to pursue transparency initiatives by increasing the distribution of information through digital and web-based formats, cable broadcasting, and other media.



- Continue to 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.
- 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. At the appropriate time, seek a bond rating from Standard & Poor’s.
- Continue evaluation and revision of non-union personnel policies. Evaluate the need and benefit of other administrative and operational policies.
- Continue the modernizing of personnel/human resource systems through continued implementation of new HR software, policies, and standardization of practices.
- 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 from Middleton Square to the Danvers town line.
- Explore regionalization opportunities that improve service delivery and/or reduce costs, particularly in the areas of information technology and facility maintenance.
- 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.
- Negotiate contract renewals with cable providers for new franchise agreements.

# Town Clerk/Elections

**Town Clerk:** Ilene B. Twiss

## **Department Description**

The Middleton Town Clerk's Office is considered the doorway to local government. The 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, 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 Department is staffed by Town Clerk, Ilene Twiss along with Assistant Town Clerk, Carmelina Fiore. The Town Clerk's office as well as Election staff works diligently to assist the Town Clerk in administering and facilitating all of the duties, responsibilities and obligations incumbent upon our office. Their dedication and commitment to our success in Middleton is invaluable and very much appreciated.

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, maintaining accurate voting lists, distributing and receiving nomination papers, preparing and ordering ballots, distributing applications for mailing, and recording the return of absentee ballots, transmitting all election results to the Secretary of the Commonwealth's Office. The Town Clerk also manages Campaign Finance information for candidates and files reports as applicable by law.

With each election, ballots are created and printed, voting machines are tested and elections are staffed and set up. Each voting machine has to be tested, with notice given to the public. Upon completion, test tapes are sent to the State Election division of the Secretary of the Commonwealth. Training is conducted before each election for staff. When polls close, tally tapes are given to Town Clerk and results for each precinct are tallied and made available on the town's website. For Federal and State elections the Associated Press is contacted with the Town's election results. Elections have to be certified through the State's Central Voter Registration system. Any issues with voters on Election Day such as inactive voters, unregistered voters, those who have moved have to be resolved as well in the days following the elections.

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 17<sup>th</sup> 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, and records of oaths of office, appointments and resignations of all Town Officials.

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

The Town Clerk's duties are governed not only Town Bylaws, but County, State and Federal laws as well and are many and varied.

## **Highlights of 2018:**

### **Elections**

Prepared for and administered the Annual Town Election on Tuesday, May 15, 2018, the State Primary Election on Tuesday, September 4, 2018 and the State Election on Tuesday, November 6, 2018. For these elections, 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, Middleton Electric Light Department, the Town Administrator's Office, the Police and Fire Departments to better serve the community.

We continued our in depth review of the voter registrations in preparation for the 2018/2019 Election season.

### **Town Meetings**

Prepared for and administered the 290<sup>th</sup> Annual Town Meeting on Tuesday, May 8, 2018. There were 147 Voters present. This session of the Meeting was dissolved at 9:14 pm, when all 32 articles on the Warrant had been dealt with.

### **Vital Records**

We continue our day-to-day responsibilities for maintaining vital records which include recording, Birth, Death and Marriage records and properly storing and archiving these permanent records.

### **Dog Licensing**

Our upgraded animal licensing database makes processing more efficient as we register and manage approximately 1,000 dog licenses for 2018. The licensing process is also easier for residents to license their dog or dogs by giving them the opportunity to complete registration online, provided they have the proper rabies documentation.

### **Voter Registration**

Voter registration, deletions, party and address changes are done on a daily basis through the State's VRIS system and notices are sent to those individuals. To increase our voter registration and keep our list as current and up to date as possible, we send new resident packets to new homeowners with information on the Town. Voter registration cards and letters are sent to all those turning 18 years of age.

With the new the Election Reform bill, 16 & 17 year olds are now allowed to pre- register to vote. Once they turn 18, they will automatically be registered and confirmation is sent to them.

### **Census**

The Annual Town Census was sent to more than 4000 households for 2018. Each form is processed and entered into the State's VRIS system. Based on the census, a jury list is also made and sent to the Jury Commissioner. The Annual Street listing is compiled and printed, as required by law. Over 90% of households responded to the 2018 Town Census. The Voter List is updated by the Census as well.

### **Charter & Bylaws**

We continue to maintain and update approved Town Bylaws and implement and maintain database "ECode". This process gives citizens, town officials, and town employees quick access to our bylaws.

### **Keeper of Public Records**

Acts as Public Records officer, which consists of filing, storing, and recording all records in the Town Clerks possession for all town offices.

The State Legislature approved significant changes to the Public Records Law during 2016, which went into effect on January 1, 2017. The Town Clerk serves as the Town's principal Records Access Officer, coordinating the Town's response to requests for access to public records. Our office

prepared guidelines in early 2017 to assist requestors in making informed requests. Included among the amendments to the law is the requirement that an initial response be made to the request within ten business days, with a full response within 25 business days. Additional time for a response may be requested for good cause, but the decision for an extension is up to the State Supervisor of Public Records. Changes were also made to the fees that may be charged for a public record, with no fee charged for most records that are provided electronically.

### **Ethics**

The Town Clerk acts as Ethics Liaison who is responsible for distributing the Ethics summary annually and ensuring that employees, as well as board and committee members comply with State requirements by completing the online training every two years.

### **Open Meeting Law Compliance**

The office files and publishes all meeting notices, agendas and meeting minutes to comply with the Open Meeting Law. Meeting notices and agendas are posted on the Town bulletin board and the Town's website on the Public Meeting calendar.

We continued to expand our utilization of a new and more efficient program for tracking appointments to our many boards and commissions. 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.

### **Town Permit Files**

Process and maintain records of all Conservation, Planning and Zoning Board of Appeals applications, decisions and appeals.

### **Oath of Office / Justice of the Peace**

- Administers Oath of Office for all Elected and appointed officials.
- Serves as Justice of the Peace and performs all duties associated.
- Serves as Notary Public, providing notary services to the public.

### **Business Records**

Processing and filing DBA (Doing Business As) for new and existing business in the community. This year we experienced an increase of issuance of "Doing Business As" (DBA) certificates and managing renewals and changes for our growing number of businesses in town.

Prepare and issue Raffle & Bazaar Permits.

### **Continuing Education**

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, the new Public Records Law changes and the LUCA Program for the 2020 Federal Census. Also attended the Supervisory Leadership Development Program (SLDP).

### **Records Preservation**

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 and preservation more efficient.

### **Miscellaneous**

The Office supervised workers through the Community Service Initiative Program and Masconomet interns who continue to assist with various clerical tasks and computer work. They receive exposure to various duties and responsibilities of the Town Clerk's Office.

### **Fiscal Year 2020 Goals and Objectives**

- The coming Election Year will be a busy time for the Town Clerk's Office. FY20 will include the Presidential Primary Election, with one week of Early Voting, the Annual Town Election and the Annual Town Meeting. Our continued goal is to see that these run smoothly and according to the law.
- In an effort to stay current and qualify for certification as Certified Massachusetts Municipal Clerks, we will continue to attend educational sessions sponsored by the Massachusetts Town Clerk's Association, Northshore City & Town Clerk's Association, New England Town Clerk's Association and the International Institute of Municipal Clerks.
- Refining "Early Voting" policies and procedures. We will continue to review our experiences with Early Voting both locally and statewide with other Clerks from both N.S. City and Town Clerks Association and the Massachusetts Town Clerk's Association. By sharing our experiences and ideas, we will also gain valuable information in creating policies and procedures for future elections.
- We also intend to acquire new software and hardware that will enable us to begin the process of digitizing town records.

- Moving into the future we will continue to be improving the workflows of the office. One major area that will be looked at will be electronic workflow of documents from development departments such as Planning, Building and Board of Appeals. These documents usually come in the form of applications or permits from these departments and need to be distributed to various other departments for review and comment. This is creating large amounts of paper that needs to be stored. This process can be greatly streamlined with an electronic document workflow.
- Further implementation and refining of policies and procedures regarding the recent update to the Public Records Law.
- Continue to expand the use of online and in-house electronic forms, to meet the needs of town by embracing streamlined processes and technologies.
- Expanding our management and oversight of the Town Clerk's Page on the Town's website. Additionally, our office is looking to join the Facebook community. We hope to create and launch our Town Clerk's Facebook page. Our goal is to increase civic engagement while providing 24/7 access to information and data.
- In continuing our efforts to modernize elections, we will be upgrading and implementing of our voting equipment with the purchase of new voting tabulators and electronic poll books.
- Plan request that our office to be appointed by the Governor's Office to serve as "Commissioners to Qualify," which authorizes us to administer the Oath of Office to individuals appointed as a Notary Public or Justice of the Peace in Massachusetts.

# **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.

## **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 travel expense reimbursement procedures as well as a fraud policy.
- Took over the role of preparing all budget schedules and distributing to Town departments as well as preparing all budget projections.
- Worked with the new Treasurer/Collector on implementing procedures to post cash receipts on a daily/weekly basis to have more up-to-date records within MUNIS.
- Assisted the Treasurer's office with the transition of the new staff (Treasurer/Collector and Assistant Treasurer/Collector)
- Booked revenue budgets in the general ledger to be able to track historical revenue trends and be able to forecast revenue trends



## **Fiscal Year 2020 Goals and Objectives**

- Continue to work on recommendations from the independent auditors.
- Work with town departments to streamline the accounting ledger. This would be inclusive of updating account names, creating new accounts to segregate revenues for a more transparent accounting ledger, and consolidating accounts that are not used.
- Work with the Town Administrator's office to find ways to streamline the budget process.
- Work with Town departments to utilize the MIIA rewards programs as well as MIIA grant programs to help cut down costs to the Town.
- Maintain the current year-end close schedule and prepare the balance sheet and all other supporting documents required to obtain Free Cash certification by October 31, 2019.

# Treasurer/Collector FY20

**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.

## Accomplishments

- Hired new Assistant Treasurer/Collector and continue to transition duties.
- Land of Low Value foreclosure processed on 20 Tax Title properties was not approved by DOR in FY18 due to missing documentation. Worked with the Assessor's office to provide missing documentation and officially submitted foreclosure request. Awaiting approval from DOR.
- Instituted new monthly Cash reconciliation process with Town Accounting resulting in quicker reconciliation submission at month end.
- Required turnover forms for ALL cash received, not just miscellaneous cash. This resulted in cash being posted 30-60 days faster than in the past.
- Worked with Essex Regional Retirement Board and MUNIS to complete the new online reporting requirement.
- Consolidated and formalized the department procedure manuals to be available to all department employees.
- Assistant Treasurer/Collector completed first year of MCTA certification process.
- Foreclosed and sold tax title property resulting in approx. \$208,000 in free cash
- Provided town residents online access to purchase transfer station stickers. To date, approx. 100 residents have used this feature.

- Reorganized the collectors and treasurer's offices which included new filing cabinets and new filing systems for improved efficiency.
- Instituted bi-monthly staff meetings to improve and facilitate communication within the department,

### **Fiscal Year 2018 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.
- Work with Assistant Town Administrator on new employee policies and procedures to streamline communication.
- Provide the School department with the support needed to complete the interface of IVEE accounting system payroll and MUNIS.
- Research the ability to upload excel payroll timesheet from departments into MUNIS.
- 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.)

# Board of Assessors

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

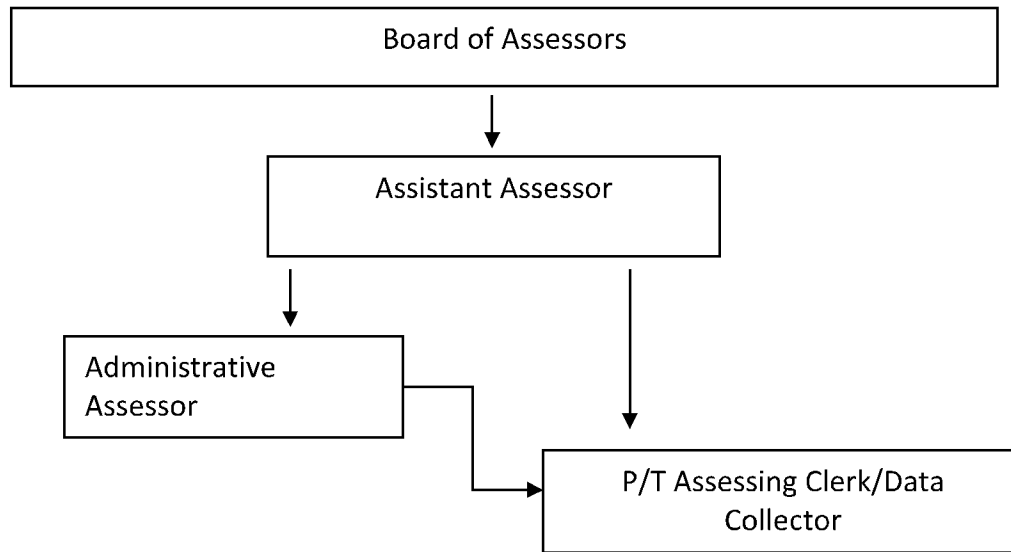
## **Department Description**

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, legal 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.
- Maintains geographical information system (G.I.S.) with our mapping vendor CAI Technologies, Inc. and works to develop further layer development with cooperating departments.

### Department Organization



### Fiscal Year 2019 Accomplishments

- Completion of Interim Adjustment of Values.
- Submitting and receiving a tax rate by December 6, 2018.
- Finalizing the tax billing file by December 13th, 2018.
- Administrative Assessor attainment of M.A.A. designation

### Fiscal Year 2020 Goals and Objectives

Our main focus for this year is:

- To complete Interim Adjustment of Values in a timely manner.
- Review compensation for Administrative Assessor position with newly attained designation.
- Continue updating all property photographs in our valuation system by office staff.
- Implementation 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.

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## TTU Vision Statement

The Tri-Town School Union believes in nurturing a dynamic learning environment where creative thinkers and innovative problem-solvers develop the empathy, resilience, perseverance, self-management, and kindness needed to positively impact the world.

## Introduction

Submitted by Steven Greenberg, Assistant Superintendent of Operations

The elementary school budget reflects the values, goals, and aspirations of our students, teachers, leadership team and the School Committee and is a financial plan designed with the following in mind:

- To achieve the core educational mission of the School Committee
- To meet educational goals approved by the School Committee
- To be responsive to the financial condition of the Town

There are many people that help develop our educational plan and proposed budget - a small part of the service they provide. Our leadership, professional staff, and support staff are educators, innovators, motivators, emotional support specialists, facility experts and dedicated professionals whose biggest responsibility is the education and social/emotional growth of our children. To everyone, I say thank you! Your work is important and we would not have our success without you and your efforts.

For FY2020, we are going to take our past success and experience and build on it for our students. Therefore, we are proposing an educational program that continues to maintain class size, maintains and enhances existing programs, supports students, empowers staff, and elevates the curriculum with expanding initiatives and a consistent investment in end-user technological learning tools.

This year, as in preceding years, requirements, needs, and priorities were examined. Our goal setting and budget development process centered on trying to maintain high quality educational, co-curricular, and support programs for our students. We want our children to complete their elementary school years with access to the opportunities for success in secondary schools that their neighbors and older siblings have had in recent years and previous generations.

As we journey through the budget process, we will have to critically examine every requested budget increase at the district and building level and prioritize requests for new and replacement instructional technology, instructional materials, equipment and facility needs.

## Middleton School Committee - Goals for 2018-2021

During the 2017-2018 school year, the Middleton School Committee developed multi-year goals and objectives to support the shared vision of the Tri-Town School Union. There were four major areas in which goal statements were developed: Educational Program, Finance/Asset Management, Leadership/Governance, and Family/Community. As you read through this document, you will notice that we have aligned budget requests with these overarching goals in order to provide additional context and understanding for any new budget requests. The Middleton School Committee goal statements are:

### Educational Program

*Prepare elementary students for transition to middle and high school by increasing all students' wellness, cognitive, and non-cognitive competencies.*

### Finance/Asset Management

*Exercise fiduciary responsibility while enhancing our facilities, educational programs and capital items.*

### Leadership and Governance

*Lead and govern the Middleton Elementary Schools to deliver high quality educational programs and services and uphold our mission and vision.*

### Family/Community

*Develop a communications plan for creating a sustainable, high-quality set of communications channels with the learning community and greater public that will improve community awareness and support for our educational programs.*

## Understanding the Budget and Budget Process

The operating budget is the financial plan that supports the educational programs and initiatives approved by the School Committee. This financial plan consists of personnel costs, educational supplies and equipment, professional development, special education, support services, facilities, and insurance. Revenue to support the operating budget comes from local appropriation, state and federal grants, and revolving funds.

This budget is developed with the understanding that we are preparing our students for the innovation economy of the 21st century. To do so requires an approach that is focused on developing the critical thinking, reasoning, and inter-personal skills of our students by engaging them in authentic problem solving experiences. As Daniel Pink surmises, "we need to prepare students for their future, not our past."

When the budget is developed we use an expense model approach. When the Town is determining a guideline for its departments, the Town will use a revenue based concept as the foundation for its budget model.



The expense model approach takes budget requests and applies cost values to those requests by using negotiated agreements, quotes, comparative research from other districts, and other methods depending on the specific need.

The revenue based concept looks at the projected and estimated receipts for the upcoming fiscal year and a determination is made as to how those funds will be allocated to support the entire operation of the Town.

The revenue model is evaluated against the proposed school department budget and we engage in deliberations to finalize a budget that works within the available resources of the Town and meets the educational needs of the school department.

It is important to keep in mind that portions of the budget include revenues and costs that the School Committee does not have much discretion over. These items include:

- Income from state and federal entitlement grants including Circuit Breaker and Chapter 70
- Special education tuition and transportation
- Special education services in IEPs and English Language Learner services
- Regular Day Transportation
- Utility rates for natural gas and electricity per our regional purchasing consortium
- Existing contractual agreements with personnel and vendors
- Health insurance costs which are determined at the Town level for all departments

The School Committee does have discretion over the following areas of the budget:

- Class size (number of teaching positions)
- Core curriculum programs
- Professional development (beyond contractual agreements)
- Technology upgrades and replacement
- Certain physical plant improvements and preventative maintenance programs
- Supplies, materials, textbooks, equipment
- Compensation for non-represented personnel and negotiations with represented personnel
- Number of buses

Obligations which impact the FY2020 Budget:

- Other contractual agreements for personnel, goods and services
- Special education staff, tuition, and services
- Health insurance premiums and plan design
- Utility rates and consumption for natural gas and electricity
- The negotiated agreement with the Middleton Educators' Association

- Implementation of state and federal mandates under Educational Reform and the Every Student Succeeds Act (ESSA)

## What is not in the Proposed Budget

<b>Fuller Meadow School</b>	
<b>Item</b>	<b>Description</b>
Reduce existing .20 FTE Math Specialist – \$14,302	Reduce ability to support student learning
NEW – 1.0 FTE MSN Teacher – \$64,739	Will not be able to expand inclusive practices
NEW – 1.0 FTE Building Based Substitute – \$45,864	Will not be able to enhance class room coverage for absences and out of classroom meetings
NEW - .40 SEL Staff - \$26,787	Partial implementation of SEL support
NEW – 3 Merrimack Fellows - \$55,500	Will not be able to enhance classroom teaching and learning support
Educational Supplies (Math, Science, ELA) – \$6,116	Requests for educational materials will be reduced
Remove Global Child Funding - \$10,000	Eliminate District funding of GC.
Fuller Meadow Tech Supplies, Software, and Maintenance - \$3,941	Requests for tech maintenance materials will be reduced
<b>Goal Connection - Educational Program</b> Prepare elementary students for transition to middle and high school by increasing all students' wellness, cognitive, and non-cognitive competencies.	

Howe Manning	
Item	Description
NEW – 1.0 FTE Building Based Substitute – \$45,864	Will not be able to enhance class room coverage for absences and out of classroom meetings
NEW - .10 FTE increase in ESP - \$8,211	Will not expand Extended Studies
Reduce General Supplies - \$3,164	Requests for educational materials will be reduced
Reduce Online Supplemental Math Resource - reduced to \$2,475	
Remove CCIM ELA Time for Kids, Storyworks, Scholastic Jr - \$2,300	
Howe Manning Tech Supplies, Software, and Maintenance - \$7,009	
Goal Connection - Educational Program	

Prepare elementary students for transition to middle and high school by increasing all students' wellness, cognitive, and non-cognitive competencies.

Fuller Meadow - Professional Development	
Item	Description
Reduction of SS committee by \$1600	Expansion of professional development programs and initiatives would be delayed
Workshops/conferences- Reduce by \$1000	
Specialized Training Special Ed.- Reduce by \$1000	
<b>Goal Connection - Educational Program</b> Prepare elementary students for transition to middle and high school by increasing all students’ wellness, cognitive, and non-cognitive competencies.	

Howe Manning - Professional Development	
Item	Description
Workshops/conferences- Reduce by \$1,000	Expansion of professional development programs and initiatives would be delayed
ISTE Conference- \$1,800- Eliminate	
Reduction of SS committee by \$2,400	
Specialized Training Special Ed.- Reduce by \$1,000	
<b>Goal Connection - Educational Program</b>	
Prepare elementary students for transition to middle and high school by increasing all students' wellness, cognitive, and non-cognitive competencies.	

<b>Districtwide – Special Education</b>	
<b>Item</b>	<b>Description</b>
New - Nurse Leader - \$12,500	Proposed new position would be a .50 FTE versus a 1.0 FTE across the three districts
Sp. Ed. Tuitions - \$42,000	Reduce one potential outplacement. May need to access the special education reserve fund.
Sp. Ed. Transportation - \$22,000	Reduce one potential outplacement. May need to access the special education reserve fund.
Sp. Ed. Contracted Services - \$15,000	Reduce consulting services

**Goal Connection - Educational Program**

Prepare elementary students for transition to middle and high school by increasing all students' wellness, cognitive, and non-cognitive competencies.

**Districtwide - Transportation**

Item	Description
One Unshared Bus – \$52,740	Number of buses would remain unchanged
New – Bus Monitors - \$70,560	Monitoring on buses would not be implemented

**Goal Connection - Educational Program**

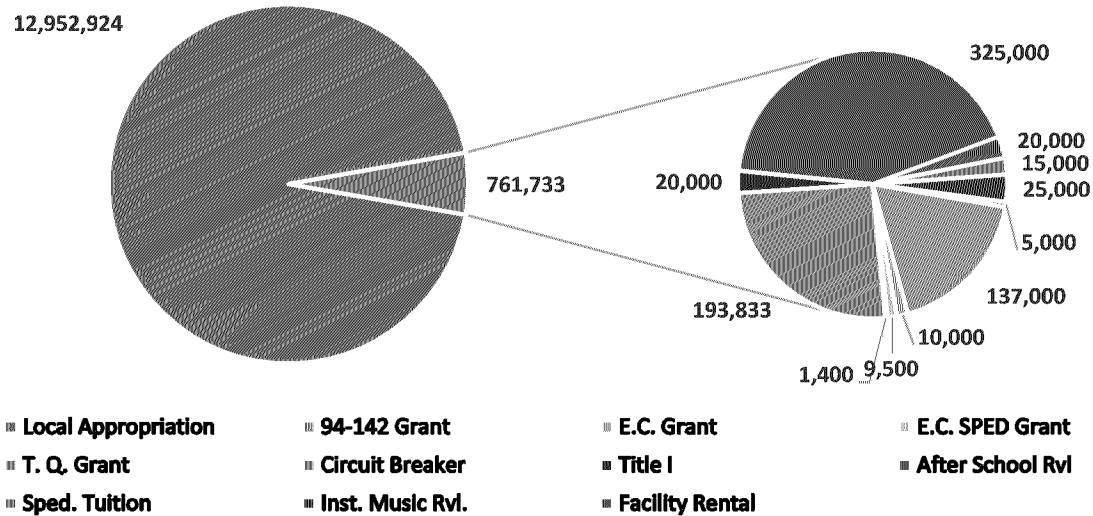
Prepare elementary students for transition to middle and high school by increasing all students' wellness, cognitive, and non-cognitive competencies.

## The Proposed 2019-2020 Elementary School Budget

The proposed budget for FY2020 includes costs that are contractually obligated, programs that are required by law, required operational costs, and investments in program enhancements. The specifics are itemized in the proposed FY2020 budget document. This narrative will outline the critical points of the budget and provide explanation for the requested need.

The first draft local appropriation for the next school year is \$12,952,924. The increase over the FY2019 local appropriation of \$11,883,166 is \$1,069,758 (or 9.00%). The local appropriation is the major funding source of the total budget. Other funding sources come from revolving accounts and state and federal grants. The illustration below breaks down the revenue sources for the operating budget. This first draft will be the starting point for discussions with the School Committee, Finance Committee, and the Board of Selectmen. The budget will change over the coming months during the deliberation process.

### Budget Revenue Sources



The expenses associated with this proposed budget include costs that are required as well as considerations to maintain existing programs and/or start new educational initiatives. Below is a breakdown of the proposed FY2020 Budget.

Budget Summary				
	FY19 Approved Budget	FY20 Proposed Budget	Proposed \$ Increase	Proposed % Increase
<b>Expenses</b>				
Salaries	8,898,415	9,329,208	430,793	5.39%
Professional Development	88,562	106,741	18,179	14.15%
Admin, Educational, & Support	510,060	617,906	107,846	19.14%
Supplies/Materials/Equipment/Services	44,230	47,550	3,320	6.63%
In District Special Education Services (Non Salary - DW Only)	431,239	530,565	99,326	19.60%
Transportation (Regular & Sp. Ed.)	204,448	226,129	21,681	9.07%
Utilities	248,133	254,568	6,435	1.82%
Facilities	1,657,819	1,912,133	254,313	17.13%
Insurance (Beneficial & Non-Beneficial)	628,448	689,858	61,410	12.15%
Special Education Out of District Tuition				
<b>Total Operating Budget</b>	<b>12,711,354</b>	<b>13,714,657</b>	<b>1,003,303</b>	<b>7.89%</b>
<b>Less: Applied Income</b>	<b>828,188</b>	<b>761,733</b>	<b>(66,455)</b>	
<b>Total Local Appropriation Expenses</b>	<b>11,883,166</b>	<b>12,952,924</b>	<b>1,069,758</b>	<b>9.00%</b>

## FY2020 New Proposals and how they support the Middleton School Committee Goals

### Central Office FY2020 Program Proposals:

We believe it is critical to make investments at the Central Office level in an effort to support the vision and goals of the three communities we support. For FY2020, we are recommending an increase in the compensation of the human resource position and the addition of a 1.0 FTE Operations Supervisor. In addition, we are requesting funding to replace PCs that have come to the end of their useful lives.

Human Resources Total Increase - \$37,502 (Middleton's share = \$12,751): The current position is a 1.0 FTE and the person in this position will be retiring in February of 2020. We will be looking to replace this person with a human resources specialist who will be able to enhance the role as a key member of the TTU Leadership Team. Many responsibilities that fall under the building principals and program managers will be moved to the human resources specialist. The result of this change will allow building principals and program managers to invest more time with direct support of teaching and learning as specified in the Educational Program Goal.

NEW: The Operations Supervisor (1.0 FTE) \$75,000 and \$4,500 travel (Middleton's share \$26,250 and \$1,575): Over the years we have been communicating the need to increase the facilities staffing in an effort to maintain and protect the substantial investments made by the member towns for each of the campuses. This position would be involved with the daily activities and supervision of the custodial staff. This will allow the Director of Facilities to focus on the individual facility projects that we are realizing at our aging campuses.

### **Goal Connection - Leadership and Governance**

*Lead and govern the Middleton Elementary Schools to deliver high quality educational programs and services and uphold our mission and vision.*

### **Goal Connection - Finance/Asset Management**

*Exercise fiduciary responsibility while enhancing our facilities, educational programs and capital items.*

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## Fuller Meadow FY2020 Program Proposals:

<b>FY2020 Proposal</b>	<b>Description</b>
1.0 FTE Classroom Section - \$61,619	Support potential increase of student population. Maintain class size within MSC Policy guideline.
.20 FTE Speech & Language Teacher - \$12,527	Increase the current SLP position from .8 to 1.0 FTE due to the needs of the incoming students.
.20 FTE Social Emotional Learning Staff - \$18,394	Allow us to serve more students through RTI
2.0 Merrimack College Fellows - \$37,000	Support our overall school culture and experience for students and teachers.
.50 FTE Nurse Assistant - \$17,077	Support the increased need for medical support as well as increased screenings and various student medical supports.
<b>Goal Connection - Educational Program</b> Prepare elementary students for transition to middle and high school by increasing all students' wellness, cognitive, and non-cognitive competencies.	
<b>Goal Connection - Leadership and Governance</b> Lead and govern the Middleton Elementary Schools to deliver high quality educational programs and services and uphold our mission and vision.	

## Fuller Meadow Technology for FY2020

<b>FY2020 Proposal</b>	<b>Description</b>
Appendix L – Instructional Technology Supplies - \$7,308	Technology related consumables as itemized in the appendix
Appendix M – Instructional Software & Licenses - \$18,800	End user software as itemized in the appendix
Appendix N – Instructional Technology – Hardware – Warrant Article Request - \$34,198	35 iPads are part of the replacement cycle Dell replacement laptops and docking stations 5 virtual reality goggles to pilot in classrooms 10 kindergarten robot kits for Computer Class Amplification systems Replacement document cameras
Appendix Y – Technology Maintenance - \$41,284	Continued maintenance and repair of existing end user equipment and campus network
<b>Goal Connection - Educational Program</b> Prepare elementary students for transition to middle and high school by increasing all students' wellness, cognitive, and non-cognitive competencies.	

## Howe Manning FY2020 Program Proposals:

<b>FY2020 Proposal</b>	<b>Description</b>
1.0 FTE Classroom Section - \$61,619	Support potential increase of student population. Maintain class size within MSC Policy guideline.
<b>Goal Connection - Educational Program</b> Prepare elementary students for transition to middle and high school by increasing all students' wellness, cognitive, and non-cognitive competencies.	
<b>Goal Connection - Leadership and Governance</b> Lead and govern the Middleton Elementary Schools to deliver high quality educational programs and services and uphold our mission and vision.	

## Howe Manning Technology for FY2020

<b>FY2020 Proposal</b>	<b>Description</b>
Appendix L – Instructional Technology Supplies - \$11,626	Technology related consumables as itemized in the appendix
Appendix M – Instructional Software & Licenses - \$23,608	End user software as itemized in the appendix
Appendix N – Instructional Technology – Hardware – Warrant Article Request - \$129,249	Chromebooks - proposing two third grade sets, two fourth grade sets, and additional units for the increasing population Proposing 5 virtual reality goggles to pilot in classrooms Replacement document cameras Amplification systems Interactive board replacements
Appendix Y – Technology Maintenance - \$72,655	Continued maintenance and repair of existing end user equipment and campus network
<b>Goal Connection - Educational Program</b> Prepare elementary students for transition to middle and high school by increasing all students' wellness, cognitive, and non-cognitive competencies.	



## District-wide Special Education FY2020 Program Proposals:

<b>FY2020 Proposal</b>	<b>Description</b>
Districtwide Nurse Leader \$12,500	Enhance support, training, and best practices for nursing staff
<b>Goal Connection - Educational Program</b> Prepare elementary students for transition to middle and high school by increasing all students' wellness, cognitive, and non-cognitive competencies.	

## Curriculum Initiatives, Professional Development, and Stipends

### Fuller Meadow

<b>FY2020 Proposal</b>	<b>Description</b>
Prof. Dev. & Mentor Stipends - \$11,760 – Appendix C Professional Development Workshops/Conferences - \$4,802 – Appendix C Professional Development Curriculum Training - \$700 Professional Development Contracted Services - \$9,000 – Appendix C	The FY20 budget reflects the costs associated with providing an enhanced quality professional development that has been identified by the TTU Professional Development Committee  Math in Focus Trainer PBL Trainers SEL Trainers  Girls for Girls Stipend Position
<b>Goal Connection - Educational Program</b> Prepare elementary students for transition to middle and high school by increasing all students' wellness, cognitive, and non-cognitive competencies.	

## Howe Manning

FY2020 Proposal	Description
Prof. Dev. & Mentor Stipends - \$13,080 – Appendix C Professional Development Workshops/Conferences - \$5,002 – Appendix C Professional Development Curriculum Training - \$2,800 Professional Development Contracted Services - \$8,750 – Appendix C	The FY20 budget reflects the costs associated with providing an enhanced quality professional development that has been identified by the TTU Professional Development Committee  Math in Focus Trainer PBL Trainers SEL Trainers  Girls for Girls Stipend Position  Funding is being requested to purchase mentor texts and instructional materials to develop reading units of study for grades four and five.  Funding is being requested for the Social Studies Committee and Curriculum Materials (CCIM and Text Books and Teacher Stipends)
<b>Goal Connection - Educational Program</b> Prepare elementary students for transition to middle and high school by increasing all students' wellness, cognitive, and non-cognitive competencies.	

## Conclusion

This proposed budget reflects a plan to enhance our existing educational programs with a focus on project based learning, social and emotional learning, and inclusive practices.

In closing, as a department of the Town, we understand this is a hands-joined process. The collaboration between the schools and the Town is invaluable and paves the way for continued success for our children and the members of this community. We would like to thank all of the faculty, staff, the Town Administration, Board of Selectmen and the Finance Committee for your contributions, assistance, and guidance with this budget process.

**TOWN OF MIDDLETON, MASSACHUSETTS**

Management Letter

Year Ended June 30, 2019

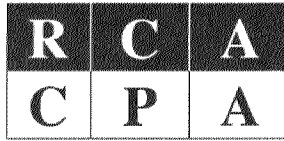


**TOWN OF MIDDLETON, MASSACHUSETTS**

**MANAGEMENT LETTER  
YEAR ENDED JUNE 30, 2019**

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**ROSELLI, CLARK & ASSOCIATES**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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Suite 4900  
Woburn, MA 01801

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**TRANSMITTAL LETTER**

Board of Selectmen  
Town of Middleton  
Middleton, Massachusetts

In planning and performing our audit of the financial statements of the governmental 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, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the Board of Selectmen, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Roselli Clark & Associates*

Roselli, Clark & Associates  
Certified Public Accountants  
Woburn, Massachusetts  
October 9, 2019

## **EVALUATION OF TOWN OPERATIONS**

Fiscal year 2019 saw another year in which the Town successfully completed a number of goals including the continued improvement to its financial stability. This is particularly important as the Town embarks on a multi-year, multi-million dollar capital improvement program. Given that the Town will most likely subsidize the majority of its capital expenditures through bond offerings, maximizing its bond rating is important to lower the cost of financing such activities. Many of the Town's goals are geared towards improvement in its credit profile and we believe the Town is having much success as a result.

The following highlight some key achievements:

1. Maintaining the Town's reserve ratio above the tier one S+P metric of 15%; currently at 18%.
2. Establishing multiple stabilization funds; including general, capital, SPED and pension. In aggregate the Town has accumulated over \$2 million in these funds.
3. Accumulating almost \$1.3 million in the OPEB fund.
4. Achieving nearly \$1 million in levy capacity.
5. Resolving numerous management letter comments that existed three short years ago.
6. The completion and implementation of a financial policy manual.
7. The successful transition to a completely new financial and administrative team including the Chief Financial Officer, Treasurer and Town Administrator.

These achievements will no doubt improve the Town's credit profile as it enters this capital-intensive period.

We understand that due to certain one-time revenues such as the recent large tax sale combined with positive results in many of the Town's revenue categories versus its budget, that the Town will end up with more free cash than it normally does.

This will provide an excellent opportunity for the Town to be more aggressive in an area that the bond rating agencies have scrutinized in an unfavorable manner. More specifically, they have lowered certain town credit scores for those towns that are part of county retirement systems. Typically, these county retirement systems are underfunded and trail the State averages by a large margin. In these instances, we have advised towns who are clients to create and fund pension stabilization funds.

To that end, Middleton, who is a member of the Essex County Pension System created a pension stabilization fund in 2018 and funded a small seed amount in 2019. We suggest the Town take this opportunity to fund this account in a more aggressive manner in fiscal 2020 with some of this "extra" free cash.

Given the annual results for the past three years under this team, we are confident that the current management team can continue to operate at a high level and the remainder of this report is dedicated to those very few remaining recommendations for improvement in control and efficiencies in operations. We urge the Town to evaluate these observations and implement our recommendations where it is deemed appropriate and cost/beneficial to do so.

## **CURRENT YEAR FINDINGS/OBSERVATIONS**

### ***Planning Board Deposits and Agency Accounts***

Over the past 3 years, the Town's current CFO has made tremendous strides cleaning up old accounts. We discussed two minor agency accounts in which I am endorsing her request to eliminate and include them as miscellaneous income.

It also came to our attention that the Town has reconciled through its planning board deposit accounts and is somewhat comfortable with the balances (over \$180,000) that currently exist. Our guess is that many of these are very old and some of these contractors may no longer be in business.

The Massachusetts General Law allows these accounts to be processed through an abandoned property process very similar to tailings. We suggest the Town investigate this. Those items that are not claimed can be posted to revenue in the year they are deemed abandoned.

***Management Response:*** *Management agrees with this recommendation. The Town Accountant will work with the Town Planner to review all accounts for their legitimacy and start the abandoned property process for all found to fit the criteria.*

### ***Payroll Files***

We tested 25 payroll files and had the following observations:

1. Currently the Town files its I9 forms with the remainder of its personnel files. Best practices suggest I9 forms should be kept separate from other personnel files. In the case of a federal audit of the I9 forms, if they are kept together, the Town would lose all its personnel files.
2. For two employees, their starting compensation was agreed to verbally, therefore there was no contract or other documentation in the files. We suggest that the Town create compensation documentation for all new hires.

***Management Response:*** *Management agrees with this recommendation.*

- a. *The Town is in the process of restructuring personnel and payroll files. Going forward I9 forms will be segregated from personnel records.*
- b. *During the past year the Town has begun modernizing its personnel practices. Written offer letters are now given to all new employees and documentation is kept in personnel files. We believe the two employees mentioned are outliers.*

### ***Municipal Light Department Checking Account – Prior Finding***

**Update** – The Town agreed with our finding and has been trying to secure the account for a number of years however the Municipal Light Department is reluctant to give up control of the account.

As a compromise the Town Treasurer is included as a signatory on the account and is allowed to review the reconciliation which allows the Town more control. *We continue to suggest that the checking account is closed or given to the Treasurer as custodian. This comment is not satisfied.*

**Management Response:** *Management agrees with this recommendation. Management will continue to encourage the Light Department to close the checking account.*

### ***Fire Detail Account***

Reminder that the deficit that has existed for several years was planned to be raised on the Fiscal Year 2020 tax recap.

**Management Response:** *Management agrees with this recommendation. The remaining deficit in the Fire Department detail account will be raised on the Fiscal Year 2020 recap.*

### ***Stagnant Capital Project Balances***

Reminder that the Town would use these balances as part of the 2020 budget; either as a repurpose or to pay back debt.

**Management Response:** *Management agrees with this recommendation. These accounts will be repurposed at the May 2020 Annual Town Meeting or applied to debt by vote of the Board of Selectmen.*



## **DEPARTMENTAL REVIEW**

It is the responsibility of the Town's Inspectional Services Department (the Department) to oversee all activities related to the issuance of building, plumbing, gas, electrical and other miscellaneous permits; and, in that regard, enforce the safety standards outlined in state and local building codes as well as local bylaws.

The Department's daily activities are overseen by a Building Commissioner. An Office Administrator assists with the majority of the paperwork in the office and four part-time inspectors who are non-benefit eligible handle the inspections.

In recent years, economic activity has been robust in the region which has translated into an increase in permit activity. The following table illustrates the annual revenues of the building department by category for fiscal year 2019:

<b>Description</b>	<b>2019</b>
Building permits	\$ 449,629
Plumbing permits	4,895
Electrical permits	14,400
Gas permits	9,065
Other	210
<b>Total revenue</b>	<b>\$ 478,199</b>

The significance of the activity has led management to select this department to be reviewed more in-depth as part of the annual audit. Reviewing a department as part of the annual audit has been a policy that has been in place for about 4 years.

Our review included risk assessment over cash handling, an assessment of the accounting and reconciliation procedures in place, and an overview of the operational activity. As a result of this review, we made certain observations that are being communicated to Inspectional Services and Finance Offices by way of this report.

### **Highlights**

Per our review we determined that the Department has many positive highlights in its process. These are summarized as follows:

1. The permitting process is administered through Citizen-Serve, a cloud based on-line permitting software solution. Users are able to take a permit from "cradle to grave" right from their own computers at their homes.
2. This has reduced the volume of foot traffic considerably at the office.
3. This has also reduced the amount of physical cash handling at the offices as payment is allowed to be entered on-line and deposited directly to the bank through a third-party provider.
4. Citizen Serve allows department heads involved in the permitting process such as Assessor, Health Department, Fire Department and Conservation to participate

- through an email alert system. This has made the communication process much more efficient as all impacted department heads are able to log in electronically.
5. Every payment, whether made in person or through the internet is logged into the system, therefore there is always a complete accounting of every single permit available by accessing the proper reports.
  6. Part of the approval process includes verifying if the applicant has outstanding obligations with Middleton like real estate taxes or motor vehicle excise.
  7. Contractor's licenses are checked against the State listing to determine if licenses are up to date.
  8. Professional licenses for all inspectors are verified through the State website.
  9. Conflicts between inspectors and general contractors are avoided by using alternate inspectors in those situations where a conflict may exist.
  10. Fees were adjusted in 2016 to conform to a more modern fee structure.
  11. Cash payments are discouraged and are used very infrequently.
  12. Turnovers to the Treasurer are completed weekly.

### **Recommendations**

While there are many positive aspects in the inspectional service process there are also some areas that should be considered for improvement.

These are summarized as follows:

1. While many background checks are completed, a process to verify that driver's licenses are up to date and under no restrictions is not performed for the inspectors. Since there is significant driving involved in the job, we suggest that an annual review of the driver's licenses becomes a policy.
2. Old files dating back many decades are maintained as required in a back room. The room is neither storage compliant nor does it have sprinkler systems. It is the only copy of those records which represent the majority of the building work completed in Town for at least the last 4 decades. The room is also filled to capacity and records are now being maintained in other areas of the office. We suggest the Town prioritize digitizing these files to electronic media and storing the files in the cloud. We understand the Town is currently beta testing such a procedure in other departments.
3. As discussed previously, some plumbing and gas permits are processed manually by the contractor but still entered into the electronic system by the Office Administrator. This assures that the Department maintains an electronic record of all transactions. We suggest the Department begin to charge a \$25 administrative fee for this service since it takes time to complete this task.
4. Computers used by the Department are slow and inefficient. We discovered that the computers are 4 years old or more. We suggest that the Department, IT and Town Management discuss transitioning to more efficient newer equipment.
5. The Department should create a policy and procedure manual. This would be useful in situations of turn-over. There are many processes currently being followed by the Department that could be memorialized through a policy and procedure manual for successor employees to follow.

6. Revenue reconciliations between the Department and MUNIS are currently not completed. Such a reconciliation can be facilitated using the Department's permitting program. The report feature in the program allows the ability to run many types of revenue reports. Therefore, we suggest a monthly reconciliation process is implemented that utilizes these reports when comparing to MUNIS.

We completed a quick reconciliation with the Office Administrator to determine how difficult this would be and how close the balances were. This was completed without any investigation into timing items. The two varied by less than \$10,000 which we feel was very close given it had never been completed before and was done with little research. As part of this process, the Office Administrator was trained on how to complete monthly reconciliations.

### **Conclusion**

The overall permitting process appears to be completed in an efficient manner. We were pleased with the operation and believe the key individuals involved in the process are proficient at their daily tasks. We are confident these individuals are able to implement the recommendations suggested without much difficulty. In doing so it will improve what is already a very good process.

### **Management Response:**

1. Drivers licenses: *Management agrees with the recommendation to annually review drivers' licenses. The Assistant Town Administrator/HR Coordinator will develop a protocol to accomplish this.*
2. File storage: *Management agrees with the recommendation to more safely store paper records. This is a significant challenge for many departments. The Town Clerk and Assistant Town Administrator/HR Coordinator are undertaking a pilot scanning project to convert paper records to digital. ISD records will be part of a future phase of this project.*
3. Administrative fee: *Management agrees with the recommendation to charge an administrative fee to cover staff time to input plumbing, gas, and other permits. This administrative fee will be part of a comprehensive review of fees target for completion before the end of Fiscal Year 2020.*
4. Computer speeds: *Management agrees with the recommendation to upgrade older computers to ensure adequate speed and efficiency. Upgrades will be programmed into the Fiscal Year 2021 budget.*
5. Policy and Procedure Manual: *Management agrees with the recommendation to create policy and procedure manuals to aid in staff turn-over. This comment has spurred a discussion that would stretch across the organization.*
6. Reconciliations: *Management agrees with the recommendation to perform monthly reconciliations between the Citizen Serve permitting software and MUNIS. The CFO will work with the Treasurer-Collector and ISD staff to ensure the implementation of this practice.*

**TOWN OF MIDDLETON, MASSACHUSETTS**

Report on Examination of the Basic Financial Statements and  
Additional Information

Year Ended June 30, 2019



# TOWN OF MIDDLETON, MASSACHUSETTS

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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, 2019, 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, 2018 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, 2019, except for the Light Department, which is as of December 31, 2018, 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 Statement of Net Position were restated which caused the previously reported total net position in the governmental and business-type 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 October 9, 2019 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, contracts and grant agreements and other matters. The purpose of that report is solely 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.

A handwritten signature in cursive script, appearing to read "Roselli, Clark & Associates".

Roselli, Clark & Associates  
Certified Public Accountants  
Woburn, Massachusetts  
October 9, 2019



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town of Middleton, Massachusetts (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019 (December 31, 2018 for the Light Department). We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements and required supplementary information found in this report.

### **Financial Highlights**

- The assets and deferred outflows of financial resources exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by over \$37.6 million (*total net position*).
- The Town's total net position increased by approximately \$1.3 million year-over-year. This was the result of a decrease in governmental activities of approximately \$1.4 million offset by about a \$0.1 million increase in Light Department operations.
- The Town's total long-term debt in its governmental activities decreased by nearly \$1 million due to regular scheduled maturities.
- As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance of over \$13.2 million, which was approximately \$1.0 million higher than the prior year. Of the ending fund balance over \$5.6 million (14.8% of expenditures) is *available for spending* at the government's discretion as *unassigned fund balance*. The remainder is earmarked for specific expenditures or nonspendable.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements** – The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets and deferred outflows of resources and its liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick pay).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are

intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, highways and streets, sanitation, education, health and human services, culture and recreation, fringe benefits and debt service. The business-type activities of the Town consist completely of Light Department activities.

**Fund Financial Statements** – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Accounting guidelines distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Nonspendable—amounts that cannot be spent because they are either (a) not in spendable form (i.e., inventory or prepaid items) or (b) legally or contractually required to be maintained intact.
- Restricted—amounts constrained by external parties, constitutional provision, or enabling legislation.
- Committed—amounts constrained by a government using its highest level of decision-making authority.
- Assigned—amounts a government intends to use for a particular purpose.
- Unassigned—amounts that are not constrained at all will be reported in the general fund or in other major funds if negative.

**Governmental Funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. This schedule has been prepared as required supplementary information and can be found along with the corresponding notes in this report.

**Proprietary Funds** – *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of

information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for enterprise funds of the Light Department.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Government-Wide Financial Analysis**

The following table represents the condensed statement of net position:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
<b><u>Assets</u></b>						
Current and other assets	\$ 20,498,007	\$ 16,475,334	\$ 15,401,015	\$ 15,778,699	\$ 35,899,022	\$ 32,254,033
Capital assets, net	54,518,082	55,597,030	11,959,527	11,592,264	66,477,609	67,189,294
<b>Total assets</b>	<b>75,016,089</b>	<b>72,072,364</b>	<b>27,360,542</b>	<b>27,370,963</b>	<b>102,376,631</b>	<b>99,443,327</b>
<b>Deferred outflows of resources</b>	<b>3,702,208</b>	<b>1,952,156</b>	<b>918,611</b>	<b>402,880</b>	<b>4,620,819</b>	<b>2,355,036</b>
<b><u>Liabilities</u></b>						
Long-term liabilities	56,070,226	51,855,448	4,621,358	4,265,603	60,691,584	56,121,051
Other liabilities	6,904,226	3,784,061	1,224,054	1,364,491	8,128,280	5,148,552
<b>Total liabilities</b>	<b>62,974,452</b>	<b>55,639,509</b>	<b>5,845,412</b>	<b>5,630,094</b>	<b>68,819,864</b>	<b>61,269,603</b>
<b>Deferred inflows of resources</b>	<b>337,260</b>	<b>306,587</b>	<b>239,000</b>	<b>75,215</b>	<b>576,260</b>	<b>381,802</b>
<b><u>Net Position</u></b>						
Net investment in capital assets	40,795,178	40,911,838	11,959,527	11,592,264	52,754,705	52,504,102
Restricted	6,165,527	6,148,067	-	502,071	6,165,527	6,650,138
Unrestricted	(31,554,120)	(29,782,218)	10,235,214	9,974,199	(21,318,906)	(19,808,019)
<b>Total Net Position</b>	<b>\$ 15,406,585</b>	<b>\$ 17,277,687</b>	<b>\$ 22,194,741</b>	<b>\$ 22,068,534</b>	<b>\$ 37,601,326</b>	<b>\$ 39,346,221</b>

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by over \$37.6 million (*total net position*), which represents an approximate \$0.7 million increase from the prior year’s balance.

The largest portion (\$52.8 million) of the Town’s overall net position reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional significant portion of the Town’s total net position (\$6.2 million) represents resources that are subject to external restrictions on how they may be used.

The remaining category represents *unrestricted net position* which is currently in a deficit position of over \$21.3 million. Surpluses of over \$10.2 million in the business-type activities are offset by a deficit of nearly \$31.6 million in the governmental activities. The business-type surplus may be used to meet the

ongoing obligations of the business-type activities. The governmental activities deficit is primarily the result of approximately \$42.1 million in obligations related to OPEB and pensions. The Town expects that its deficit in unrestricted net position will continue to increase for the foreseeable future until a mechanism to more adequately fund its annual OPEB obligation is in place.

The following table represents the condensed statement of changes in net position:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
<b><u>Revenues</u></b>						
Program revenues:						
Charges for services	\$ 3,424,586	\$ 3,069,294	\$ 13,903,397	\$ 13,343,136	\$ 17,327,983	\$ 16,412,430
Operating grants and contributions	4,493,221	4,379,896	576,456	469,879	5,069,677	4,849,775
Capital grants and contributions	553,573	355,139	-	-	553,573	355,139
General revenues:						
Property taxes	29,020,330	27,899,193	-	-	29,020,330	27,899,193
Excise taxes	2,494,660	2,452,278	-	-	2,494,660	2,452,278
Unrestricted investment earnings	265,505	89,470	(656,279)	552,896	(390,774)	642,366
Other	861,847	574,756	-	-	861,847	574,756
<b>Total Revenues</b>	<b>41,113,722</b>	<b>38,820,026</b>	<b>13,823,574</b>	<b>14,365,911</b>	<b>54,937,296</b>	<b>53,185,937</b>
<b><u>Expenses</u></b>						
General government	2,654,464	2,570,318	-	-	2,654,464	2,570,318
Public safety	5,842,299	5,475,166	-	-	5,842,299	5,475,166
Education	28,900,150	27,451,770	-	-	28,900,150	27,451,770
Public works	2,943,480	2,864,444	-	-	2,943,480	2,864,444
Health and human services	796,684	730,824	-	-	796,684	730,824
Culture and recreation	1,168,463	998,083	-	-	1,168,463	998,083
Debt service	449,333	346,771	-	-	449,333	346,771
Electric light	-	-	13,459,723	12,045,856	13,459,723	12,045,856
<b>Total Expenses</b>	<b>42,754,873</b>	<b>40,437,376</b>	<b>13,459,723</b>	<b>12,045,856</b>	<b>56,214,596</b>	<b>52,483,232</b>
Change in net position before transfers	(1,641,151)	(1,617,350)	363,851	2,320,055	(1,277,300)	702,705
<b>Transfers</b>	<b>223,000</b>	<b>204,000</b>	<b>(223,000)</b>	<b>(204,000)</b>	<b>-</b>	<b>-</b>
Change in net position	(1,418,151)	(1,413,350)	140,851	2,116,055	(1,277,300)	702,705
Net position, beginning of year	17,277,687	18,691,037	22,068,534	19,952,479	39,346,221	38,643,516
Restatement for net OPEB liability	(452,951)	-	(14,644)	-	(467,595)	-
Net position, beginning of year, as restated	16,824,736	18,691,037	22,053,890	19,952,479	38,878,626	38,643,516
Net position, end of year	<u>\$ 15,406,585</u>	<u>\$ 17,277,687</u>	<u>\$ 22,194,741</u>	<u>\$ 22,068,534</u>	<u>\$ 37,601,326</u>	<u>\$ 39,346,221</u>

**Governmental Activities** – Total revenues in fiscal year 2019 in the Town’s governmental activities increased almost \$2.3 million from fiscal year 2018. This increase was due primarily to an increase in property taxes which were over \$1.1 million greater than the prior year. Charges for services were approximately \$0.4 million higher than the prior year due to increased ambulance and water usage and other revenues were nearly \$0.3 million higher than the prior year due to higher unrestricted state aid and penalties and interest on taxes. All other revenue categories experienced minor increases and decreases that aggregated to the remaining net increase. The greatest revenue areas were property taxes which represented 70.6% of revenues. The increase was in line with the statutorily allowed increase from year to year and was expected. Operating grants which represented 10.9% of revenues were consistent with the prior year. No other revenue sources were greater than 10% of total revenues in fiscal years 2019 or 2018.

Total expenses for the current fiscal year were nearly \$42.8 million which was \$2.3 million higher than the prior year, primarily the result of education spending. Education represents by far the largest expense

category for the Town. In fiscal year 2019, education expenses represented approximately 67.6% of total expenses, consistent with 67.9% in the prior year. The Town continues to fund education expenses above the minimum state requirements. Public safety expenses represented 13.7% of total fiscal year 2019 expense; consistent with 13.5% in the prior year. No other expense types were greater than 10% of total expenses in fiscal years 2019 and 2018.

**Business-Type Activities** – Operating revenues of the light department increased as actual customer kilowatt hour sales increased approximately 2.3%. There were no rate changes during the year. Operating expenses increased approximately \$1.5 million, primarily due to higher power costs and pension and OPEB costs.

### **Government Funds Financial Analysis**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** – The focus of the Town’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the Town’s governmental funds balance sheet reported a combined ending fund balance of over \$13.2 million, which is over \$1.0 million higher than the prior year. Of the ending fund balance approximately \$5.6 million is *available for spending* at the government’s discretion as *unassigned fund balance*. The remainder is earmarked for specific expenditures.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was nearly \$5.6 million, while total general fund balance was nearly \$7.9 million. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 14.8% of total general fund expenditures, while total fund balance represents approximately 20.5% of that same amount. The change from the prior year was negligible.

The Town also maintains a major fund to account for its various capital projects. The Town reported \$0.1 million as restricted. The fund had virtually no activity in the current year thus remained unchanged.

The Town’s aggregate nonmajor funds include the Town’s special revenue funds and trust funds. The fund balances in the nonmajors funds were \$0.1 million greater than last year due to timing of revenues and expenditures and the majority of the total, \$5.1 million was restricted.

**Proprietary Funds** – The Town’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, net position of the Light Department was nearly \$22.2 million.

**Fiduciary Fund** – The Town’s fiduciary fund is comprised of the Town and Light Department’s OPEB trusts and private purpose trust funds. The OPEB trusts increased over \$0.1 million and \$0.2 million respectively for the Town and Light Department trusts due to continued funding beyond the pay go amount; and the private purpose trust funds were relatively unchanged.

### **General Fund Budgetary Highlights**

Differences between the original operating budget and the final amended operating budget were not significant. A budget to actual schedule for the general fund has been provided as required supplementary information.

### **Capital Asset and Debt Administration**

**Capital Assets** – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to approximately \$66.5 million, net of accumulated depreciation. This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment and infrastructure. The balance was consistent with the prior year as additions and depreciation approximated each other.

Additional information on the Town capital assets can be found in Note II, Section C of this report.

**Long-term Debt** – At June 30, 2019, the Town had total debt outstanding of approximately \$13.9 million, all reported in the governmental activities. Debt decreased approximately \$1 million due to regular scheduled maturities.

Moody’s Investors Service assigned a bond rating of Aa2 for its general obligation debt.

Additional information on the Town’s debt can be found in Note II, Sections E and F of this report.

### **Economic Factors and Next Year’s Budgets and Rates**

- The Town’s real estate tax base is made up predominantly of residential taxes, which when setting the 2020 tax rate will be approximately 83% of the entire real estate tax levy. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town’s ability to increase taxes in any one year by more than 2 ½% of the previous year tax levy without a ballot override by the voters.
- Unemployment rates continue to improve, both nationally and at the local level. Rates are currently trending towards or better than historic highs.
- The Town’s housing market has stabilized and prices are approaching their early 2000 peaks. This has been fueled by an attractive mortgage market as rates are still relatively low. The Town is participating in this rebound as real estate sales are exceeding their assessed values and in certain situations their asking prices, however the extent and breadth of this rebound cannot be easily predicted.
- The Town anticipates receiving nearly \$2.4 million in state aid for 2020 and has factored this amount into its tax rate setting process. This is a significant budget source for the Town as a substantial portion of this aid, more commonly referred to as Chapter 70 is used to subsidize the education budget.

The above items were considered when the Town accepted its budget for fiscal year 2020 at the May 2019 Town Meeting.

### **Requests for Information**

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

**TOWN OF MIDDLETON, MASSACHUSETTS**

**STATEMENT OF NET POSITION  
JUNE 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 16,067,745	\$ 3,237,554	\$ 19,305,299
Investments	2,701,558	8,408,893	11,110,451
Receivables, net:			
Property taxes	640,134	-	640,134
User charges	4,944	1,322,899	1,327,843
Departmental and other	539,922	226,979	766,901
Intergovernmental	75,243	-	75,243
Unbilled revenue	-	185,164	185,164
Inventory	-	607,898	607,898
Prepaid items	-	1,409,747	1,409,747
Other assets	-	1,881	1,881
Tax foreclosures	468,461	-	468,461
Capital assets not being depreciated	6,891,331	2,219,869	9,111,200
Capital assets, net of accumulated depreciation	47,626,751	9,739,658	57,366,409
<b>Total Assets</b>	<b>75,016,089</b>	<b>27,360,542</b>	<b>102,376,631</b>
<b>Deferred Outflows of Resources</b>			
Related to Pensions	2,287,912	477,316	2,765,228
Related to OPEB	1,414,296	441,295	1,855,591
<b>Total Deferred Outflows of Resources</b>	<b>3,702,208</b>	<b>918,611</b>	<b>4,620,819</b>
<b>Liabilities</b>			
Warrants and accounts payable	744,919	721,689	1,466,608
Accrued payroll and withholdings	1,131,713	-	1,131,713
Accrued interest	175,018	-	175,018
Customer deposits	-	214,844	214,844
Other liabilities	14,819	287,521	302,340
Bond anticipation notes payable	3,745,000	-	3,745,000
Noncurrent liabilities:			
Due within one year	1,092,757	-	1,092,757
Due in more than one year	56,070,226	4,621,358	60,691,584
<b>Total Liabilities</b>	<b>62,974,452</b>	<b>5,845,412</b>	<b>68,819,864</b>
<b>Deferred Inflows of Resources</b>			
Related to Pensions	222,968	239,000	461,968
Related to OPEB	114,292	-	114,292
<b>Total Deferred Inflows of Resources</b>	<b>337,260</b>	<b>239,000</b>	<b>576,260</b>
<b>Net Position</b>			
Net investment in capital assets	40,795,178	11,959,527	52,754,705
Restricted for:			
Nonexpendable permanent funds	173,403	-	173,403
Expendable permanent funds	132,544	-	132,544
Grants and gifts	399,330	-	399,330
Other specific purposes	5,460,250	-	5,460,250
Unrestricted	(31,554,120)	10,235,214	(21,318,906)
<b>Total Net Position</b>	<b>\$ 15,406,585</b>	<b>\$ 22,194,741</b>	<b>\$ 37,601,326</b>

See accompanying notes to basic financial statements.



TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,654,464	\$ 531,134	\$ 33,002	\$ -	\$ (2,090,328)		\$ (2,090,328)
Public safety	5,842,299	1,294,131	2,304	192,436	(4,353,428)		(4,353,428)
Education	28,900,150	711,286	4,214,083	-	(23,974,781)		(23,974,781)
Public works	2,943,480	817,689	11,205	318,488	(1,796,098)		(1,796,098)
Health and human services	796,684	56,667	216,046	-	(523,971)		(523,971)
Culture and recreation	1,168,463	11,393	16,581	42,649	(1,097,840)		(1,097,840)
Interest expense	449,333	2,286	-	-	(447,047)		(447,047)
Total governmental activities	42,754,873	3,424,586	4,493,221	553,573	(34,283,493)		(34,283,493)
Business-type activities:							
Electric Light	13,459,723	13,903,397	576,456	-		\$ 1,020,130	1,020,130
Total business-type activities	13,459,723	13,903,397	576,456	-		1,020,130	1,020,130
Total Primary Government	\$ 56,214,596	\$ 17,327,983	\$ 5,069,677	\$ 553,573	(34,283,493)	1,020,130	(33,263,363)
General Revenues:							
		Property taxes			29,020,330	-	29,020,330
		Motor vehicle and other excise			2,494,660	-	2,494,660
		Payments in lieu of taxes			134,776	-	134,776
		Grants and contributions not restricted to specific programs			585,995	-	585,995
		Penalties and interest on taxes			141,076	-	141,076
		Unrestricted investment income			265,505	(656,279)	(390,774)
		Transfers (net)			223,000	(223,000)	-
		Total general revenues			32,865,342	(879,279)	31,986,063
		Change in Net Position			(1,418,151)	140,851	(1,277,300)
Net Position:							
		Beginning of year, as restated (see Note IV)			16,824,736	22,053,890	38,878,626
		End of year			\$ 15,406,585	\$ 22,194,741	\$ 37,601,326

See accompanying notes to basic financial statements.

**TOWN OF MIDDLETON, MASSACHUSETTS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 7,396,632	\$ 3,896,696	\$ 4,774,417	\$ 16,067,745
Investments	2,273,549	-	428,009	2,701,558
Receivables, net of allowance for uncollectibles:				
Property taxes	636,938	-	3,196	640,134
Intergovernmental	-	-	75,243	75,243
User charges	-	-	4,944	4,944
Departmental and other	168,195	-	371,727	539,922
Tax foreclosures	468,461	-	-	468,461
<b>Total Assets</b>	<u>10,943,775</u>	<u>3,896,696</u>	<u>5,657,536</u>	<u>20,498,007</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 10,943,775</u>	<u>\$ 3,896,696</u>	<u>\$ 5,657,536</u>	<u>\$ 20,498,007</u>
<b>Liabilities</b>				
Warrants and accounts payable	\$ 744,919	\$ -	\$ -	\$ 744,919
Accrued payroll and withholdings	1,131,713	-	-	1,131,713
Other liabilities	9,298	-	5,521	14,819
Bond anticipation notes payable	-	3,745,000	-	3,745,000
<b>Total Liabilities</b>	<u>1,885,930</u>	<u>3,745,000</u>	<u>5,521</u>	<u>5,636,451</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues - property taxes	636,938	-	3,196	640,134
Unavailable revenues - other	636,656	-	376,671	1,013,327
<b>Total Deferred Inflows of Resources</b>	<u>1,273,594</u>	<u>-</u>	<u>379,867</u>	<u>1,653,461</u>
<b>Fund Balances</b>				
Nonspendable	-	-	173,403	173,403
Restricted	361,816	151,696	5,098,745	5,612,257
Committed	463,254	-	-	463,254
Assigned	1,353,988	-	-	1,353,988
Unassigned	5,605,193	-	-	5,605,193
<b>Total Fund Balances</b>	<u>7,784,251</u>	<u>151,696</u>	<u>5,272,148</u>	<u>13,208,095</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 10,943,775</u>	<u>\$ 3,896,696</u>	<u>\$ 5,657,536</u>	<u>\$ 20,498,007</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, 2019**

<b>Total Governmental Fund Balances</b>	<b>\$ 13,208,095</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	54,518,082
Other long-term assets are unavailable to pay current-period expenditures	1,653,461
Deferred outflows and inflows of resources to be recognized in future fiscal years are not available resources and, therefore, are not reported in the funds:	
Deferred outflows related to pensions	2,287,912
Deferred outflows related to other postemployment benefits	1,414,296
Deferred inflows related to pensions	(114,292)
Deferred inflows related to other postemployment benefits	<u>(222,968)</u>
Net effect of reporting deferred outflows and inflows of resources	3,364,948
In the Statement of Activities, interest is accrued on outstanding long-term debt whereas in the governmental funds interest is not reported until due.	(175,018)
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	(13,840,000)
Unamortized premiums on bonds	(286,766)
Direct borrowings and placements	(64,898)
Landfill closure	(840,000)
Net pension liability	(17,695,058)
Net other postemployment benefits liability	<u>(24,436,261)</u>
Net effect of reporting long-term liabilities	<u>(57,162,983)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 15,406,585</u></b>

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, 2019**

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 28,896,681	\$ -	\$ 236,348	\$ 29,133,029
Intergovernmental	4,533,810	-	1,035,546	5,569,356
Motor vehicle and other excises	2,500,949	-	-	2,500,949
Licenses and permits	609,341	-	-	609,341
Penalties and interest on taxes	141,076	-	-	141,076
Payments in lieu of taxes	134,776	-	-	134,776
Fines and forfeitures	13,837	-	-	13,837
Charges for services	-	-	1,229,989	1,229,989
Departmental and other revenue	603,737	-	953,711	1,557,448
Investment income	241,488	-	24,017	265,505
Contributions and donations	-	-	63,433	63,433
<b>Total Revenues</b>	<b>37,675,695</b>	<b>-</b>	<b>3,543,044</b>	<b>41,218,739</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,952,598	6,250	10,585	1,969,433
Public safety	4,327,463	-	211,113	4,538,576
Education	22,688,639	5,000	1,123,166	23,816,805
Public works	1,742,561	-	754,101	2,496,662
Health and human services	452,457	-	124,962	577,419
Culture and recreation	588,693	-	44,190	632,883
Pension and employee benefits	4,460,459	-	-	4,460,459
State and county assessments	434,387	-	-	434,387
<b>Debt service:</b>				
Principal	819,475	-	166,588	986,063
Interest	471,750	-	8,350	480,100
<b>Total Expenditures</b>	<b>37,938,482</b>	<b>11,250</b>	<b>2,443,055</b>	<b>40,392,787</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(262,787)</b>	<b>(11,250)</b>	<b>1,099,989</b>	<b>825,952</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,205,852	-	-	1,205,852
Transfers out	-	-	(982,852)	(982,852)
<b>Total Other Financing Sources (Uses)</b>	<b>1,205,852</b>	<b>-</b>	<b>(982,852)</b>	<b>223,000</b>
<b>Net Change in Fund Balances</b>	<b>943,065</b>	<b>(11,250)</b>	<b>117,137</b>	<b>1,048,952</b>
<b>FUND BALANCES - Beginning of year</b>	<b>6,841,186</b>	<b>162,946</b>	<b>5,155,011</b>	<b>12,159,143</b>
<b>FUND BALANCES - End of year</b>	<b>\$ 7,784,251</b>	<b>\$ 151,696</b>	<b>\$ 5,272,148</b>	<b>\$ 13,208,095</b>

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, 2019**

<b>Net Change in Fund Balances - Total Governmental Fund Balances</b>	<b>\$ 1,048,952</b>
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	1,248,275
Depreciation expense	<u>(2,327,223)</u>
Net effect of reporting capital assets	(1,078,948)
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	41,421
Repayments of debt	<u>986,063</u>
Net effect of reporting long-term debt	1,027,484
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.	
	(105,017)
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.	
	(10,654)
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	(777,985)
Other postemployment benefits	<u>(1,574,483)</u>
Net effect of reporting long-term liabilities	<u>(2,299,968)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (1,418,151)</u></b>

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019

	Business-Type Activities Electric Light Enterprise (December 31, 2018)
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 3,237,554
Investments	8,408,893
Receivables (net):	
User charges	1,322,899
Departmental and other	226,979
Unbilled revenue	185,164
Inventory	607,898
Prepaid items	1,409,747
Other current assets	1,881
Total current assets	<u>15,401,015</u>
Noncurrent assets:	
Nondepreciable capital assets	2,219,869
Capital assets (net of depreciation)	<u>9,739,658</u>
Total noncurrent assets	<u>11,959,527</u>
Total Assets	<u>27,360,542</u>
<b>Deferred Outflows of Resources</b>	
Related to Pensions	477,316
Related to OPEB	<u>441,295</u>
Total Deferred Outflows of Resources	<u>918,611</u>
<b>Liabilities</b>	
Current liabilities:	
Warrants and accounts payable	721,689
Customer deposits	214,844
Other liabilities	<u>287,521</u>
Total current liabilities	<u>1,224,054</u>
Noncurrent liabilities:	
Compensated absences	69,697
Net other postemployment benefits liability	586,441
Net pension liability	<u>3,965,220</u>
Total noncurrent liabilities	<u>4,621,358</u>
Total Liabilities	<u>5,845,412</u>
<b>Deferred Inflows of Resources</b>	
Related to Pensions	<u>239,000</u>
Total Deferred Inflows of Resources	<u>239,000</u>
<b>Net Position</b>	
Net investment in capital assets	11,959,527
Restricted	-
Unrestricted	<u>10,235,214</u>
<b>Total Net Position</b>	<u><u>\$ 22,194,741</u></u>

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, 2019**

	Business-Type Activities Electric Light Enterprise (December 31, 2018)
Operating Revenues:	
Charges for services	\$ 13,903,397
Other operating revenues	<u>576,456</u>
Total Operating Revenues	<u>14,479,853</u>
Operating Expenses:	
Purchased power and production	9,826,486
Other operating expenses	2,969,800
Depreciation	<u>663,437</u>
Total Operating Expenses	<u>13,459,723</u>
Operating Income (Loss)	<u>1,020,130</u>
Nonoperating Revenues (Expenses):	
Investment income (loss)	<u>(656,279)</u>
Total Nonoperating Revenues (Expenses)	<u>(656,279)</u>
Income (Loss) Before Transfers	363,851
Transfers out	<u>(223,000)</u>
Change in Net Position	140,851
Total Net Position - Beginning of the Year	<u>22,053,890</u>
<b>Total Net Position - End of the Year</b>	<u><u>\$ 22,194,741</u></u>

See accompanying notes to basic financial statements.

**TOWN OF MIDDLETON, MASSACHUSETTS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FISCAL YEAR ENDED JUNE 30, 2019**

	Business-Type Activities Electric Light Enterprise (December 31, 2018)
Cash Flows from Operating Activities:	
Receipts from customers	\$ 14,970,739
Payments to suppliers	(11,357,718)
Payments to employees	(1,608,259)
Operating transfers out	(223,000)
Net Cash Provided by (Used in) Operating Activities	1,781,762
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(1,030,700)
Net Cash Used in Capital and Related Financing Activities	(1,030,700)
Cash Flows from Investing Activities:	
Investment income	(656,279)
Investment of operating cash, net	613,373
Net Cash Provided by (Used in) Investing Activities	(42,906)
Net Change in Cash and Cash Equivalents	708,156
Cash and Cash Equivalents:	
Beginning of the year	2,529,398
End of the year	\$ 3,237,554
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating Income (Loss)	\$ 1,020,130
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Operating transfers out	(223,000)
Depreciation	663,437
Changes in assets and liabilities:	
Receivables	547,572
Unbilled revenue	(23,634)
Inventory	(2,501)
Prepaid items	(48,970)
Accounts payable	(126,702)
Customer deposits	(33,052)
Other liabilities	22,060
Net other postemployment benefits liability	(225,247)
Net pension liability	211,669
Net Cash Provided by (Used in) Operating Activities	\$ 1,781,762

See accompanying notes to basic financial statements.



**TOWN OF MIDDLETON, MASSACHUSETTS**

**STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2019**

		(Light Department) December 31, 2018		
	Other Postemployment Benefits Trust Fund	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 819,560	\$ 89,284	\$ 121,975
Investments:				
Negotiable certificates of deposit	-	-	74,102	24,184
Common stock	-	-	108,066	35,268
Corporate fixed income securities	-	-	189,886	57,604
U.S. government obligations	-	-	142,544	46,520
PRIT	1,292,921	-	-	-
<b>Total Assets</b>	<u>1,292,921</u>	<u>819,560</u>	<u>603,882</u>	<u>285,551</u>
<b>Liabilities</b>				
Agency liabilities	-	-	-	285,551
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,551</u>
<b>Net Position</b>				
Restricted for other postemployment benefits	1,292,921	819,560	-	-
Held in trust for private purposes	-	-	603,882	-
<b>Total Net Position</b>	<u>\$ 1,292,921</u>	<u>\$ 819,560</u>	<u>\$ 603,882</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**

		(Light Department) December 31, 2018	
	Other Postemployment Benefits Trust Fund	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
<b>Additions</b>			
Contributions:			
Employer	\$ 684,902	\$ 300,000	\$ -
Other	-	-	2,838
Total contributions	684,902	300,000	2,838
Investment income:			
Interest and dividends	72,264	(63,804)	17,396
<b>Total Additions</b>	<b>757,166</b>	<b>236,196</b>	<b>20,234</b>
<b>Deductions</b>			
Education - scholarships	-	-	2,500
Health and human services	-	-	21,759
Retiree benefits	609,902	-	-
<b>Total Deductions</b>	<b>609,902</b>	<b>-</b>	<b>24,259</b>
CHANGE IN NET POSITION	147,264	236,196	(4,025)
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>1,145,657</b>	<b>583,364</b>	<b>607,907</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 1,292,921</b>	<b>\$ 819,560</b>	<b>\$ 603,882</b>

See accompanying notes to basic financial statements.

# **TOWN OF MIDDLETON, MASSACHUSETTS**

## **NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

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### **I. Summary of Significant Accounting Policies**

The accompanying basic financial statements of the Town of Middleton, Massachusetts (the “Town”) have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (“GASB”), which is the primary standard-setting body for state and local governmental entities. The following is a summary of the more significant policies and practices used by the Town:

#### **A. Reporting Entity**

The Town is located approximately twenty miles north of Boston. It is bordered by the Towns of North Reading, North Andover, Boxford, Topsfield, Danvers, Peabody and Lynnfield. The Town was settled in 1659 and incorporated as a Town in 1728; and uses the open town meeting form of government. It is governed by a five-member elected Board of Selectmen with an appointed Town Administrator. Members of the Town’s Board of Selectmen serve three-year terms.

The Town provides governmental services for the territory within its boundaries, including police and fire protection, public education in grades K-12, utility services, street maintenance, parks and recreational facilities.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the Town meet certain criteria. Pursuant to these criteria there are no component units required to be included in the financial statements.

The Town is a member community of the Masconomet Regional School District that provides educational services in grades 7 to 12 to the Towns of Middleton, Topsfield and Boxford. This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2019, the Town’s share of the operating and debt service expenses was \$9,795,231. Complete audited financial statements can be obtained directly from the District’s administrative office located at 20 Endicott Road, Topsfield, Massachusetts 01983.

The Town is a member community of the Essex North Shore Agricultural and Technical School District that provides educational services in grades 9 to 12 to many area communities. This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2019, the Town’s share of the operating and debt service expenses was \$836,187. Complete audited financial statements can be obtained directly from the District’s administrative office located at 565 Maple Street, Hathorne, Massachusetts 01937.

The Town does not have an equity interest in either of the joint ventures.

## B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

- 1) The total assets and deferred outflows of financial resources, liabilities and deferred inflows of financial resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding element (assets and deferred outflows of financial resources, liabilities and deferred inflows of financial resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets and deferred outflows of financial resources, liabilities and deferred inflows of financial resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding element for all governmental and enterprise funds combined.

In addition, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

## C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. For the most part, the effect of interfund activity has been removed from the government-wide financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. measurable and available). Revenues are considered to be *available*

when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when payment is due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town applies the susceptible to accrual criteria to intergovernmental revenues. In applying the susceptible to accrual concept, there are two types of revenues. In one, moneys must be expended for a specific purpose or project before any amounts will be paid to the; therefore, revenues are recognized as expenditures are incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues when cash is received, or earlier if the susceptible to accrual criteria are met. State aid is accrued as revenue in the year that the funds are appropriated by the Commonwealth.

The Town considers property tax revenues to be available if they are collected within sixty days after the end of the fiscal year and are material. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The government reports the following major governmental funds:

General Fund – is the government’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Town Capital Projects Fund – are used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Nonmajor Governmental Funds – consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the Nonmajor Governmental Funds column on the Governmental Funds financial statements. The following describes the general use of these fund types:

*Special Revenue Funds* – are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

*Permanent Funds* – are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of

salaries, ordinary maintenance, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major proprietary funds:

Light Department – accounts for user charges collected to finance costs associated with providing electric power to the Town’s residents and businesses.

Fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Fiduciary funds are used to account for assets held in a trustee capacity for others that may not be used for governmental programs.

The government reports the following fiduciary funds:

Other Postemployment Benefits Trust Fund – is used to account for funds accumulated by the Town to assist it in its future OPEB obligations.

Private-Purpose Trust Fund – is used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. This fund is used primarily for public assistance and scholarships.

Agency Fund – is used to account for assets held in a purely custodial capacity. This fund is primarily used for private public safety details and developer deposits. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

#### **D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity**

Deposits and Investments – The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of the Town are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes to the statutory rate per annum. The Town is allowed to take delinquent tax accounts into tax title fourteen days subsequent to the mailing of demand of delinquent taxes. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate taxes that are secured through a lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property tax and excise tax receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old. Departmental receivables are shown net of an allowance for uncollectible balances based on historical trends and specific account analysis.

Inventories and Prepaid Items – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in

both government-wide and fund financial statements. The Light Department's prepaid items represent a deposit used to facilitate timely payments of certain monthly power invoices.

Capital Assets – Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles and infrastructure (e.g. roads, sewer mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Interest incurred during the construction phase of capital assets of business-type activities, if material is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction-in-process) are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	7 to 40 years
Land improvements	20 to 30 years
Machinery and equipment	3 to 10 years
Infrastructure	30 to 100 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Interfund Transfers – During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business –type activities are reported in the statement of activities as *transfers, net*.

Investment Income – Investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by state law. Investment income of the permanent funds and proprietary funds is retained in the funds.

Compensated Absences – It is the Town's policy to permit employees to accumulate earned but unused vacation and sick-pay benefits. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured. For governmental activities, the liability for compensated absences is not material and is therefore not reported in these financial statements.

Long-term Obligations – Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond anticipation notes payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two types of items that are reported on the government-wide statement of net position which relate to outflows from changes in the net pension liability and the other postemployment benefit liability. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection C.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three items that are reported as deferred inflows of resources. The first arises only under a modified accrual basis of accounting and, accordingly, the item *unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are reported on the government-wide statement of net position and relate to outflows from changes in the net pension liability and the other postemployment benefit liability. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection C.

Net Position – In the government-wide financial statements, net position reported as “net investment in capital assets,” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific use. Net position has been *restricted for* the following:

*Nonexpendable permanent funds* represent the endowment portion of donor restricted trusts that support governmental programs.

*Expendable permanent funds* represent the spendable portion of donor restricted trusts that support governmental programs.



*Grants and gifts* represent assets that have restrictions placed on them from federal and state granting agencies, donors and other outside parties for specific governmental programs and uses.

*Other specific purposes* represent assets that are restricted by third parties for specific governmental programs and uses.

*Fund Equity* – The Town presents its fund balances in its governmental funds using classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned as described below:

*Nonspendable* represents amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid) or (b) legally or contractually required to be maintained intact as the corpus of the endowment.

*Restricted* represents amounts that have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority, which consists of the Town Meeting members through Town Meeting Votes. Those committed amounts cannot be used for any other purpose unless the Town Meeting removes or changes the specified use by taking the same type of action (through Town Meeting Votes) it employed previously to commit those amounts.

*Assigned* represents amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Town has by ordinance authorized the Town Accountant to assign fund balance. The Town Meeting may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

*Unassigned* represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed. The Town has not established financial policies with respect to maintaining minimum fund balance amounts.

*Encumbrances* – The Town's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing

activity approved by the Town Accountant as assigned, and (2) classify encumbrances that result from an action of the Town Meeting as committed. Encumbrances of funds already restricted, or committed are included within the classification of those fund balances and not reported separately. The Town reports \$101,199 of encumbrances from normal purchasing activity in the general fund as assigned and \$463,254 of encumbrances from Town Meeting Articles in the general fund as committed. There are no encumbrances reported in any other fund.

The following table reflects the Town's fund equity categorizations:

	General	Capital Projects	Nonmajor Governmental	Total
Nonspendable:				
Nonexpendable trust funds	\$ -	\$ -	\$ 173,403	\$ 173,403
Restricted:				
School revolving	-	-	582,928	582,928
Federal and state grants	-	-	246,478	246,478
Ambulance services	-	-	1,103,025	1,103,025
Gift funds	-	-	152,852	152,852
Septic betterments	-	-	65,528	65,528
Cable access programming	-	-	455,945	455,945
Water services	-	-	959,246	959,246
Community preservation	-	-	921,259	921,259
Other capital outlay	-	151,696	-	151,696
Cemetery trust funds	-	-	49,485	49,485
Other trust funds	-	-	83,059	83,059
Debt service	361,816	-	-	361,816
Other purposes	-	-	478,940	478,940
Committed:				
General government	255,104	-	-	255,104
Public works	50,158	-	-	50,158
Public safety	33,911	-	-	33,911
Education	116,708	-	-	116,708
Other purposes	7,373	-	-	7,373
Assigned:				
Purchase orders	101,199	-	-	101,199
Subsequent years' budget	1,252,789	-	-	1,252,789
Unassigned	5,605,193	-	-	5,605,193
	<u>\$ 7,784,251</u>	<u>\$ 151,696</u>	<u>\$ 5,272,148</u>	<u>\$13,208,095</u>

*Stabilization Funds* – The Town maintains a general stabilization fund, which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. At June 30, 2019, the Town reported a balance in its stabilization fund of \$1,534,904, which is reported as unassigned in the general fund.

The Town maintains a special education stabilization fund, which may be used for any special education purpose upon a two-thirds vote of the Town Meeting. At June 30, 2019, the Town reported a balance in its special education stabilization fund of \$157,269, which is reported as unassigned in the general fund.

The Town maintains a capital stabilization fund, which may be used for any capital purpose upon a two-thirds vote of the Town Meeting. At June 30, 2019, the Town reported a balance in its capital stabilization fund of \$419,227, which is reported as unassigned in the general fund.

The Town maintains a retirement stabilization fund, which may be used for retirement costs upon a two-thirds vote of the Town Meeting. At June 30, 2019, the Town reported a balance in its retirement stabilization fund of \$26,202, which is reported as unassigned in the general fund.

#### **E. Excess of Expenditures Over Appropriations and Fund Deficits**

The Town incurred no deficits in the current year.

#### **F. Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

## **II. Detailed Notes to All Funds**

### **A. Deposits and Investments**

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "cash and cash equivalents." The deposits and investments of trust funds are held separately from those of other funds.

State laws and regulations require the Town to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and State Treasurer's investment pool (the "Pool"). In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation. During the fiscal year, the Town did not enter into any repurchase agreements.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust, or MMDT, which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk: Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk relative to cash holdings. At June 30, 2018, the Town, excluding the Light Department, had bank deposits totaling \$10,423,943 with a carrying value of \$10,923,913. Of the bank balance, \$3,680,461 was not insured by the Federal Deposit Insurance Corporation ("FDIC"), the depositors' insurance fund or collateralization agreements and therefore exposed to custodial credit risk.

At year-end, the Light Department's carrying amount of segregated bank deposits was \$217,186. The bank balance of these Department segregated funds maintained by the Town Treasurer was \$230,771. In addition to the segregated funds, there was \$2,956,204 of operating cash pooled

within various accounts maintained by the Town Treasurer. Bank deposits are pooled with, or in the same financial institution as, Town operated funds and therefore specific collateralization information on these deposits is not available.

*Custodial Credit Risk: Investments* – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town or Light Department may not be able to recover the full amount of its principal investment and/or investment earnings. The Town's investment in the MMDT and PRIT are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The Town's investments in United States governmental obligations, bond and equity mutual funds and other investment funds are exposed to custodial credit risk because the related securities are uninsured, unregistered and are held by the counterparty. The Town's investments in negotiable certificates of deposit are fully insured by the FDIC. The Town's investment in a repurchase agreement is held by a counterparty, but not in the Town's name. The repurchase agreement is fully collateralized with U.S. government securities.

*Fair Value of Investments* – The Town reports its investments at fair value. When actively quoted observable prices are not available, the Town generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability. The three levels of the hierarchy are as follows:

- *Level 1* – Inputs are quoted prices in active markets for identical investments at the measurement date.
- *Level 2* – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the investment through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- *Level 3* – Inputs reflect the Town's best estimate of what market participants would use in pricing the investment at the measurement date.

U.S government obligations, bond mutual funds and equity mutual funds are classified in Level 1 and are valued using prices quoted in active markets for those securities, while the remaining investments are classified in Level 2. Negotiable certificates of deposit and repurchase agreements are valued using matrix pricing based on the securities' relationship to benchmark quoted prices. Other investment mutual funds are valued based on the published fair value per share (unit) for each fund. The State Treasurer's PRIT fund is valued based on the composition and fair value of the underlying investments contained within this pool, which can be determined using inputs other than quoted prices that are observable either directly or indirectly. The State Treasurer's investment pool (MMDT) is valued at amortized cost. The MMDT's investment advisor may value the pool using an alternative valuation method that more accurately reflects the fair value in accordance with the pools fair value pricing policies should amortized cost not approximate the fair value of the pool.

The following table presents the Town's investments carried at fair value on a recurring basis in the statement of net position at June 30, 2019:

	6/30/19	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<b>Investments by fair value level</b>				
Debt securities:				
Corporate fixed income securities	\$ 1,027,129	\$ 1,027,129	\$ -	\$ -
U.S. government obligations	829,489	829,489	-	-
Negotiable certificates of deposit	431,214	-	431,214	-
Repurchase agreements	3,192,703	-	3,192,703	-
State treasurer's PRIT fund	1,292,921	-	1,292,921	-
Total debt securities	6,773,456	1,856,618	4,916,838	-
Equity securities:				
Common stock	628,855	628,855	-	-
Equity mutual funds	369,711	369,711	-	-
Other investment funds	93,334	-	93,334	-
Total equity securities	1,091,900	998,566	93,334	-
Total investments by fair value level	\$ 7,865,356	\$ 2,855,184	\$ 5,010,172	\$ -
<b>Investments measured at amortized costs</b>				
Massachusetts Municipal Depository Trust	2,162,388			
Total investments	10,027,744			

At December 31, 2017, the light department's investments are categorized as follows: Level 1 - \$664,569 US government securities, \$541,137 equities and \$4,986,822 mutual and money market funds; Level 2 - \$946,185 municipal bonds and \$983,039 corporate bonds; \$1,101,007 certificates of deposit are not classified.

*Interest Rate Risk: Deposits* – This is the risk that fair value losses may arise due to increasing interest rates. The Town does not have formal investment policies that limit investment maturities as a way of managing its exposure to fair value losses arising from rising interest rates.

*Interest Rate Risk: Investments* – Debt securities are subject to interest rate risk. Debt securities may be adversely affected by changes in interest rates, which may negatively affect the fair value of individual debt instruments. The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At June 30, 2019, the Town had the following investments with maturities:

Investments	6/30/19	Maturities in Years		
		Less than 1	1 - 5	6 - 10
Corporate fixed income securities	\$ 1,027,129	\$ 358,912	\$ 668,217	\$ -
U.S. government obligations	829,489	595,584	233,905	-
Negotiable certificates of deposit	431,214	300,540	130,674	-
Total investments with maturities	<u>\$ 2,287,832</u>	<u>\$ 1,255,036</u>	<u>\$ 1,032,796</u>	<u>\$ -</u>

The Light Department had investments as follows 1) US Government Securities, \$664,569 beyond five years; 2) for certificates of deposit, \$79,900 less than one year, \$59,354 between one and two years, \$484,403 between two and five years and \$477,350 beyond five years; 3) for municipal bonds, \$946,185 beyond five years; and 4) for corporate bonds, \$983,039 beyond five years.

Concentration of Credit Risk – The Town does not place a limit on the amount that may be invested in any one issuer. At June 30, 2019, Town has 22% of its investments in MMDT, 13% in the PRIT fund and 32% in repurchase agreements collateralized with U. S. government backed securities.

Credit Risk – The Town has not adopted a formal policy related to credit risk. The Town's investments in U.S. government obligations are rated Aaa by Moody's. Corporate bonds are rated \$120,815 as Aaa, \$415,293 as A1, \$130,810 as A2, \$209,272 as Baa1 and \$150,939 as Baa2. The Town's remaining investments are unrated.

The Light Department's U.S. government securities are rated Aaa by Moody's and AA+ by Standards and Poor's. Municipal bonds are rated \$946,185 as AA to A and corporate bonds are rated \$93,936 as AAA, \$574,962 as AA to A and \$314,141 are rated BBB by Standards and Poor's. Mutual funds, money market funds and certificates of deposit are not rated.

## B. Receivables

Receivables as of June 30, 2019 for the Town's individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	\$ 334,175	\$ -	\$ 334,175
Tax liens and deferrals	302,763	-	302,763
Community preservation surcharges	3,196	-	3,196
Motor vehicle and other excise taxes	165,588	-	165,588
User charges	4,944	-	4,944
Ambulance fees	601,963	(240,785)	361,178
Other	13,156	-	13,156
Intergovernmental	75,243	-	75,243
Total	<u>\$ 1,501,028</u>	<u>\$ (240,785)</u>	<u>\$ 1,260,243</u>

Receivables at year-end for the Town's Electric Light Department Enterprise Fund are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Customer accounts receivable	\$ 1,375,160	\$ (52,261)	\$ 1,322,899
Other accounts receivable	219,742	-	219,742
Unbilled revenue	185,164	-	185,164
Purchased power credits receivable	7,237	-	7,237
Total	<u>\$ 1,787,303</u>	<u>\$ (52,261)</u>	<u>\$ 1,735,042</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

	General Fund	Other Governmental	Total
Receivable and other asset types:			
Real estate and personal property taxes	\$ 334,175	\$ -	\$ 334,175
Tax liens and deferrals	302,763	-	302,763
Motor vehicle and other excise taxes	165,588	-	165,588
Community preservation surcharges	-	3,196	3,196
User charges	-	4,944	4,944
Ambulance fees	-	361,178	361,178
Other	2,607	10,549	13,156
Tax foreclosures	468,461	-	468,461
Total	<u>\$ 1,273,594</u>	<u>\$ 379,867</u>	<u>\$ 1,653,461</u>

## C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 (December 31, 2018 for Electric Light Department) was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Governmental Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 6,583,884	\$ -	\$ -	\$ 6,583,884
Construction in process	245,161	176,361	(114,075)	307,447
Total capital assets not being depreciated	6,829,045	176,361	(114,075)	6,891,331
Capital assets being depreciated:				
Land improvements	1,888,307	118,100	(48,939)	1,957,468
Buildings and improvements	44,683,136	-	-	44,683,136
Machinery and equipment	6,906,733	688,957	(205,924)	7,389,766
Infrastructure	30,521,706	378,932	(5,798)	30,894,840
Total capital assets being depreciated	83,999,882	1,185,989	(260,661)	84,925,210
Less accumulated depreciation for:				
Land improvements	(1,046,788)	(57,618)	48,939	(1,055,467)
Buildings and improvements	(14,798,553)	(1,172,518)	-	(15,971,071)
Machinery and equipment	(4,562,164)	(460,700)	205,924	(4,816,940)
Infrastructure	(14,824,392)	(636,387)	5,798	(15,454,981)
Total accumulated depreciation	(35,231,897)	(2,327,223)	260,661	(37,298,459)
Total capital assets being depreciated, net	48,767,985	(1,141,234)	-	47,626,751
Total governmental activities capital assets, net	\$ 55,597,030	\$ (964,873)	\$ (114,075)	\$ 54,518,082
<i><u>Business-Type Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 2,174,079	\$ 45,790	\$ -	\$ 2,219,869
Capital assets being depreciated:				
Buildings and improvements	1,272,928	13,030	-	1,285,958
Machinery and equipment	2,520,739	163,788	(32,000)	2,652,527
Infrastructure	17,506,969	808,092	(133,000)	18,182,061
Total capital assets being depreciated	21,300,636	984,910	(165,000)	22,120,546
Less accumulated depreciation for:				
Buildings and improvements	(605,677)	(25,720)	-	(631,397)
Machinery and equipment	(1,733,239)	(114,976)	32,000	(1,816,215)
Infrastructure	(9,543,535)	(522,741)	133,000	(9,933,276)
Total accumulated depreciation	(11,882,451)	(663,437)	165,000	(12,380,888)
Total capital assets being depreciated, net	9,418,185	321,473	-	9,739,658
Total business-type activities capital assets, net	\$ 11,592,264	\$ 367,263	\$ -	\$ 11,959,527



Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>		<b>Business-Type Activities:</b>	
General government	\$ 96,492	Light Department	\$ 663,437
Public safety	258,626		<u>\$ 663,437</u>
Education	963,772		
Public works	800,826		
Health and human services	11,456		
Culture and recreation	196,051		
	<u>\$ 2,327,223</u>		

#### **D. Interfund Receivables, Payables and Transfers**

Interfund transfers for the fiscal year ended June 30, 2019 are summarized as follows:

<u>Transfers Out</u>		<u>Transfers In</u>	
		<u>General Fund</u>	
Nonmajor Governmental Funds	\$ 982,852	(1)	
Electric Light Enterprise Fund	223,000	(1)	
Total	<u>\$ 1,205,852</u>		

(1) Transfers to general fund to supplement operating budgets.

#### **E. Temporary Debt**

The Town is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to the collection of revenues, expenditures may be financed through the issuance of revenue or tax anticipation notes.

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (“BANS”) or grant anticipation notes (“GANS”). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the Town and generally carry maturity dates of less than one year and are interest bearing and will be paid through future issuance of general obligation bonds.

During the fiscal year, the Town borrowed \$3,745,000 through a BAN issued at 3.0% for the South Main land acquisition and master plan project. The BAN is due and payable on April 20, 2020.

## F. Long-Term Obligations

The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds and notes have been issued for both governmental and business-type activities. In addition, the Town incurs various other long-term obligations related to personnel costs.

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of five percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, the Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit.”

The following table reflects the activity in the Town’s long-term liability accounts during the fiscal year ended June 30, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities:</i>					
Bond and note indebtedness (a)	\$ 14,810,000	\$ -	\$ (970,000)	\$ 13,840,000	\$ 985,000
Unamortized bond premium	328,187	-	(41,421)	286,766	39,194
Direct borrowings and placements (a)	80,961	-	(16,063)	64,898	16,063
Landfill closure	892,500	-	(52,500)	840,000	52,500
Net pension liability	15,801,844	4,466,803	(2,573,589)	17,695,058	-
Net other postemployment benefits liability (b)	21,406,891	3,828,564	(799,194)	24,436,261	-
<b>Total Governmental Activities</b>	<b>\$ 53,320,383</b>	<b>\$ 8,295,367</b>	<b>\$ (4,452,767)</b>	<b>\$ 57,162,983</b>	<b>\$ 1,092,757</b>
<i>Business-Type Activities - MELD:</i>					
Compensated absences	\$ 66,954	\$ 2,743	\$ -	\$ 69,697	\$ -
Net pension liability	3,842,901	122,319	-	3,965,220	-
Net other postemployment benefits liability	355,748	230,693	-	586,441	-
<b>Total Business-Type Activities</b>	<b>\$ 4,265,603</b>	<b>\$ 355,755</b>	<b>\$ -</b>	<b>\$ 4,621,358</b>	<b>\$ -</b>

(a) Reclassifications were made to beginning balances for the adoption of GASB Statement No. 88.

(b) As restated. See note IV.

The governmental activities liabilities will be liquidated by the General Fund. The business-type liabilities will be liquidated by the Electric Light Department Enterprise Fund.

The following is a summary of outstanding long-term debt obligations as of June 30, 2019:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General Obligation Bonds	2.30 - 5.00%	\$ 13,600,000	\$ -	\$ (865,000)	\$ 12,735,000
General Obligation Bonds	2.50 - 3.00%	1,210,000	-	(105,000)	1,105,000
Federal Home Loan Bonds	5.00%	44,400	-	(9,800)	34,600
Massachusetts Clean Water Trust Notes	3.00 - 5.25%	36,561	-	(6,263)	30,298
<b>Total Governmental Activities</b>		14,890,961	-	(986,063)	13,904,898
Add: Unamortized bond premium		328,187	-	(41,421)	286,766
<b>Total Governmental Activities, net</b>		<b>\$ 15,219,148</b>	<b>\$ -</b>	<b>\$ (1,027,484)</b>	<b>\$ 14,191,664</b>

Payments on general long-term debt obligation bonds due in future years consist of the following:

Year Ending June 30,	<i>Governmental Activities</i>			
	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2020	\$ 985,000	\$ 437,420	\$ 16,063	\$ 2,418
2021	1,005,000	403,142	16,063	1,665
2022	1,030,000	364,647	16,186	909
2023	1,060,000	324,700	11,586	265
2024	1,045,000	284,453	1,000	-
2025 - 2029	5,075,000	934,481	4,000	-
2030 - 2034	3,640,000	219,450	-	-
Total	<u>\$ 13,840,000</u>	<u>\$ 2,968,293</u>	<u>\$ 64,898</u>	<u>\$ 5,257</u>

The following table summarizes authorized but unissued debt at June 30, 2019:

Project	Amount
<i>Governmental:</i>	
Septic loans	\$ 84,969
South Main Street	3,745,000
Total Authorized and Unissued	<u>\$ 3,829,969</u>

### **III. Other Information**

#### **A. Retirement System**

Pension Plan Description – The Town contributes to the Essex Regional Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan for the Town and other member units deemed eligible by the Essex Regional Retirement Board. The System was established under Chapter 32 of Massachusetts General Laws. Stand-alone financial statements for the year ended December 31, 2018 were issued and are available at the Retirement Office, 491 Maple Street, #202, Danvers, Massachusetts 01923.

Current membership in the System for all employers as of December 31, 2018 was as follows:

Retirees and beneficiaries currently receiving benefits	1,858
Active plan members	2,774
Inactive plan members	<u>1,212</u>
Total	<u>5,844</u>

Benefit Terms – Membership in the System is mandatory for all full-time employees and non-seasonal, part-time employees who, in general, regularly work more than twenty hours per week. Teachers and certain administrative personnel employed by the school department participate in a separate pension plan administered by the Massachusetts Teachers' Retirement System, which is

the legal responsibility of the Commonwealth of Massachusetts. Members of the System do not participate in the Federal Social Security Retirement System.

Massachusetts contributory retirement system benefits are uniform from retirement system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest three-year or five-year average annual rate of regular compensation, depending on the participant's date of hire. Benefit payments are based upon a participant's age, length of creditable service, level of compensation and job classification.

The most common benefits paid by the System include normal retirement, disability retirement and survivor benefits.

Normal retirement generally occurs at age 65. However, participants may retire after twenty years of service or at any time after attaining age 55, if hired prior to April 2, 2012 or at any time after attaining age 60 if hired on or after April 2, 2012. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years' creditable service in order to retire at age 55. Participants become vested after ten years of service. Benefits commencing before age 65 are provided at a reduced rate. Members working in certain occupations may retire with full benefits earlier than age 65.

Ordinary disability retirement is where a participant is permanently incapacitated from a cause unrelated to employment. Accidental disability retirement is where the disability is the result of an injury or illness received or aggravated in the performance of duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of service, average compensation and veteran status.

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

Cost-of-living adjustments granted to members of Massachusetts retirement systems granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth during those years have been the financial responsibility of the Commonwealth. Beginning in 1998, the funding of cost-of-living amounts became the responsibility of the participating units like the System.

The System may be amended or terminated in whole or in part at any time by the Massachusetts Legislature, provided that no such modification, amendment or termination shall be made that would deprive a current member of superannuation pension rights or benefits provided under applicable laws of Massachusetts, if such member has paid the stipulated contributions specified in sections or provisions of such laws. There were no significant changes to the System's benefit terms in 2018.

Contributions Requirements – The System has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method.

The Town and electric light department contributed \$1,744,589 to the System in fiscal year 2019. This approximated the actuarially-determined contribution requirement for the fiscal year. The

Town and electric light department's contributions as a percentage of covered payroll was approximately 22.7% in fiscal year 2019.

Net Pension Liability – At June 30, 2019, the Town proportionate share of the net pension liability was \$22,036,187 however this does not equal the amount recorded because the Light Department uses a year earlier measurement period. The net pension liability was measured as of January 1, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These figures were updated by the independent actuary to December 31, 2018. There were no material changes made in this update to the actuarial assumptions since the last actuarial valuation.

The Town's proportion of the net pension liability is based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all employers. The Town's proportion was approximately 5.216% at January 1, 2018.

Fiduciary Net Position – The elements of the System's basic financial statements (that is, all information about the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the fiduciary fund financial statements.

The System's fiduciary net position was determined using the accrual basis of accounting. The System's accounting records are maintained on a calendar-year basis in accordance with the standards and procedures established by PERAC. Contributions from employers and employees are recognized in the period in which they become due pursuant to formal commitments, statutory or contractual requirements. Benefit payments (including refunds of employee contributions) are recorded when incurred, regardless of the timing of payment. Investments are reported at fair value; fair value is determined as the price one would receive in an orderly transaction between market participants at a measurement date.

Pension Expense – The Town recognized \$2,658,764 in pension expense in the statement of activities in fiscal year 2019; \$479,873 of this amount was incurred by the Light Department.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings	\$ 910,122	\$ -
Changes in assumptions	938,118	-
Difference between expected and actual experience	-	153,476
Changes in proportion and differences between Town contributions and proportionate share of contributions	439,672	69,492
Total	<u>\$ 2,287,912</u>	<u>\$ 222,968</u>

The deferred outflows of resources and deferred inflows of resources are expected to be recognized in the Town's pension expense as follows:

<u>Year ended June 30,</u>		
2020	\$	754,250
2021		546,272
2022		393,412
2023		371,010
Total	\$	<u>2,064,944</u>

Deferred Outflows of Resources and Deferred Inflows of Resources – At December 31, 2018, the Light Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual earnings	\$ -	\$ 174,581
Changes in assumptions	325,556	-
Difference between expected and actual experience	-	56,115
Changes in proportion and differences between Light contributions and proportionate share of contributions	151,760	8,304
Total	<u>\$ 477,316</u>	<u>\$ 239,000</u>

The deferred outflows of resources and deferred inflows of resources of the Light Department are expected to be recognized in the Town's pension expense as follows:

<u>Year ended December 31</u>		
2019	\$	92,449
2020		96,307
2021		43,989
2022		5,571
Total	\$	<u>238,316</u>

Actuarial Valuation – The measurement of the System’s total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2018. The significant actuarial assumptions used in the January 1, 2018 actuarial valuation included:

Actuarial Valuation Date	January 1, 2018
Investment rate of return:	7.50% per annum
Projected salary increases:	Based on years of service. 7.50% year one, 6.5% year two, 6.00% year three, 5.50% year four, 5.00% year 5; 3.75% thereafter
Cost of living adjustments:	3% on the first \$14,000 of a member’s retirement allowance is assumed to be granted every year.
Mortality rates:	RP – 2000 mortality table (sex distinct) projected with scale BB and Generational Mortality
Disabled life mortality:	RP – 2000 mortality table (sex distinct) projected with scale BB and Generational Mortality set-forward by 2 years. Death is assumed to be due to the same cause as the disability 40% of the time

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	21.00%	6.16%
International developed markets equity	13.00%	6.69%
International emerging markets equity	5.00%	9.47%
Core fixed income	15.00%	1.89%
High-yield fixed income	8.00%	4.00%
Real estate	10.00%	4.58%
Commodities	4.00%	4.77%
Hedge fund, GTAA, Risk parity	11.00%	3.68%
Private equity	13.00%	10.00%
Total Fund Expected Return/Total	100.00%	7.50%

Discount Rate – The discount rate used to measure the total pension liability was 7.50%, which represents a decrease from the 7.75% in the previous actuarial valuation. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially-determined contribution rates and the member 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 Analysis – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.5% as well as the Town’s proportionate share of the net pension liability using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Town’s proportionate share of the net pension liability	\$27,243,612	\$22,036,187	\$17,655,073

## B. Massachusetts Teachers’ Retirement System

Teachers and certain administrative employees of the Town’s school department participate in the Massachusetts Teachers’ Retirement System (“MTRS”), a cost-sharing multiple employer defined benefit pension plan. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. Like the Retirement System, MTRS was established under Chapter 32 of Massachusetts General Laws. The Commonwealth’s legislature has the authority to amend or modify the MTRS’s funding policies.

The Commonwealth is a nonemployer contributor to the MTRS and is legally responsible by statute for all actuarially determined employer contributions and future benefit requirements of the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

For the year ended June 30, 2019, (measured as of June 30, 2018) the Commonwealth contributed \$1,163,984 to the MTRS on behalf of the Town. The Town’s proportionate share of the collective MTRS net pension liability at this reporting date was 0.088531%, which was based on the actual, actuarially determined contribution made by the Commonwealth on behalf of the Town as a percentage of the total annual contribution made by the Commonwealth on behalf of all employers.

The table below presents the Town’s proportionate share of the following (dollar amounts are in thousands):

	Commonwealth Portion	Paid (or assumed) On Behalf of the Town	Town Portion
Net pension liability	\$ 20,991,728	\$ (20,991,728)	\$ —
Pension expense	2,127,208	(2,127,208)	—

The Town recognized \$2,127,208 in intergovernmental revenue and pension expense relative to this arrangement.



### C. Risk Financing

The Town is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

### D. Other Postemployment Benefits

The Town administers a single-employer defined benefit healthcare plan (the “OPEB Plan”). The OPEB Plan provides health, dental and life insurance benefits (other postemployment benefits) to current and future retirees, their dependents and beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B.

Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and Town ordinance. All benefits are provided through the Town’s premium-based insurance program. The OPEB Plan does not issue an audited stand-alone financial report and is presented as a fiduciary fund in the Town’s financial statements.

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2019:

Active employees	209
Inactive employees	83
Total	<u>292</u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. Retirees contribute 40% of the set premium for medical; 25% for dental, and 50% for life insurance. The remainder of the cost is funded by general revenues of the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis and also pays 60% of a retiree’s Medicare Part B premium. The costs of administering the OPEB Plan are paid by the Town. For the year ended June 30, 2019, the Town’s average contribution rate was approximately 6.2% of covered payroll.

Net OPEB Liability – The Town’s net OPEB liability was measured as of June 30, 2019 using an actuarial valuation as of July 1, 2017. The components of the net OPEB liability of the Town at June 30, 2019 were as follows:

Total OPEB Liability	\$ 25,729,182
Plan fiduciary net position	<u>(1,292,921)</u>
Net OPEB liability	<u>\$ 24,436,261</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.0%

The total OPEB liability in the most recent actuarial valuation was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	7.04%, net of OPEB plan investment expense, including inflation.
Municipal bond rate	2.79% as of June 30, 2019
Discount Rate	4.50%, net of OPEB plan investment expense including inflation. Using a blend of the Municipal Bond Index Rate for unfunded periods and the Investment Rate of Return.
Inflation	2.75% annually as of June 30, 2019 and for future periods
Health Care Trend Rate	5%
Salary Increases	3.00% annually as of July 1, 2017 and for future periods
Cost of Living Adjustment	Not applicable.
Pre-Retirement Mortality	RP-2000 Employees Mortality Table projected with scale BB and a base year 2009 for males and females
Post-Retirement Mortality	RP-2000 Healthy Annuitant Table projected generationally with scale BB and a base year 2009 for males and females
Disabled Mortality	RP-2000 Healthy Annuitant Table projected generationally with scale BB and a base year 2012 for males and females
Actuarial Cost Method	Individual entry age normal

Discount Rate – The discount rate used to measure the total OPEB liability was 4.5%. The only key change in assumptions from the prior year was the decrease of this discount rate from 5.00%.

Long Term Expected Rate of Return – The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense 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 real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return were as reflected in the following table:

Asset Class	Target Allocation	Expected Investment Rate of Return
Domestic Equity - Large Cap	14.50%	4.00%
Domestic Equity - Small/Mid Cap	3.50%	6.00%
Interntional Equity - Developed Mar	16.00%	4.50%
Interntional Equity - Emerging Mark	6.00%	7.00%
Domestic Fixed Income	20.00%	2.00%
International Fixed Income	3.00%	3.00%
Alternatives	23.00%	6.50%
Real Estate	14.00%	6.25%
Cash	0.00%	0.00%
	<u>100.00%</u>	
Real rate of return		4.79%
Inflation assumption		2.75%
Total nominal rate of return		7.54%
Investment expense		-0.50%
Net investment return		<u>7.04%</u>

Sensitivity Analyses – The following presents the Town’s net OPEB liability as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as well as if the healthcare cost trend rates are 1% lower or higher than the current healthcare cost trend rates:

	Discount Rate		
	1% Decrease (3.5%)	Current rate (4.50%)	1% Increase (5.50%)
Net OPEB Liability	\$ 28,803,886	\$ 24,436,261	\$ 20,954,466

	Health Care Rate		
	1% Decrease (4.00%)	Current rate (5.00%)	1% Increase (6.00%)
Net OPEB Liability	\$ 18,596,825	\$ 24,436,261	\$ 31,863,630

*Changes in the Net OPEB Liability* – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2019:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$ 22,552,548		\$ 21,406,891
		\$ 1,145,657	
Changes for the year:			
Service cost	1,055,101	-	1,055,101
Interest	1,048,772	-	1,048,772
Change in assumptions	1,682,663	-	1,682,663
Net investment income	-	72,264	(72,264)
Employer contributions	-	684,902	(684,902)
Benefit payments withdrawn from trust	-	(609,902)	609,902
Benefit payments	(609,902)	-	(609,902)
Net changes	3,176,634	147,264	3,029,370
Balances at June 30, 2019	<u>\$ 25,729,182</u>	<u>\$ 1,292,921</u>	<u>\$ 24,436,261</u>

*OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB* – For the year ended June 30, 2019, the Town recognized OPEB expense of \$2,259,385. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2018 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual earnings	\$ -	\$ 21,246
Changes of Assumptions	1,414,296	-
Differences between actual and expected experience	-	93,046
	<u>\$ 1,414,296</u>	<u>\$ 114,292</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

June 30,	
2020	\$ 238,761
2021	238,761
2022	238,763
2023	248,773
2024	262,485
thereafter	<u>72,461</u>
	<u>\$ 1,300,004</u>

*Investment Custody* – In accordance with Massachusetts General Laws, the Town Treasurer is the custodian of the OPEB Plan and since the Town has not designated a Board of Trustees, the Town Treasurer is also the Trustee and as such is responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule established in Chapter 203C and may, with the approval of the State Retiree Benefits Trust Fund Board of Trustees, be invested in the State Retiree Benefits Trust Fund established in Section 24 of Chapter 32A. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the Town.

*Investment Policy* – The OPEB Plan follows the same investment policies that apply to all other Town Trust funds. Notably it can be invested in accordance with State Statutes that govern Trust investments including PRIM which is an external investment pool managed by the State.

*Investment Rate of Return* – For the year ended June 30, 2019 the annual money-weighted rate of return on investments, net of investment expense, was 6.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Electric Light Department OPEB* – Electric Light Department OPEB, which is not material to the overall financial statements, may be reviewed in detail in the Electric Light Department financial statements.

## **E. Commitments and Contingencies**

*General* – The Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters is not always predictable with assurance. Although the amount of liability, if any, at June 30, 2019, cannot be determined, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2019.

*Grant Compliance* – Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The Town expects such amounts, if any, to be immaterial.

*Arbitrage* – The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The Town expects the amount if any, in these situations, to be immaterial.

### *Electric Light Department -*

MELD is a Town owned utility responsible for the purchase and distribution of electric power throughout the Town of Middleton. MELD has its own Board of Commissioners elected at large by citizenry of the Town of Middleton.

MELD is a participant in certain projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC), a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop bulk power supply for its Members and other utilities.

MMWEC is authorized to construct, own or purchase ownership interest 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, PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project, which costs include debt services on the revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt service to be paid into a Reserve and Contingency Fund. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of project capability to an additional amount not to exceed 25% of their original participants' share of that Project's Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under the PSAs.

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

MMWEC operates the Stony Brook Intermediate Project and Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 3.7% interest in W.F. Wyman Unit No. 4 plant, which is owned and operated by subsidiaries of FPL Energy Wyman IV, LLC, an indirect subsidiary of NextEra Energy Resources, LLC (formerly FPL Energy, LLC), and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. (DNCI), the majority owner and an indirect subsidiary of Dominion Resources, Inc. DNCI also owns and operates 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 Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook Resources, LLC (formerly FPL Energy Seabrook, LLC), the majority owner and an indirect subsidiary of NextEra Energy Resources, LLC (formerly FPL Energy, 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 until the end of 2025.

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

all payments due to MMWEC, whether or not the Project(s) is completed or operating, and notwithstanding the suspension or interruption of the output of the Project(s).

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.

As of December 31, 2018, total capital expenditures for MMWEC's projects amounted to \$1,652,338,000 of which \$39,994,000 represents the amount associated with the Plant's Project Capability of the projects in which it participates, although such amount is not allocated to the Plant. MMWEC's debt outstanding for the Projects includes Power Supply System Revenue bonds \$7,110,000, of which \$293,000 is associated with the Plant's share of Project Capability of the projects in which it participates, although such amount is not allocated to the Plant. As of December 31, 2018, MMWEC's total future debt service requirement on outstanding bonds issued for Projects is \$7,419,000, of which \$306,000 is anticipated to be billed to the Plant in future years.

The estimated aggregate amount of the Plant's required payments under the PSAs and PPAs, exclusive of Reserve and Contingency Fund billings, to MMWEC at December 31, 2018 and estimated for future years is summarized as follows:

For years ended	
December 31,	
2019	306,000
Total	\$ 306,000

In addition, the Plant is required to pay its share of the Operation and Maintenance (O&M) costs of the Projects in which they participate. The Plant's total O&M costs including debt service under the PSAs were \$1,176,000 and \$2,233,000 for the years ended December 31, 2018 and 2017, respectively.

The MELD 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 MELD anticipates some stability to its power cost expenses over the next few years.

#### **F. Landfill Closure and Post-Closure Care Costs**

The Town's landfill is closed and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions ("post-closure care") at the site for 30 years after the landfill cover is installed. In addition, the Town acquired a parcel of land in fiscal year 2009 that was formerly used as a landfill and is responsible for post-closure testing and monitoring. Finally, the Town acquired another parcel of land that was formerly used as the Town landfill and is also responsible for the post-closure testing and monitoring of the site.

In accordance with generally accepted accounting principles, the estimated remaining cost of monitoring and other post-closure liabilities for these three parcels, \$840,000, has been recorded as a governmental activities' liability; actual costs may be higher due to inflation, changes in technology, or changes in regulations.

## **G. Implementation of New GASB Pronouncements**

### *Current Year Implementations –*

In November 2016, the GASB issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. The objective of the Statement was to address accounting and financial reporting for certain asset retirement obligations that have legally enforceable liability associated with the retirement of a tangible capital asset. The provisions of this Statement became effective in fiscal year 2019 and did not have a material impact on the Town's financial statements.

In April 2018, the GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement was to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarified which liabilities governments should include when disclosing information related to debt. The provisions of this Statement became effective in fiscal year 2019 and did not have a material impact on the Town's financial statements.

### *Future Implementations –*

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of the Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2018 (fiscal year 2020). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement redefines the manner in which long-term leases are accounted and reported. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2019 (fiscal year 2021). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes accounting requirements for interest costs incurred before the end of a construction period. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2019 (fiscal year 2021). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2018 (fiscal year 2020). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to standardize the reporting of conduit debt obligations by issuers by clarifying the existing definition of conduit debt obligation, among other matters. The provisions of this Statement are effective for financial reporting periods beginning after



December 15, 2020 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

#### **IV. Restatement**

The Town changed the measurement date of its beginning net OPEB liability from July 1, 2017 to June 30, 2018 which caused a decrease in the Town's governmental-activities net position reported at June 30, 2018.

The impact is illustrated in the table below:

	<u>Governmental</u>
Net position at June 30, 2018, as reported	\$ 17,277,687
Impact in change of measurement date	<u>(452,951)</u>
Net position at June 30, 2018, as restated	<u>\$ 16,824,736</u>

**TOWN OF MIDDLETON, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS**  
**YEAR ENDED JUNE 30, 2019**

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**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

*(dollar amounts are in thousands)*

	2019	Year Ended June 30,		2016
		2018	2017	
Town's proportion of the net pension liability (asset)	5.22%	5.23%	5.06%	4.93%
Town's proportionate share of the net pension liability (asset)	\$ 22,036	\$ 19,679	\$ 19,507	\$ 17,900
Town's covered payroll	\$ 7,695	\$ 7,388	\$ 7,060	\$ 6,129
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	286.4%	266.4%	276.3%	292.1%
Plan fiduciary net position as a percentage of the total pension liability	51.9%	55.4%	51.1%	51.0%

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO PENSION PLAN**

*(dollar amounts are in thousands)*

	2019	Year Ended June 30,		2016
		2018	2017	
Actuarially determined contribution	\$ 1,743	\$ 1,628	\$ 1,467	\$ 1,258
Contributions in relation to the actuarially determined contribution	<u>1,745</u>	<u>1,630</u>	<u>1,468</u>	<u>1,258</u>
Contribution deficiency (excess)	<u>\$ (2)</u>	<u>\$ (2)</u>	<u>\$ (1)</u>	<u>\$ -</u>
Town's covered payroll	\$ 7,695	\$ 7,388	\$ 7,060	\$ 6,129
Contributions as a percentage of covered payroll	22.7%	22.1%	20.8%	20.5%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

**TOWN OF MIDDLETON, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS**  
**YEAR ENDED JUNE 30, 2019**

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**SCHEDULE OF THE COMMONWEALTH'S COLLECTIVE SHARE OF THE NET PENSION LIABILITY**  
**MASSACHUSETTS TEACHER'S RETIREMENT SYSTEM**

*(dollar amounts are in thousands)*

	<u>2018</u>	<u>Year Ended June 30,</u> <u>2017</u>	<u>2016</u>	<u>2015</u>
Commonwealth's proportion of the collective net pension liability (asset)	100.0%	100.0%	100.0%	100.0%
Town's proportion of the collective net pension liability (asset)	0.0%	0.0%	0.0%	0.0%
Commonwealth's proportionate share of the net pension liability (asset)	\$ 23,711,289	\$ 22,885,391	\$ 22,357,928	\$ 20,489,643
Commonwealth's actuarially determined contribution	\$ 1,314,783	\$ 1,235,515	\$ 1,124,583	\$ 1,021,930

Contributions to MTRS are the responsibility of the Commonwealth of Massachusetts.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

**TOWN OF MIDDLETON, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED  
YEAR ENDED JUNE 30, 2019**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS**

	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability:			
Service cost	\$ 1,055,101	\$ 883,961	\$ 845,336
Interest	1,048,772	1,087,561	1,012,331
Difference between expected and actual plan experience	-	302,431	-
Changes of assumptions	1,682,663	-	-
Benefit payments	(609,902)	(565,578)	(510,717)
Net change in total OPEB liability	3,176,634	1,708,375	1,346,950
Total OPEB liability - beginning of year	22,552,548	20,844,173	20,719,298
Total OPEB liability - end of year (a)	<u>\$ 25,729,182</u>	<u>\$ 22,552,548</u>	<u>\$ 22,066,248</u>
Plan fiduciary net position:			
Contributions - employer	\$ 684,902	\$ 615,578	\$ 610,717
Net investment income	72,264	96,789	109,117
Benefit payments	(609,902)	(565,578)	(510,717)
Net change in Plan fiduciary net position	147,264	146,789	209,117
Plan fiduciary net position - beginning of year	1,145,657	998,868	789,751
Plan fiduciary net position - end of year (b)	<u>\$ 1,292,921</u>	<u>\$ 1,145,657</u>	<u>\$ 998,868</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 24,436,261</u>	<u>\$ 21,406,891</u>	<u>\$ 21,067,380</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.03%	5.08%	4.53%
Covered payroll	\$ 11,055,578	\$ 10,733,570	\$ 10,700,000
Net OPEB liability as a percentage of covered payroll	221.03%	199.44%	196.89%

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

Note: This schedule is presented using the optional format of combining the required schedules in paragraph 36a and 36b of GASB 74.

See independent auditors' report.

**TOWN OF MIDDLETON, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED  
YEAR ENDED JUNE 30, 2019**

**SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS**

	June 30, 2019	June 30, 2018	June 30, 2017
Actuarially-determined contribution	\$ 2,490,680	\$ 2,189,164	\$ 2,033,068
Contributions in relation to the actuarially-determined contribution	(684,902)	(615,578)	(610,717)
Contribution deficiency (excess)	<u>\$ 1,805,778</u>	<u>\$ 1,573,586</u>	<u>\$ 1,422,351</u>
Covered payroll	\$11,055,578	\$10,733,570	\$ 10,700,000
Contribution as a percentage of covered payroll	6.20%	5.74%	5.71%
Valuation Date	July 1, 2017	July 1, 2017	July 1, 2017
Amortization Period	30 years	30 years	30 years
Investment rate of return	7.04%	7.04%	7.04%
Municipal Bond Rate	2.79%	3.45%	3.16%
Single Equivalent Discount Rate	4.50%	5.00%	4.75%
Inflation	2.75%	2.75%	2.75%
Healthcare cost trend rates	5.00%	5.00%	5.00%
Salary increases	3.00%	3.00%	3.00%
Actuarial Cost Method	Individual Entry Age Normal (for all years presented)		
Asset Valuation Method	Market Value of Assets as of Reporting Date (for all years presented)		

**SCHEDULE OF INVESTMENT RETURNS  
LAST 10 FISCAL YEARS**

	June 30, 2019	June 30, 2018	June 30, 2017
Annual money-weighted rate of return, net of investment expense	6.14%	9.46%	10.92%

Note: These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See independent auditors' report.

TOWN OF MIDDLETON, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Encumbrances	Actual	Variance
	Original	Final	Budgetary	and continuing	Budgetary	Positive
	Budget	Budget	Amounts	appropriations	Adjusted	(Negative)
<b>REVENUES</b>						
Real estate and personal property taxes, net	\$28,433,510	\$28,433,510	\$ 28,896,681		\$28,896,681	\$ 463,171
Intergovernmental	2,359,644	2,359,644	2,406,602		2,406,602	46,958
Motor vehicle and other excises	2,380,000	2,380,000	2,500,949		2,500,949	120,949
Payments in lieu of taxes	130,000	130,000	134,776		134,776	4,776
License and permits	605,000	605,000	609,341		609,341	4,341
Departmental and other revenue	531,355	531,355	603,737		603,737	72,382
Penalties and interest on taxes	80,000	80,000	141,076		141,076	61,076
Fines and forfeitures	12,000	12,000	13,837		13,837	1,837
Investment income	70,000	70,000	145,719		145,719	75,719
Total Revenues	34,601,509	34,601,509	35,452,718	\$ -	35,452,718	851,209
<b>EXPENDITURES</b>						
General government	2,477,521	2,476,521	1,952,599	261,579	2,214,178	262,343
Public safety	4,690,887	4,690,887	4,327,463	53,911	4,381,374	309,513
Education	23,411,634	23,416,634	22,611,242	544,835	23,156,077	260,557
Public works	1,905,148	1,916,148	1,742,561	67,868	1,810,429	105,719
Health and human services	526,842	526,842	452,457	9,326	461,783	65,059
Culture and recreation	606,238	606,238	588,693	-	588,693	17,545
Fringe Benefits	2,498,871	2,498,871	2,333,250	1,161	2,334,411	164,460
State and county tax assessments	438,091	438,091	434,387	-	434,387	3,704
Debt service	1,282,835	1,292,835	1,291,225	-	1,291,225	1,610
Total Expenditures	37,838,067	37,863,067	35,733,877	938,680	36,672,557	1,190,510
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,016,011	1,016,011	1,205,852	-	1,205,852	189,841
Total Other Financing Sources (Uses)	1,016,011	1,016,011	1,205,852	\$ -	\$ 1,205,852	189,841
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/USE OF PRIOR YEAR BUDGETARY FUND BALANCE</b>						
	(2,220,547)	(2,245,547)	\$ 924,693			\$2,231,560
<b>Other Budgetary Items:</b>						
Undesignated surplus (free cash)	825,093	850,093				
Overlay surplus	192,765	192,765				
Encumbrance reversions	50,000	50,000				
Prior year encumbrances	1,152,689	1,152,689				
<b>Net Budget</b>	<u>\$ -</u>	<u>\$ -</u>				

See accompanying independent auditors' report.

See accompanying notes to required supplementary information.

# TOWN OF MIDDLETON, MASSACHUSETTS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

### I. Budgetary Basis of Accounting

*Budgetary Information* – An annual budget is legally adopted for the general fund. Financial orders are initiated by department heads, recommended by the Finance Committee and approved by the Town Meeting at the Town’s annual meeting in May. Expenditures may not legally exceed appropriations at the department level. Department heads may transfer, without Town meeting approval, appropriation balances from one expenditure account to another within each department. The Town Meeting, however, must approve any transfer of unencumbered appropriation balances between departments. At the close of each fiscal year, unencumbered appropriation balances lapse or reverts to unreserved fund balance.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The Town Accountant has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted at Town Meeting. Budgetary control is exercised through the Town’s accounting system.

*Budgetary-to-GAAP Reconciliation* – The Town’s general fund is prepared on a basis other than GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2019, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 35,452,718
Stabilization revenue	\$ -	\$ 95,769	95,769
On behalf payments	2,127,208	-	2,127,208
Revenues on a GAAP basis	<u>\$ 2,127,208</u>	<u>\$ 95,769</u>	<u>\$ 37,675,695</u>
Expenditures on a budgetary basis			\$ 35,733,877
Change in expenditure recognition	\$ 77,397	\$ -	77,397
On behalf payments	2,127,208	-	2,127,208
Expenditures on a GAAP basis	<u>\$ 2,204,605</u>	<u>\$ -</u>	<u>\$ 37,938,482</u>
Other financing sources (uses) on a budgetary basis			\$ 1,205,852
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,205,852</u>

**INDEPENDENT AUDITORS' 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 Members of the Board of Selectmen  
Town of Middleton, Massachusetts

We 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 (the "Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements (except for the Middleton Electric Light Department "the Light Department", which is as of December 31, 2018) and have issued our report thereon October 9, 2019.

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%, of each 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, 2018, which was audited by the other auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a 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.



Our 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 our audit we did not identify any deficiencies in internal control that we 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, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Roselli, Clark & Associates  
Certified Public Accountants  
Woburn, Massachusetts  
October 9, 2019



Bill Fraher, CPA

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**TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT**

Financial Statements  
and Required Supplementary Information

For the Year Ended December 31, 2018

(With Independent Auditor's Report Thereon)

**TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT**  
**Financial Statements and Required Supplementary Information**

Years Ended December 31, 2018  
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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, 2018, 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, 2018, 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**

As discussed in Note 1, the financial statements present only the Rowley Municipal Light Plant and do not purport to, and do not, present fairly the financial position of the Town of Rowley, Massachusetts as of December 31, 2018, and the changes in its financial position and its cash flows in conformity with accounting principles generally accepted in the United States of America.

#### ***Change in Accounting Principle***

As described in Note 12 to the financial statements, in 2018 the Department adopted GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. My opinion is not modified with respect to this matter.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 7 and the pension and OPEB schedules on pages 29 through 31 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, 2018, 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 May 20, 2019 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  
May 20, 2019



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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, 2018, and the related notes to the financial statements, and have issued my report thereon dated May 20, 2019.

**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.

## **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 May 20, 2019.

## **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  
May 20, 2019

## 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, 2018 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, 2018, our net position is \$22,194,741, which is an increase of \$140,851 (0.6%) from the prior year amount of \$22,053,890. The prior year amount has been restated for the implementation of Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Of the total net position at December 31, 2018, \$11.959 million is the net investment in capital assets and \$10.235 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 \$140,851 for the year ended December 31, 2018, compared with net income of \$2,116,055 for the year ended December 31, 2017. This difference was due mainly to higher power costs and a large decrease in investment income due to market factors.
- 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.
- As previously stated, the Department implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the 2018 audit. The total OPEB liability at December 31, 2018 is \$1,406,001 and the net OPEB liability is \$586,441. The Department has continued to fund this liability with \$250,000 in contribution to the OPEB trust in 2017 and \$300,000 in 2018. The OPEB trust balance at December 31, 2018 is \$819,560.
- The total Net Pension Liability (NPL) in the financial statements is \$3,965,220. 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. Amounts for 2017 have been restated due to the implementation of GASB Statement No, 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

### Summary of Net Position

	<u>2018</u>	<u>2017</u>
Current Assets	\$15,401,015	\$15,778,699
Noncurrent Assets	<u>11,959,527</u>	<u>11,592,264</u>
Total Assets	<u>27,360,542</u>	<u>27,370,963</u>
Deferred Outflows	<u>918,611</u>	<u>402,880</u>
Current Liabilities	1,224,054	1,364,491
Noncurrent Liabilities	<u>4,621,358</u>	<u>4,280,247</u>
Total Liabilities	<u>5,845,412</u>	<u>5,644,738</u>
Deferred Inflows	<u>239,000</u>	<u>75,215</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	11,959,527	11,592,264
Restricted	-	502,071
Unrestricted	<u>10,235,214</u>	<u>9,959,155</u>
Total Net Position	<u>\$22,194,741</u>	<u>\$22,053,890</u>

Larger changes are: 1) an increase in capital assets due various additions, 2) an increase in deferred outflows due to OPEB and 3) increase in liabilities due to OPEB and pensions.

### Summary of Changes in Net Position

	<u>2018</u>	<u>2017</u>
Operating Revenues	\$14,479,853	\$13,813,015
Operating Expenses	<u>13,459,853</u>	<u>12,045,856</u>
Operating Income	1,020,130	1,767,159
Nonoperating Revenues (Expenses)	<u>(879,279)</u>	<u>348,896</u>
Changes in Net Position	140,851	2,116,055
Beginning Net Position	<u>22,053,890</u>	<u>19,937,835</u>
Ending Net Position	<u>\$22,194,741</u>	<u>\$22,053,890</u>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Financial Highlights**

Operating revenues increased, totaling \$13,813,015 for 2017 and \$14,479,853 for 2018, an increase of 4.8%. Actual customer kilowatt hour sales to customers increased approximately 2.3% and overall revenue from customer charges increased 2.0%. There were no rate changes in 2018. Other operating revenues increased due to work performed by Department that was paid for by developers

Operating expenses increased from \$12,045,856 in 2017 to \$13,459,723 in 2018, an increase of 11.7%. Most of this was due to an increase in purchased power costs due to spot market prices, and OPEB and pension costs.

The Department saw its investment income decrease from \$552,896 in 2017 to a loss of \$656,279 in 2018 due to unfavorable investment returns in 2018 (market factors).

### **Capital Assets & Debt Administration**

Total net capital assets were \$11,592,264 at December 31, 2017 and \$11,959,527 at December 31, 2018, an increase of 3.1%. Capital assets include land, buildings, structures and improvements, equipment and furnishings and infrastructure. There were approximately \$1,030,000 in capital additions in 2018, the largest for line improvements. 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, 2018 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, 2018

**Assets**

## Current assets:

Cash and cash equivalents - unrestricted	\$	3,022,710
Cash and cash equivalents - restricted		214,844
Investments		8,408,893
User charges receivable, net		1,322,899
Other accounts receivable		226,979
Unbilled revenue		185,164
Inventory		607,898
Prepaid expenses		1,409,747
Other current assets		<u>1,881</u>

Total current assets 15,401,015

## Noncurrent assets:

Capital assets, net	<u>11,959,527</u>
---------------------	-------------------

Total noncurrent assets 11,959,527

Total assets \$ 27,360,542

**Deferred Outflows**

Deferred outflows related to OPEB	441,295
Deferred outflows related to pensions	<u>477,316</u>

Total deferred outflows 918,611

**Liabilities**

## Current Liabilities:

Accounts payable	\$	721,689
Customer deposits		214,844
Other current liabilities		<u>287,521</u>

Total current liabilities 1,224,054

## Noncurrent liabilities:

Accrued compensated absences	69,697
Other post-employment benefits	586,441
Net pension liability	<u>3,965,220</u>

Total noncurrent liabilities 4,621,358

Total liabilities 5,845,412

**Deferred Inflows**

Deferred inflows related to OPEB	0
Deferred inflows related to pensions	<u>239,000</u>

Total deferred inflows 239,000

**Net Position**

Net investment in capital assets	11,959,527
Restricted	0
Unrestricted	<u>10,235,214</u>

Total net position \$ 22,194,741

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, 2018**

Operating revenues:	
Charges for services	\$ 13,903,397
Other operating revenues	<u>576,456</u>
Total operating revenues	<u>14,479,853</u>
Operating expenditures:	
Purchased power and production	9,826,486
Other operating expenses	2,969,800
Depreciation	<u>663,437</u>
Total operating expenditures	<u>13,459,723</u>
Operating income	<u>1,020,130</u>
Nonoperating revenues (expenses):	
Investment income	(656,279)
Payment in lieu of taxes	<u>(223,000)</u>
Total nonoperating revenues (expenses)	<u>(879,279)</u>
Changes in net position	140,851
Net position, beginning of year, restated	<u>22,053,890</u>
Net position, end of year	\$ <u><u>22,194,741</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, 2018

Cash flows from operating activities:	
Cash received from customers	\$ 14,970,739
Cash paid to suppliers	(11,357,718)
Cash paid to employees	(1,608,259)
Payment in lieu of taxes (operating transfer)	<u>(223,000)</u>
Net cash provided by operating activities	<u>1,781,762</u>
Cash flows from investing activities:	
Interest on deposits and investments	(656,279)
Purchase and sales of investments (net)	<u>613,373</u>
Net cash provided by capital and related financing activities:	<u>(42,906)</u>
Cash flows from capital and related financing activities:	
Capital expenditures	<u>(1,030,700)</u>
Net cash provided by capital and related financing activities:	<u>(1,030,700)</u>
Net increase in cash and cash equivalents	708,156
Cash and cash equivalents, beginning of year	<u>2,529,398</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,237,554</u></u>

**Reconciliation of operating income to net cash provided**

By operating activities:	
Operating income (loss)	\$ 1,020,130
Depreciation, bad debts & reserve	663,437
Payment in lieu of taxes (operating transfer)	(223,000)
(Increase)/Decrease in accounts receivable	547,572
(Increase)/Decrease in unbilled revenue	(23,634)
(Increase)/Decrease in inventory	(2,501)
(Increase)/Decrease in prepaid expenses	(48,970)
Increase/(Decrease) in accounts payable	(126,702)
Increase/(Decrease) in customer deposits	(33,052)
Increase/(Decrease) in other current liabilities	19,317
Increase/(Decrease) in OPEB liability	(225,247)
Increase/(Decrease) in net pension liability and related deferrals	211,669
Increase/(Decrease) in other liabilities	<u>2,743</u>
Net cash provided by operating activities	<u><u>\$ 1,781,762</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 Fiduciary Net Position****Year Ended December 31, 2018**

	<u>OPEB Trust</u>
<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	819,560
Investments	\$ <u>-</u>
Total assets	<u>819,560</u>
<b><u>Liabilities</u></b>	
Current Liabilities:	
Other Liabilities	\$ <u>-</u>
Total liabilities	<u>-</u>
<b><u>Net Position</u></b>	
Held in trust for retiree insurance benefits	<u>819,560</u>
Total net position	\$ <u><u>819,560</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, 2018

	<u>OPEB Trust Fund</u>
<u>Additions</u>	
Contributions:	
From Middleton Electric Light Department	\$ <u>300,000</u>
Total contributions	<u>300,000</u>
Investment income:	
Investment income	<u>(63,804)</u>
Total investment income	<u>(63,804)</u>
Total additions	<u>236,196</u>
<u>Deductions</u>	
Benefits	<u>-</u>
Total deductions	<u>-</u>
Change in net position	236,196
Net position - beginning of year	<u>583,364</u>
Net position - end of year	\$ <u><u>819,560</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, 2018

## **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, 2018, 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, 2018.

#### ***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, 2018

## **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.

If depreciation is greater than capital additions for the year, this amount 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, 2018 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 OPEB and 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 System. For this purpose,

## **TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT**

Notes to Financial Statements  
Years Ended December 31, 2018

### **1. Summary of Significant Accounting Policies (continued)**

#### **D. Basis of Accounting (continued)**

##### *VIII. Pensions (continued)*

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*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Department's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, 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.

##### *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

## TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements  
Years Ended December 31, 2018

### 2. Cash and Investments (continued)

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.

At year-end, the Department's carrying amount of segregated bank deposits was \$217,186. The bank balance of these Department segregated funds maintained by the Town Treasurer was \$230,771. In addition to the segregated funds, there was \$2,956,204 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, \$1,441 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	\$664,569
Equities	541,137
Certificates of deposit	1,101,007
Municipal bonds	946,185
Corporate bonds	983,039
Mutual and money market funds (cash equivalents)	<u>4,986,822</u>
Total investments	<u>\$9,222,757</u>

Of the above amounts, maturities are as follows: 1) for US Government Securities, \$664,569 beyond five years; 2) for certificates of deposit, \$79,900 less than one year, \$59,354 between one and two years, \$484,403 between two and five years and \$477,350 beyond five years; 3) for municipal bonds \$946,185 beyond five years; and 4) for corporate bonds \$983,039 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 \$946,185 as AA to A and corporate bonds are rated \$93,936 as AAA, \$574,962 as AA to A and \$314,141 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.

# TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements  
Years Ended December 31, 2018

## 3. Accounts Receivable

The following is a summary of accounts receivable as of December 31, 2018.

	<u>2018</u>
Customer accounts receivable	\$1,375,160
Other accounts receivable	219,742
Purchased power credits receivable	7,237
Allowance for uncollectible accounts	<u>(52,261)</u>
 Total accounts receivable, net	 <u>\$1,549,878</u>

Of the total customer accounts receivable at December 31, 2018 of \$1,375,160, \$1,136,371 relates to the December 2018 power bills due from customers (due in January, 2019). The Department also has \$185,164 of unbilled charges at December 31, 2018.

## 4. Prepaid Expenses

At December 31, 2018, the Department has total prepaid expenses of \$1,409,747. 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, 2018.

	<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>\$2,174,079</u>	<u>45,790</u>	=	<u>2,219,869</u>
Total capital assets not being depreciated	<u>2,174,079</u>	<u>45,790</u>	=	<u>2,219,869</u>
 Capital assets being depreciated:				
Buildings and improvements	1,272,928	13,030	-	1,285,958
Equipment	2,520,739	163,788	32,000	2,652,527
Infrastructure	<u>17,506,969</u>	<u>808,092</u>	<u>133,000</u>	<u>18,182,061</u>
Total capital assets being depreciated	<u>21,300,636</u>	<u>984,910</u>	<u>165,000</u>	<u>22,120,546</u>
 Less accumulated depreciation for:				
Buildings and improvements	(605,677)	(25,720)	-	(631,397)
Equipment	(1,733,239)	(114,976)	(32,000)	(1,816,215)
Infrastructure	<u>(9,543,535)</u>	<u>(522,741)</u>	<u>(133,000)</u>	<u>(9,933,276)</u>
Total accumulated depreciation	<u>(11,882,451)</u>	<u>(663,437)</u>	<u>(165,000)</u>	<u>(12,380,888)</u>
 Capital assets being depreciated, net	 <u>9,418,185</u>	 <u>321,473</u>	 <u>2</u>	 <u>9,739,658</u>
 Total capital assets, net	 <u>\$11,592,264</u>	 <u>367,263</u>	 <u>2</u>	 <u>11,959,527</u>

## TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements  
Years Ended December 31, 2018

### 6. Notes and Bonds Payable

The Department did not have any outstanding short or long-term debt during 2018. At December 31, 2018, 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](http://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 several 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, 2017 were \$328,501.

**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, 2018

### 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, 2018, the Department reported a liability of \$3,965,220 for its proportionate share of the net pension liability. The net pension liability was measured at December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 rolled back to December 31, 2017. 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, 2017, the Department's proportion was 1.054%.

For the year ended December 31, 2018, the Department recognized pension expense of \$459,873. At December 31, 2018 the Department reported deferred outflows as follows: \$325,556 for changes in assumptions and \$151,760 for changes in proportion and differences between employer contributions and proportionate share of contributions and reported deferred inflows as follows: \$174,581 for the net difference between projected and actual investment earnings \$56,115 for the difference between expected and actual experience and \$8,304 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:	
2019	\$92,449
2020	\$96,307
2021	\$43,989
2022	\$5,571

Actuarial Assumptions: The total pension liability in the January 1, 2018 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
	Inflation rate	2.75%
	Projected salary increases	3% of the first \$14,000 of a member's retirement allowance is assumed every year
	Investment rate of return	7.5% per annum
	Salary increases	Based on years of service, ranging from 7.5% at zero years of service decreasing to 3.75% after 5 years of service

Mortality rates were based on the following: for pre-retirement, the RP-2000 Mortality Table projected generationally with scale BB; for healthy retiree, RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB; and disabled retiree RP-2000 Healthy Annuitant Mortality Table, set forward two years, projected generationally with scale BB.

# TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements  
Years Ended December 31, 2018

## 7. 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>
Domestic equity	17.5%	6.15%
International developed equities	15.5%	7.11%
International emerging equities	6.0%	9.41%
Core fixed income	12.0%	1.68%
High yield fixed income	10.0%	4.13%
Private equity	12.0%	10.28%
Real estate	10.0%	4.90%
Commodities	4.0%	4.71%
Hedge funds/other	13.0%	3.94%
Total	<u>100.0%</u>	

**Discount Rate:** The discount rate used to measure the total pension liability was 7.5%. 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 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
\$4,988,728	\$3,965,220	\$3,104,306

## 8. Other Post-Employment Benefits (OPEB)

The Department administers a single-employer defined benefit healthcare plan (the "OPEB Plan"). The OPEB Plan provides health, dental and life insurance benefits (other postemployment benefits) to current and future retirees, their dependents and beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B.

Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and Department ordinance. All benefits are provided through the Department's premium-based insurance program. The OPEB Plan does not issue a stand-alone financial report and is presented as a fiduciary fund in the Department's financial statements.

## TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements  
Years Ended December 31, 2018

### 8. Other Post-Employment Benefits (OPEB) (continued)

With respect to OPEB plan reporting, GASB issued GASB Statement No.'s 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, and Statement No, 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Reporting requirements for governments who administer an OPEB plan as defined under the accounting standard are required to present disclosures under both GASB 74 and GASB 75.

GASB 74 requires specific disclosures and required supplementary information that relate directly to the fiduciary fund in which the OPEB Plan is recorded. GASB 75 address disclosures related to the net OPEB liability required to be recorded by the government in its applicable financial statements. A number of these disclosures are identical, especially if the same measurement date is used for both GASB 74 and GASB 75. When different measurement dates are used, differences in assumptions and calculations will result.

OPEB Plan disclosures that impact the Department's net OPEB liability using a measurement date of December 31, 2018 are summarized as follows:

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of December 31, 2018:

Active employees	13
Inactive employees	5
Total	<u>18</u>

Contributions – The contribution requirements of OPEB Plan members and the Department are established and may be amended by the Department. Currently, members receiving these benefits contribute at a 40% of the cost of the plan. The remainder of the cost is funded by general revenues of the Department. The Department currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the OPEB Plan are paid by the Department. For the year ended December 31, 2018, the Department's average contribution rate was approximately 27% of covered-employee payroll.

Net OPEB Liability – The Department's net OPEB liability was measured as of December 31, 2018 using an actuarial valuation as of January 1, 2018. The components of the net OPEB liability of the Department at December 31, 2018 were as follows:

Total OPEB Liability	\$	1,406,001
Plan fiduciary net position		<u>(819,560)</u>
Net OPEB liability	\$	<u>586,441</u>

Plan fiduciary net position as a percentage of the total OPEB liability	58.29%
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## TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements  
Years Ended December 31, 2018

### 8. Other Post-Employment Benefits (OPEB) (continued)

The total OPEB liability in the most recent actuarial valuation was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	6.79%, net of OPEB plan investment expense, including inflation.
Municipal bond rate	3.64% as of December 31, 2018
Discount Rate	6.75%, net of OPEB plan investment expense including inflation.
Inflation	2.75% annually as of December 31, 2018 and for future periods
Health Care Trend Rate	4.5% - 5%, depending on plan
Salary Increases	3.00% annually as of December 31, 2018 and for future periods
Pre-Retirement Mortality	RP-2000 Employees Mortality Table projected with scale BB and a base year 2009 for males and females
Post-Retirement Mortality	RP-2000 Healthy Annuitant Table projected generationally with scale BB and a base year 2009 for males and females
Disabled Mortality	RP-2000 Healthy Annuitant Table projected generationally with scale BB and a base year 2012 for males and females
Actuarial Cost Method	Individual entry age normal

**Discount Rate** – The discount rate used to measure the total OPEB liability was 6.75%. There were no change in assumptions from the prior year.

**Investment Custody** - In accordance with the Department's irrevocable trust, the Trust is administered by a five-member Board of Trustees consisting of the five members of the Board of Commissioners. Per state statutes, the Town Treasurer is the custodian of the OPEB Plan assets. The Trustees are responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the Department.

**Long Term Expected Rate of Return** – The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense 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 real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return were as reflected in the following table:

# TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements  
Years Ended December 31, 2018

## 8. Other Post-Employment Benefits (OPEB) (continued)

Asset Class	Target Allocation	Expected Investment Rate of Return
Domestic Equity - Large Cap	31.75%	4.00%
Domestic Equity - Small/Mid Cap	18.50%	6.00%
International Equity - Developed Market	8.50%	4.50%
International 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	1.00%	0.00%
	100.00%	
Real rate of return		4.29%
Inflation assumption		2.75%
Total nominal rate of return		7.04%
Investment expense		-0.25%
Net investment return		6.79%

**Sensitivity Analyses** – The following presents the Department’s net OPEB liability as well as what the Department’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as well as if the healthcare cost trend rates are 1% lower or higher than the current healthcare cost trend rates:

	Discount Rate		
	1% Decrease (5.75%)	Trend Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 781,451	\$ 586,441	\$ 403,168
Service Cost	26,959	20,324	14,302

	Health Care Rate		
	1% Decrease (3.5%-4%)	Current (4.5%-5%)	1% Increase (5.5%-6%)
Net OPEB Liability	\$ 329,138	\$ 586,441	\$ 905,719
Service Cost	13,020	20,324	30,588

**Changes in the Net OPEB Liability** – The following table summarizes the changes in the net OPEB liability for the year ended December 31, 2018:

# TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements  
Years Ended December 31, 2018

## 8. Other Post-Employment Benefits (OPEB) (continued)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at January 1, 2018	\$ 953,756	\$ 583,364	\$ 370,392
Changes for the year:			
Service cost	20,324	-	20,324
Interest	64,136	-	64,136
Difference between expected and actual experience	265,582	-	265,582
Changes in assumptions	150,859		150,859
Net investment income	-	(63,804)	63,804
Employer contributions	-	348,656	(348,656)
Benefit payments withdrawn from trust	-	(48,656)	48,656
Benefit payments	(48,656)	-	(48,656)
Net changes	452,245	236,196	216,049
Balances at December 31, 2018	\$ 1,406,001	\$ 819,560	\$ 586,441

*OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB* – For the year ended December 31, 2018, the Department recognized OPEB expense of \$123,410. Deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2018 were reported as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Changes of assumptions	\$ -	\$ 126,989
Differences between projected and actual investment earnings	-	\$ 90,746
Differences between actual and expected experience	-	223,560
	\$ -	\$ 441,295

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (net outflow of \$441,295) will be recognized in OPEB expense (benefit) as follows:

December 31	
2019	\$ 88,578
2020	88,578
2021	88,578
2022	88,580
2023	65,892
2024	21,089
	\$ 441,295

## **TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT**

Notes to Financial Statements  
Years Ended December 31, 2018

### **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 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

## TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements  
Years Ended December 31, 2018

### 9. Commitments (continued)

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, 2018, total capital expenditures amounted to \$1,652,338,000, of which \$39,994,000 represents the amount associated with the Department's Project Capability. MMWEC's debt outstanding for the Projects from Power Supply System Revenue Bonds totals \$7,110,000, of which \$293,000 is associated with the Department's share of Project Capability. As of December 31, 2018, MMWEC's total future debt service requirement on outstanding bonds issued for Projects is \$7,419,000, of which \$306,000 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, 2018 and estimated for future years is shown below.

For years ended December 31,	2019	\$ 306,000
	Total	<u>\$ 306,000</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 \$1,176,000 and \$2,233,000 for the years ended December 31, 2018 and 2017, 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. Prior Period Restatement

The Department adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018. Previously, OPEB was accounted for under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The result of the adoption of GASB 75 was to eliminate the net OPEB

## TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements  
Years Ended December 31, 2018

### 12. Prior Period Restatement (continued)

obligation recorded in the Department financial statements and record the net OPEB liability at December 31, 2017.

The impact is illustrated in the table below:

Net position at January 1, 2018, as reported	\$	22,068,534
Eliminate previously recorded OPEB obligation		355,748
Record net OPEB liability		(370,392)
		<hr/>
Net position at January 1, 2018, as restated	\$	22,053,890

### 13. Implementation of new GASB Statements

During fiscal year 2018, the Department implemented the following GASB pronouncements:

- GASB Statement #75 – *Accounting and Financial Reporting for Postemployment Benefits Plans Other than Pensions*, which was required to be implemented in fiscal year 2018. The Department has successfully implemented this statement in its financial statements.
- GASB Statement #81 – *Irrevocable Split-Interest Agreements*, which was required to be implemented in fiscal year 2017. This Statement did not have any significant impact on the Department's financial statements.
- GASB Statement #85 – *Omnibus 2017*, which was required to be implemented in fiscal year 2018. This Statement did not have any significant impact on the Department's financial statements.
- GASB Statement #86 – *Certain Debt Extinguishment Issues*, which was required to be implemented in fiscal year 2018. 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 #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 2020. 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 2021. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #88 – *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements, 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 ELECTRIC LIGHT DEPARTMENT**

Notes to Financial Statements  
Years Ended December 31, 2018

**13. Implementation of new GASB Statements (continued)**

- GASB Statement #89 – Accounting for Interest Cost Incurred before the End of a Construction Period, which is required to be implemented in fiscal year 2021. The Department is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #90 – Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61, 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, 2018

**Town of Middleton Municipal Light Department's Proportionate Share of Net Pension Liability - Essex Regional Retirement System**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Department's proportion of the net pension liability	<u>1.054%</u>	<u>0.9974%</u>	<u>0.9974%</u>	<u>0.9663%</u>
Department's proportionate share of the net pension liability	<u>\$3,965,220</u>	<u>\$3,842,901</u>	<u>\$3,842,901</u>	<u>\$3,278,215</u>
Department's covered-employee payroll	<u>\$1,488,658</u>	<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>266.4%</u>	<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>55.4%</u>	<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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$328,108	\$288,945	\$288,945	\$251,202
Contributions in relation to the contractually required contribution	<u>(328,501)</u>	<u>(289,291)</u>	<u>(289,291)</u>	<u>(251,202)</u>
Contribution deficiency (excess)	<u>(393)</u>	<u>(296)</u>	<u>(296)</u>	<u>-</u>
Department's covered-employee payroll	<u>\$1,488,658</u>	<u>\$1,390,838</u>	<u>\$1,390,838</u>	<u>\$1,153,368</u>
Contributions as a percentage of covered-employee payroll	<u>22.1%</u>	<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 each year as of the prior December 31st.



**TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT****Required Supplementary Information****Schedules of Changes in Net OPEB Liability and Related Ratios**

	<u>2018</u>	<u>2017</u>
<b><u>Total OPEB Liability</u></b>		
Service cost	\$ 20,324	21,903
Interest on total OPEB liability	64,136	60,911
Changes of assumptions	150,859	-
Difference between expected and actual plan experience	265,582	-
Changes in assumptions	-	-
Benefit payments, including refunds of member contributions	<u>(48,656)</u>	<u>(18,784)</u>
Net change in total OPEB liability	452,245	64,030
Total OPEB liability - beginning of year	<u>953,756</u>	<u>889,726</u>
Total OPEB liability - end of year	<u><u>\$ 1,406,001</u></u>	<u><u>953,756</u></u>
<b><u>Plan Fiduciary Net Position</u></b>		
Earnings from plan investments	<u>(63,804)</u>	<u>72,781</u>
Net investment income (loss)	(63,804)	72,781
Employer contributions	348,656	268,784
Benefit payments	(48,656)	(18,784)
Administrative expense	<u>-</u>	<u>-</u>
Net change in fiduciary plan net position	236,196	322,781
Plan fiduciary net position - beginning of year	<u>583,364</u>	<u>260,583</u>
Plan fiduciary net position - end of year	<u><u>\$ 819,560</u></u>	<u><u>583,364</u></u>
Net OPEB liability	<u><u>\$ 586,441</u></u>	<u><u>370,392</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	58.29%	61.16%
Department's Employee Covered Payroll	\$1,299,329	\$1,598,393
Plan net OPEB liability as a percentage of covered payroll	45.13%	23.17%
Single discount rate to calculate plan liabilities	6.75%	6.75%

These schedules are required for ten years. Additional years will be presented as they become available.

See notes to the Department's financial statements and required supplementary information for a summary of significant actuarial methods and assumptions.

**TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT**

Required Supplementary Information

**SCHEDULE OF CONTRIBUTIONS**

	<u>2018</u>	<u>2017</u>
Actuarially-determined contribution	\$ 63,488	\$ 68,210
Contributions in relation to the actuarially-determined contribution	<u>(348,656)</u>	<u>(268,784)</u>
Contribution deficiency (excess)	<u>\$ (285,168)</u>	<u>\$ (200,574)</u>
Covered-employee payroll	<u>\$ 1,299,329</u>	<u>\$ 1,598,393</u>
Contribution as a percentage of covered-employee payroll	<u>26.83%</u>	<u>16.82%</u>

**SCHEDULE OF INVESTMENT RETURNS**

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	(8.66%)	6.79%

Note: These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See notes to the Department's financial statements and required supplementary information for a summary of significant actuarial methods and assumptions.

**Town of Middleton Municipal Light Department**  
**Notes to the Required Supplementary Information**  
**June 30, 2018**

**Note A – Pension Plan Schedules**

**A. Schedule of the Department's Proportionate Share of the Net Pension Liability**

The Schedule of the Department's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

**B. Schedule of Department's Contributions**

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Department may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Department based on covered payroll.

**C. Changes in Assumptions**

The following assumption changes were reflected in the January 1, 2018 actuarial valuation:

- The inflation rate was changed from 4.0% to 2.75%.
- Investment rate of return changed from 7.75% to 7.5%.
- Assumed interest of employee contributions was changed from 2.0% to 3.75%.
- Administrative expense assumption was changed from \$1,127,500 to \$1,000,000.
- Retirements rates for Group 1 and 2 hired after 4/1/12 and in Group 4 were revised to match rates for employees hired before 4/1/12.
- Percentage of accidental disability retirees expected to die from the cause of the disability was changed from 40% to 20% for Group 1 and 2 and from 40% to 60% for Group 4.

**E. Changes in Plan Provisions**

There were no plan provision changes in the January 1, 2018 actuarial valuation.

**Town of Middleton Municipal Light Department**  
**Notes to the Required Supplementary Information**  
**June 30, 2018**

**Note B – Other Post-Employment Schedules**

The Department administers a single-employer defined benefit healthcare plan (“The OPEB Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Department’s group health insurance plan, which covers both active and retired members.

**A. Schedule of Changes - Department’s Net Other Postemployment Benefit Liability and Related Ratios**

The Schedule of Changes in the Department’s Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan’s total OPEB liability, changes in the Plan’s net position, and ending net OPEB liability. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered employee payroll.

**B. Schedule of the Department’s Contributions**

The Schedule of the Department’s Contributions includes the Department’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Department is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

**C. Schedule of Investment Return**

The Schedule of Investment Return includes the money-weighted investment return on the Plan’s other postemployment assets, net of investment expense.

**D. Changes in Assumptions**

This is the first OPEB actuarial study completed in accordance with GASB 75. There were numerous changes from the last study which was completed in compliance with GASB 45.

**E. Changes in Plan Provisions**

There were no plan provision changes in the January 1, 2018 actuarial valuation.