

Town of Middleton Massachusetts



Annual Report for Fiscal Year 2020

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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



TOWN OF MIDDLETON
Memorial Hall, 48 South Main Street
Business Hours:
9:00 – 4:00 PM Monday – Thursday
9:00 – 6:00 PM Tuesday
9:00 – 1:00 PM Friday

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

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

EMERGENCY NUMBERS:

Fire Non-Emergency Number
Police Non-Emergency Number

911 Ambulance – Fire – Police

978-774-2466

978-774-4424

Beverly Hospital

978-922-3000

Poison Control

1-800-682-9211

Cable Providers

Comcast and Verizon FiOS

Public Schools in Middleton

Fuller Meadow Elementary School (K-2)
143 South Main Street
Howe-Manning Elementary School (3-6)
26 Central Street
Masconomet Regional Middle/High School (7-12)
District (MASCO)
20 Endicott Road, Topsfield

978-750-4756

978-739-2800

978-887-2323

Local Newspapers

Salem Evening News
Ipswich Chronical

978-922-1234

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 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
EMERGENCY	Always	24 hours	POLICE, FIRE & AMBULANCE	911
Finance Committee Meeting	Variable		Flint Public Library	
FIRE Department	Always	24 hours	Non-Emergency / 4 Lake St.	978-774-2466
Fuller Meadow School	Monday - Friday	7:30 am - 3:30 pm	143 South. Main Street	978-750-4756
Board of Health Meeting	Every other 1st Wednesday	7:00 pm	Flint Public Library	978-777-1869
Board of Health Office	Monday - Friday	8:00 am - 4:00 pm	195 North Main Street	978-777-1869

OFFICE	DAY(S)	TIME	PLACE	TELEPHONE
Housing Authority Meeting	1 st Monday	5:30 pm	Orchard Circle	978-774-4333
Howe-Manning School	Monday – Friday	7:30 am - 4:00 pm	26 Central Street	978-774-3519
Inspections Office	Monday – Friday	7:00 am - 4:00 pm	195 North Main Street	978-777-2850
Library Trustees	2nd Monday	7:00 pm	Flint Public Library	978-774-8132
Flint Public Library/Winter	Monday – Thursday Friday Sunday	10:00 am-8:00 pm 10:00 am-5:00 pm 1:00 pm-5:00 pm	2 North Main Street	978-774-8132
Flint Public Library/Summer	Tues., Wed., Thursday Friday Sunday	10:00 am-8:00 pm 10:00 am-2:00 pm 1:00 pm-5:00pm	2 North Main Street	978-774-8132
Planning Board Meeting	2nd Wednesday	7:00 pm	Fuller Meadow School	978-777-2850
Planning Board Office	Monday – Friday	8:00 am - 4:00 pm	195 North Main Street	978-777-2850
POLICE Department	Always		65 N. Main St./Non-Emergency	978-774-4424
Recreation Commission Mtg	1 st 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. Tuesday Friday	9:00 am - 4:00 pm 9:00 am - 6:00 pm 9:00 am - 1:00 pm	Memorial Hall / 48 South Main St.	978-774-6927
Transfer Station	Sunday, Wed, Saturday	8:00 am - 4:00 pm	Natsue Way	
Treasurer/ Collector's Office	Monday, Wed., & Thurs. Tues. Friday (after 1:00 by appt.)	8:00 am -5:00 pm 8:00 am-6:00 pm 8:00 am-1:00 pm	Memorial Hall / 48 South Main St.	978-774-8327 978-774-1867
Tri-Town Council Hotline	Always			978-771-4619
Tri-Town Council Office			49 Main St. #6, Topsfield	978-887-6512
Tri-Town School Union	Variable		28 Middleton Rd., Boxford 01921.	978-887-0771



TOWN OF MIDDLETON

Public Works Department

195 North Main Street
Middleton, MA 01949

Paul Goodwin
Superintendent

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

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

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

UNACCEPTABLE WASTE

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

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

MANDATORY RECYCLING:

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

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

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

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

TREASURER/TAX COLLECTOR

PAYMENTS

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

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

Electronic Check:

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

Credit Card:

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

MIDDLETON 2020 SENATORS AND REPRESENTATIVES

STATE

SENATOR IN GENERAL COURT

*FIRST ESSEX and
MIDDLESEX DISTRICT*
Senator Bruce E. Tarr (R)
State House, Room 308
Boston, MA. 02133-1054
Tel: (617) 722-1600
Email: Bruce.Tarr@masenate.gov

REPRESENTATIVE IN GENERAL COURT

Precinct 1
20th 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

Precinct 2
13th 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

GOVERNOR

The Honorable Charlie Baker
Massachusetts State House
Office of the Governor
Room 280
Boston, MA. 02133-1054
Tel: (617) 725-4005
(888) 870-7770 (in state)
Email: constituents.services@state.ma.us

FEDERAL

REPRESENTATIVE IN CONGRESS

SIXTH DISTRICT
Congressman Seth Moulton
21 Front Street
Salem, MA 01970
Tel: (978) 531-1669
Fax: (978) 224-2270
or
1408 Longworth HOB
Washington, D.C. 20515
Tel: (202) 225-8020
Fax: (202) 225-5915
Website: 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

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

Town of Middleton

2020

ELECTED OFFICIALS

Moderator

Barbara Piselli

2021

David M. McGlone
Brian York
Nicholas Bonugli
Brian J. Carroll
Jeffrey P. Garber

2021
2022
2023
2024
2025

Town Clerk

Ilene B. Twiss

2023

Selectmen

Todd Moreschi

2021

Kosta E. Prentakis

2021

Electric Light Commission

Timothy P. Houten

2022

James W. Kelley

2021

Richard W. Kassiotis, Jr.

2022

Timothy P. Houten

2021

Brian M. Cresta

2023

Charles S. Clinch, III

2022

Frank W. Twiss

2023

James J. Carbone

2023

Constable

Paul F. Armitage

2022

Trustees of Flint Public Library

Gretchen Hover Moreschi

2021

Donna Bambury

2021

Melissa L. Stankus

2022

Maria J. Paikos-Hantzis

2023

George M. Cumming, Jr.

2023

Elementary School Committee

Fred Clapp

2021

Housing Authority

Karen E. McCafferty

2021

Kristen Richardson

2021

Douglas LeColst

2024

Natasha M. Bansfield

2022

Maria J. Paikos-Hantzis

2025

Jennifer Lynne Pesce

2022

Arthur Berardino*

2021

Kristina A. Esposito

2023

Ilene B. Twiss (State Apptd)

2010

Regional School Committee

Joseph Ciampa

2021

*Appointed by BOS 7/28/2020

Arete H. Pascucci

2022

As of 7/28/2020

Tasha R. Cooper

2023

Kosta E. Prentakis

2023

Town of Middleton
2020
APPOINTED OFFICIALS

Town Administrator		Director of Veterans' Services	
Andrew Sheehan	2021	Gary Bent	2022
Assistant Town Administrator			
& HR Coordinator			
Tanya Shallop	2021	Building Commissioner	
		Zoning Enforcement Officer	
		Fence Viewer & A.D.A. Officer	
Town Accountant/CFO		Scott Fitzpatrick	2022
Sarah Wood	2022	Local Building Inspector	
Custodian of Town Lands		Michael Donahue	2023
Robert F. Murphy	2023	E. Peter Swindell	2023
Treasurer/Collector		Plumbing and Gas Inspector	
Belinda Young	2021	Todd Moreschi	2023
		Peter Sakelakos (Alternate)	2023
Assistant Treasurer/Collector		Gary Paul (Alternate)	2023
Cassandra Murphy	2023	Inspector of Wires	
Town Counsel		James Carbone	2023
Mead, Talerman and Costa	2021	Mark Fialkowski (Alternate)	2023
Assistant Assessor		Superintendent of Public Works	
Bradford W. Swanson	2023	Superintendent of Insect Pest Control	
		Paul Goodwin	2020
Administrative Assessor		Superintendent of Burials	
Theresa A. Fontaine	2021	Vacant	2020
Assistant Town Clerk		Public Health Director	
Carmelina Fiore	2023	Public Health Sanitarian	
Chief of the Fire Department		Conservation Commission Administrator	
Director of Emergency Management		Hazardous Waste Coordinator	
Thomas J. Martinuk		Derek Fullerton	2023
Chief of Police		Assistant Health Agents	
James A. DiGianvittorio		Leo Cormier	2023
		Ron Beauregard	2020
Superintendent of Schools		Animal Control Officer & Inspector of Animals	
Scott Morrison		Beverly Milward	2020
Library Director		Kevin Nicholas	2020
Melissa Gaspar			

**Town of Middleton
2020
APPOINTED OFFICIALS**

Town Planner		Board of Appeals	
Katrina O'Leary	2023	Richard J. Benevento(Alternate)	2021
Custodian of Town Lands		Craig Hartwell	2021
Robert F. Murphy	2023	Anne LeBlanc-Snyder(Alternate)	2021
Local Cable Television Access Director		James E. Fox	2021
Paul A. Pellicelli	2023	Nicholas A. Yeba	2022
		Anne Cote	2022
		Carolyn Damato-McPherson	2025
Election Officers		Board of Health	
Warden	Vacant	Raymond Cryan	2021
Eileen Bakopian-Clerk	2021	Paul LeBlanc	2021
Registrars of Voters		Matthew Greenfield	2022
Ilene B. Twiss (ex officio)		George Demeritt	2023
Richard Cardinale	2022	Judy Schneider	2023
James. V. Hannon Jr.	2022	Building Committee	
Sarah George	2023	George Dow, Sr.	2019
Executive Director of the Middleton Housing Authority		Erik Dalen	2019
Cindy Dunn-Danvers Housing Authority		Christine Lindberg	2019
Director of the Council on Aging		John Mahoney	2019
Jillian Smith	2023	Lance MacInnis	2019
		Bill Mertz	2019
		Robert Aldenberg	2019
		Richard Benevento	2019
		Anthony Tierno	2019
Middleton Electric Light Department Manager		Bylaw Review Committee	
Michael Cloutier		Timothy Houten	2019
Essex North Shore Regional Agricultural and Technical School District Representative		Jeffrey Garber	2019
Alexandra Liteplo	12/31/2020	Beverly Popielski	2019
		Ilene B. Twiss (ex officio)	2019
		Sarah B. George	2019
		Richard Cardinale	2021
		Vacancy	2019
Representative to the Metropolitan Area Planning Council			
Katrina O'Leary	2020		
Municipal Hearing Officer, Parking Clerk, & Municipal Liaison to the Ethics Commission			
Ilene B. Twiss	2023		

Town of Middleton
2020
APPOINTED OFFICIALS

Community Preservation Committee			Finance Committee		
Maryanne Erickson	2021	George E. Dow, Sr			2021
Robert Murphy	2021	John Mahoney			2021
Anthony Tierno	2021	Antonietta Mertz			2021
John Erickson	2022	Michelle Cresta			2022
Timothy Houten	2022	Jason Vining			2022
Laurie York	2022	John Erickson (co-Chair)			2023
Ann LeBlanc-Snyder	2023	Richard Gregorio (co-Chair)			2023
Kosta Prentakis	2023				
Ilene B. Twiss	2023				
Complete Streets Committee			Historical Commission		
Kristin Kent	2023	Shirley Raynard			2021
Scott Fitzpatrick	2023	Anne Cote			2022
Derek Fullerton	2023	Pike Messenger			2022
Katrina O'Leary	2023	Sarah B. George			2023
Vacancy	2020	Anne LeBlanc-Snyder			2023
Vacancy	2020				
Conservation Commission			Industrial and Commercial Design Review Committee		
Gerald Gove	2021	Michael Watkin (Alternate)			2021
Laurie York	2021	Robert Murphy			2021
Michael G. Sliney	2022	Chuck Kozlosky			2022
Kristin Kent (Agent)	2021	Paul Richardson			2023
Andrea Nelson	2023				
Antonio Pesce	2023				
Council on Aging			Master Development Planning Committee		
Gerald Gove	2021	Geoge E. Dow, Sr.			
Kathryn Martinuk	2021	Amy Karas			
Francis J. Leary, Jr	2021	Kenneth Lisiak			
Carol Carr	2022	William Renault			
Joan Shea-Desmond	2022	Thomas Schank			
Wendy Tirck	2022	Frank Twiss			
Ellen Strobel	2023	Annette Wilton			
Barbara Sanborn	2023				
Alice Tierney	2023				
Cultural Council			Master Plan Committee		
Cathy Lindquist	2021	Nicholas Bonugli			2021
Richard Gilman	2022	John LeBlanc			2021
Pam Hartman	2022	Paul Richardson			2021
Ann Noyes	2022	Annette Wilton			2021
Diana Jackson	2023	Timothy Houten			2022
Judy Schneider	2023	Robert Murphy			2022
		John Erickson			2023
		Peter Moon			2023
		Brian Carroll			2024

Town of Middleton
2020
APPOINTED OFFICIALS

Memorial Day Committee		Recreation Commission	
Vacancy	2018	Vacancy	2020
Vacancy	2018	Diane Currier (Alternate)	2020
Vacancy	2019	Maria Schena (Alternate)	2020
Shirley Raynard	2020	James Desrochers (Alternate)	2021
Scott Saulnier	2021	Hayato Tsurumaski	2021
Robert Wahl	2023	Jessica Sollazo	2022
Municipal Tax Relief Committee		Scholarship Committee	
Vacancy	2018	Rodney Pendleton	2022
Vacancy	2019	Shirley Raynard	2022
Belinda Young (ex officio)	2021	Ilene B. Twiss	2022
Jeffrey Garber	2022	Claudia Johnson	2023
Robert F. Murphy	2023		
Planning Board		Water Advisory Committee	
Alternate Members			
Anthony M. DeGregorio*	2021	Fire Chief	
Joseph Kikta**	2021	Town Administrator	
		Selectmen's Rep	
		Planning Board Representative	
		Supt of DPW	
		Public Health Director	
Public Facilities Planning and Building Committee		Zoning Bylaw Review Committee	
George E. Dow, Sr.	2019	Jeffrey Garber	2022
Erik Dalen	2019	Craig Hartwell	2022
Christine Lindberg	2019	Todd Moreschi	2022
John Mahoney	2019	David Parker	2022
Lance MacInnis	2019	Annette Wilton	2022
Bill Mertz	2019	David McGlone	2022
Robert Aldenberg	2019		
Richard Benevento	2019		
Anthony Tierno	2019		
Rails to Trails Committee			
Derek Fullerton	2020	*apptd 7/28/2020	
Thomas Martinuk	2020	**apptd 8/18/2020	
Scott Downs	2020		
Vacancy	2020		

2020 ANNUAL TOWN MEETING
June 24, 2020

On Wednesday, June 24, 2020, voters of the Town of Middleton met in the Howe-Manning School gymnasium. At 7:00 P.M. Town Moderator Barbara Piselli welcomed voters to the Annual Town Meeting and declared that a quorum was present. (It was later shown that 69 voters were in attendance.)

In accordance with An Act Relative to Municipal Governance During the COVID-19 Emergency, on June 8, 2020, (at least seven days before the Board's vote), the Middleton Board of Selectmen provided notice of its intention to reduce or otherwise adjust the Annual Town Meeting quorum requirement established by Town Bylaws, Chapter 56, §56-6. On June 16, 2020, in compliance with the Open Meeting Law, the Board of Selectmen and Moderator conferred, met and discussed lowering the 100 voter Annual Town Meeting quorum requirement pursuant to the Town's Bylaws, Chapter 56 §56-6, to 35 voters. A copy of the certified vote of said meeting is noted herewith.

Quorums: Section 7 (a) authorizes a select board or board of selectmen (with the approval of the town moderator) to "prescribe the number of voters necessary to constitute a quorum at any town meeting held during the governor's March 10, 2020 declaration of a state of emergency at a number that is less than the number that would otherwise be required by law, town by-law or town charter; provided, however, that the number of voters necessary to constitute a quorum shall not be less than 10 per cent of the number that would otherwise be required." Section 7 (c) requires: "[n]ot less than 10 days after a vote of the select board or board of selectmen to adjust the quorum requirement under this section, the town clerk shall notify the attorney general of the adjusted quorum requirement."

A motion made by Brian Cresta and seconded by Todd Moreschi to reduce the quorum to 35 people for the 2020 Annual Town Meeting passed with a Roll Call Vote as follows:

Tim Houten - YES, Kosta Prentakis – YES, Todd Moreschi – YES, Brian Cresta - YES

The reading of the Return of Service of the Warrant was waived. Gary Bent Veteran's Agent for the Town of Middleton led the Meeting in the Pledge of Allegiance.

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

ARTICLE 1. 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.

Purpose: This article establishes the compensation of elected officials. The Personnel Plan which shows the compensation of all employees is located in the back of the warrant book.

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

The Finance Committee recommended and moved (by John Erickson) 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 33-35 of the Town Meeting Warrant.

The motion passed with a strong majority.

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 fund the Omnibus Budget for Fiscal Year 2021; or take any other action relative thereto.

Purpose: This article requests approval of the Town operating budget for the coming fiscal year beginning on July 1, 2020 and running through June 30, 2021.

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 **\$37,649,166** to fund the Omnibus Budget for FY21 and that to meet this appropriation:

- **\$36,869,646** be raised and appropriated [taxation, local receipts, State Aid]
- **\$624,250** be transferred from the Ambulance Fund,
- **\$155,270** be transferred from PEG Cable Fund,

The motion passed with a strong majority.

ARTICLE 3. 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 2021 with each item to be considered a separate appropriation; or take any other action relative thereto.

Proposed Fiscal Year 2021 Community Preservation Budget

The Community Preservation Committee recommends that the following amounts be appropriated or reserved from Fiscal Year 2021 Community Preservation Fund Revenues, unless otherwise specified for Fiscal Year 2021 Community Preservation purposes with each item considered to be a separate appropriation:

<u>Purpose</u>	<u>Recommended Amount</u>	<u>Funding Source</u>
A) Reserves: Open Space	\$37,133.63	FY 2021 Estimated CPA Receipts
Reserves: Historic Resources	\$37,133.63	FY 2021 Estimated CPA Receipts
Reserves: Community Housing	\$37,133.63	FY 2021 Estimated CPA Receipts
B) Flint Library Debt Service	\$74,375	\$38,885.80 from Historic Resources Reserve and \$35,489.20 from Fund Balance
C) 11 South Main St. Debt Service	\$44,000	\$38,885.81 from Open Space Reserve and \$5,114.19 from Fund Balance
D) CPA Committee Admin. Expenses	\$1,150	From Fund Balance
Community Preservation Total	\$230,926	

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 2021 are estimated at \$297,500 and are composed of the estimated receipts from the local surcharge of \$240,000 and monies from the State Trust Fund, which will make its sixteenth payment in October of 2021 providing an additional estimated \$57,500 in matching funds based upon the local share raised in FY 2020.

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 or reserve from the Community Preservation Fund annual revenues or available funds the amounts recommended by the Community Preservation Committee and printed on page 23 of the Town Meeting Warrant for debt service, community preservation projects and other expenses in Fiscal Year 2021 with each item to be considered a separate appropriation for a total of **\$230,926**.

The motion passed unanimously.

ARTICLE 4. 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 in the following amounts recommended by the Community Preservation Committee for new Community Preservation projects in Fiscal Year 2021 with each item to be considered a separate appropriation; or take any other action relative thereto.

<u>Purpose</u>	<u>Recommended</u>	<u>Funding Source</u>
	<u>Amount</u>	
Digitizing Historic Records	\$5,000	Fund Balance
Community Preservation Total	\$5,000	

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 from the Community Preservation Fund the sum of **\$5,000** from Fund Balance to Digitize Historic Records.

The motion passed unanimously.

ARTICLE 5. 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:

Revolving Fund	Spending Limit
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 John Erickson) that the Town authorize the FY21 spending limits for the revolving funds under Massachusetts General Laws Chapter 44, Section 53E ½, for the following amounts:

Revolving Fund	Spending Limit
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 unanimously.

ARTICLE 6. 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 2021; 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	\$ 502
Total Indirect Costs:	\$4,848

Total FY2021 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 \$4,848 of indirect costs appropriated in the general fund under article 2 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 Erickson) 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 FY2021:

Direct Costs

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

Indirect Costs *

Salaries and Wages	\$4,346
Insurance & Benefits	<u>502</u>
Total Indirect Costs:	\$4,848

Total FY2021 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 \$4,848 of indirect costs appropriated in the general fund under article 2 to be funded from Sewer Enterprise Revenues.

The motion passed unanimously.

ARTICLE 7. 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 2021; or take any other action relative thereto.

Direct Costs

Salaries and Wages	\$117,053
Capital Outlay	0
Debt Service	\$10,795
Expenses	\$113,600

Total Direct Costs: \$241,448

Indirect Costs *

Salaries and Wages	\$13,558
Insurance & Benefits	\$30,042
Total Indirect Costs:	\$43,600

Total FY2021 Budget \$285,048

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

Town shall raise the sum of \$241,448 from the Water Enterprise Revenues and to approve the sum of \$43,600 of indirect costs appropriated in the general fund under article 2 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 Richard Gregorio) 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 FY2021:

Direct Costs

Salaries & Wages	\$117,053
Capital Outlay	\$0
Debt Service	\$10,795
Expenses	<u>\$113,600</u>
Total Direct Costs:	\$241,448

Indirect Costs *

Salaries and Wages	\$13,558
Insurance & Benefits	<u>\$30,042</u>
Total Indirect Costs:	\$43,600

Total FY2021 Budget \$285,048

**(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 \$241,448 from the Water Enterprise Revenues and approve the sum of \$43,600 of indirect costs appropriated in the general fund under article 2 to be funded from Sewer Enterprise Revenues.

The motion passed unanimously.

ARTICLE 8. On petition of the Commissioners of the Middleton Electric Light Department, 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 Richard Gregorio) that the Town accept the sum of **\$230,000** from the earnings of the Electric Light Department, said sum to be used to reduce the tax rate.

The motion passed unanimously.

ARTICLE 9. On petition of the Superintendent of Public Works, Finance Committee, and Board of Selectmen, 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, 2020 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, 2020 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 10. 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 2021; and to authorize the Town Administrator to sell or trade items rendered surplus by such purchases; or take any other action relative thereto.

Department/Location	Project	Expenditure	
<u>Dept. of Public Works</u>	John Deere 4720 Tractor or similar	60,000	*
	Garage Heaters	11,000	
	F550 1 Ton Truck or similar		*

		75,000	
7400 International Dump Truck or similar		173,000	*
Roll Off Containers, Repair/Replace		12,000	
<u>Paving to Supplement c. 90</u>		100,000	
<i>Public Works subtotal</i>			431,000
<hr/>			
<u>Police Department</u>	Cruiser Radios	4,100	
	Radar Guns	2,500	
	Vests (reimbursable)	21,000	
	Taser Replacement	18,750	
	Bicycles	4,800	
	Court Vehicle	37,000	
	Digital Sign Board	21,800	
	<u>Station Upgrades</u>	10,000	
<i>Police subtotal</i>			119,950
<hr/>			
<u>Fire Department</u>	Engine 4 Cabinets	10,000	
	Alarm Box Decoder	60,000	
	Replace Ambulance 1	384,710	*
	<u>Outfit/Train New Firefighters/Paramedics</u>	29,310	
<i>Fire subtotal</i>			484,020
<hr/>			
<u>Information Technology</u>	Fiber Optic Network	100,000	
	UPS Backup Devices	8,000	
	Warranty Renewal Mem. Hall Network		
	Storage	4,000	
	Replace Police Computers	6,000	

		<i>Information Technology subtotal 118,000</i>
<u>Facilities</u>	Memorial Hall Handicap Ramp Replacement	20,000
	Memorial Hall Carpet Replacement	15,000
		<i>Facilities subtotal 35,000</i>
<u>Administration</u>	Digitizing of Inspectional Services Records	45,000
		<i>TA/BOS subtotal 45,000</i>
<u>Senior Center</u>	Replace Heating/Cooling System	11,000
	Meals on Wheels Delivery Vehicle	35,500
		<i>Senior Center subtotal 46,500</i>
<u>Middleton Public Schools</u>	Fuller Meadow End-User Technology	80,833
	Howe Manning End User Technology	144,048
		<i>Middleton schools subtotal 224,881</i>
<u>Essex No. Shore Tech</u>	Capital contribution	20,626
		<i>Essex Tech subtotal 20,626</i>
Capital Projects Total		\$ 1,524,977

*Indicates items for which borrowing is the funding source; requires 2/3 vote

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 the 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 motion was made by Richard Gregorio (Finance Committee) and seconded by John Erickson (Finance Committee) that the Town appropriate the sum of **\$1,524,977** to fund the

capital improvements printed on pages 26-27 of the Town Meeting Warrant and that, to meet this appropriation, it authorize the Treasurer-Collector to borrow the sum of **\$308,000** and any premium received upon the sale of any bonds or notes approved by this vote, less any such premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to the payment of costs approved by this vote in accordance with M.G.L. c. 44, §20, thereby reducing the amount authorized to be borrowed to pay such costs by a like amount; and authorize the Town Administrator to enter into a three year lease-to-own contract for purchase of an ambulance; and to transfer the following amounts from the following sources:

- **\$637,267** from Free Cash
- **\$170,000** from Overlay Reserve
- **\$121,821** from the Ambulance Fund
- **\$100,000** from the PEG Fund

The motion passed with a very strong two-thirds (2/3) majority vote.

ARTICLE 11. 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 \$75,000 to the Other Post-Employment Benefits Liability Irrevocable Trust Fund; or take any other action relative thereto.

Purpose: This article authorizes the transfer of funds to the Town's Other Post-Employment Benefits (OPEB) Trust. The OPEB Trust is set up to fund the Town's future liabilities for things such as retiree health and disability insurance.

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 **\$75,000** from Free Cash to the Other Post-Employment Benefits Liability Irrevocable Trust Fund.

The motion passed unanimously.

ARTICLE 12. On petition of Eric R. Cudmore and 10 or more registered voters, to see if the Town will vote to raise and appropriate, borrow or transfer from available funds \$20,000 to pay for the costs associated with the acquisition or disposal of real property.

Purpose: The town has acquired land for public facilities and to sell Town-owned land on Locust Street. The town needs to engage professionals to conduct assessments such as appraisals, environmental assessments, and surveys. Funds appropriated under this article would not be used for the acquisition of any real property.

Master Plan Committee Recommendation: The Master Plan Committee voted 5-1 to recommend against the article.

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

The motion was made by Eric Cudmore (Petitioner) and seconded by Richard Gregorio that the Town Meeting take no action and that this petition will be referred to the Board of Selectmen to be placed on the next Town Meeting Warrant.

The motion passed unanimously.

At 7:59 PM there was a motion and a second from the floor to dissolve the June 24, 2020 Annual Town Meeting, and the vote to do so was unanimous.

Attest, a True Copy,


Hene B. Twiss
Town Clerk

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 that 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 an 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 300th 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 Accountant/Chief Financial Officer (CFO)

Town Accountant/CFO: **Sarah Wood**

Department Description

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

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

Fiscal Year 2019 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

- Managed the conversion of our MUNIS accounting software to one of the latest versions which involved upgrading the servers to a cloud-based web-design.

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 no longer being 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.

Board of Assessors

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

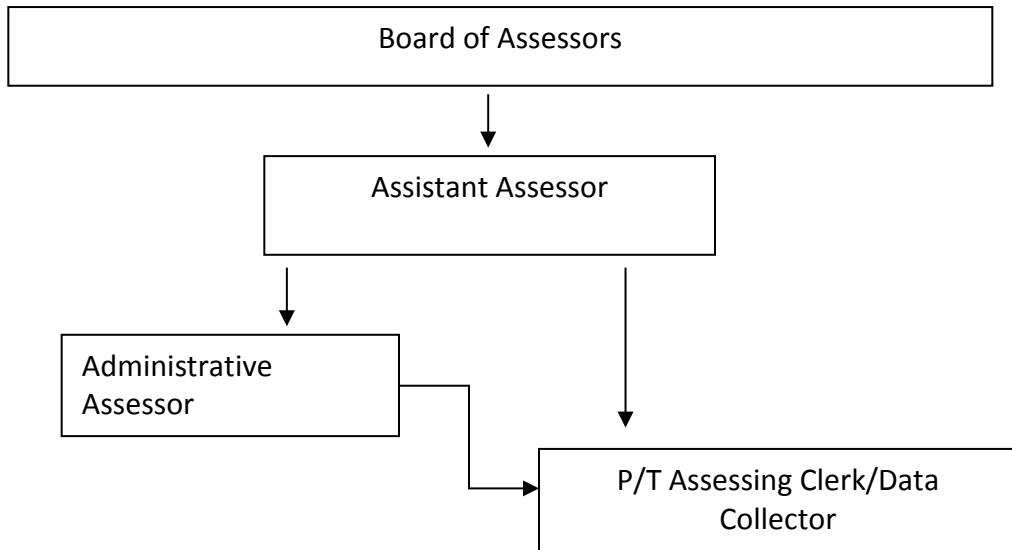
Department Description

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.

Treasurer/Collector

Treasurer/Collector: Belinda Young

Department Description

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

Fiscal Year 2019 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 2020 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.)

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.

Fiscal Year 2019 Accomplishments

- 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.

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 17th century to the present. This includes records of all births, marriages and deaths, all actions of Town Meeting, results of elections, zoning decisions, Planning Board decisions and Annual Reports. In this capacity, the Clerk occasionally goes to court on behalf of the Town. The Clerk's Office maintains the municipal code, the official Town bulletin boards, 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 290th 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.

Conservation Commission

Conservation Agent: Kristin Kent

Department Description

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

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

Fiscal Year 2019 Accomplishments

- Created the Middleton Open Space Program page on the Town website in coordination with the Town Planner. The Open Space Program page includes information regarding access to Town conservation properties and parks.
- Re-initiated Town involvement in the Greenscapes North Shore Coalition in coordination with the Department of Public Works. The Greenscapes program is a regional collaborative that works on outreach and education about water resources.
- Worked with Cumberland Farms to permit and install the walking path and bridge connecting South Main Street and Maple Street to the Town properties on Maple Street/King Street and Memorial Hall. Worked with the Department of Public Works to install the walking path connecting the Maple Street/King Street Town properties to the Cumberland Farms bridge.
- Worked with the Department of Public Works to ensure Town compliance with the new US EPA Municipal Separate Storm Sewer Systems (MS4) permit.

Fiscal Year 2020 Goals and Objectives

- Update the Town's Open Space and Recreation Plan, which is due to expire in 2019.
- Explore grant opportunities to enhance usage of Town conservation land by providing improved access and signage.
- Work with the Department of Public Works in implementing compliance requirements for the US EPA/MA DEP's MS4 permit, including creation of Operation & Maintenance Plans and Stormwater Pollution Prevention Plans for Town properties and collecting stormwater outfall and conveyance data.

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

Fiscal Year 2019 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.

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 1st through December 21st, 2018 over 140 law enforcement officer 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 1st, 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 32nd 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 woman 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.

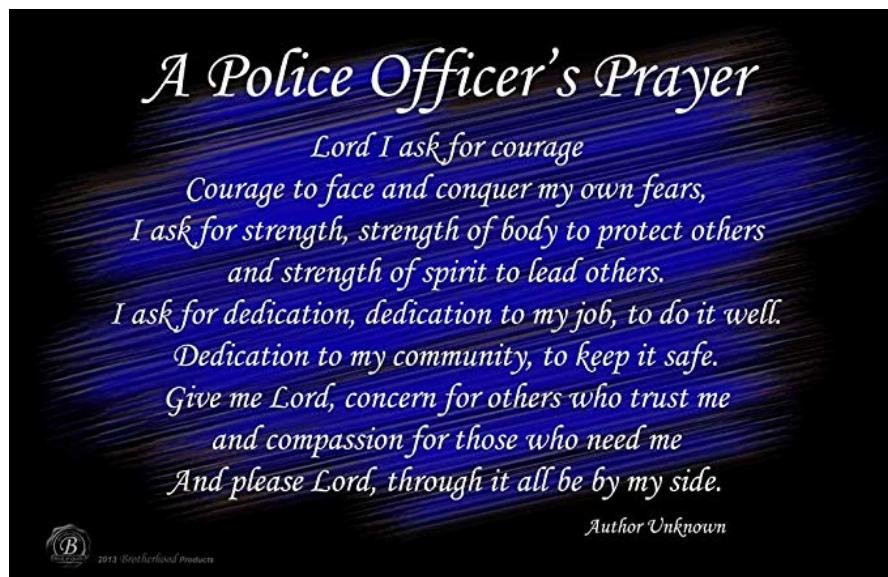
The frightening part about this story is that it's not an episode of one of the many police drama shows we watch on TV, it's reality. It's the realism that the men and women of our profession are facing more and more each day.

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.



Fiscal Year 2019 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.

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 2020 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

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 in 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 \$3,000 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.

Inspectional Services Department

Building Commissioner/Zoning Enforcement Officer:

Scott M. Fitzpatrick

Local Building Inspector/Plans Examiner/Zoning Enforcement

Michael Donahue

Local Building Inspector/Plans Examiner/Zoning Enforcement

Peter Swindell

Electrical Inspector

James Carbone

Plumbing and Gas Inspector

Todd Moreschi

Multi-Department Clerk Dispatcher

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 10th Edition of the Massachusetts State Building Code. The 10th 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.

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.

Fiscal Year 2019 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 2020 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.

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.

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

Fiscal Year 2019 Accomplishments

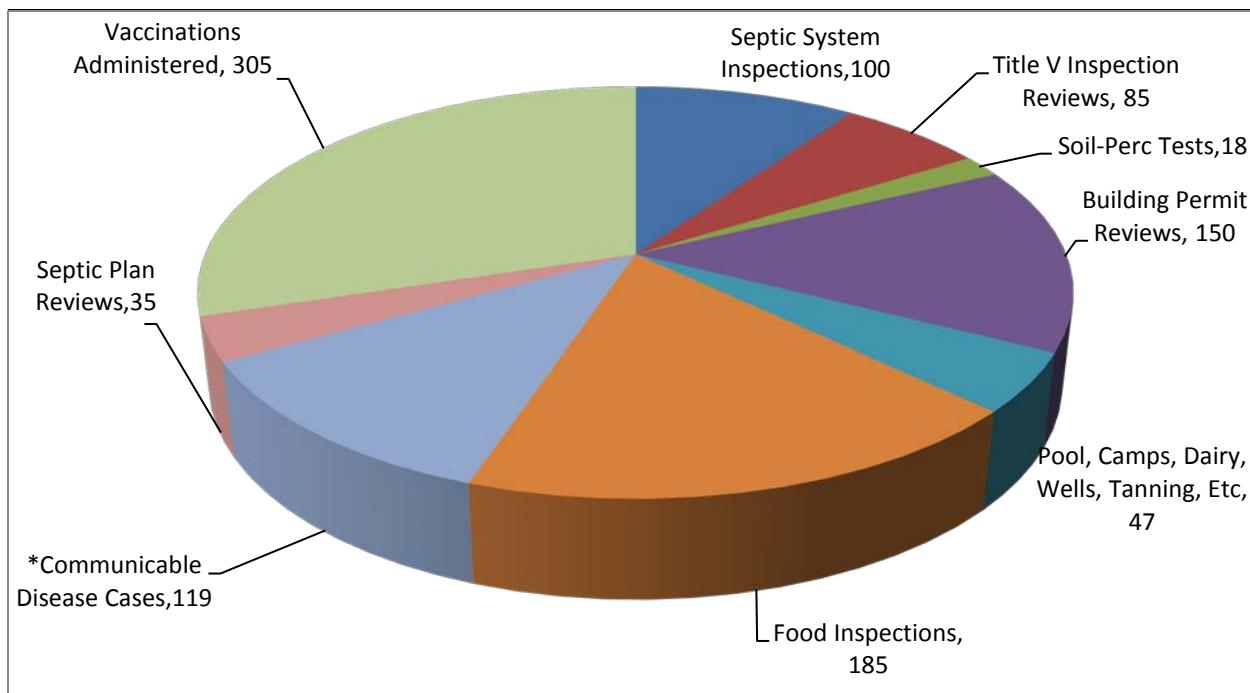
Notable accomplishments over the past year include:

- **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. The Massachusetts Health Officers Association has awarded an intern for 2019 to assist the department on this effort.
- **Youth Mental Health First Aid Training:** The 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 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.

Council on Aging ~ Narrative FY '20

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 8th year of the Middleton Food Pantry
- Administered the 10th 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 Furniture MH, other Depts	12,000	450	Moving costs
2005	Fed surplus Computer Lab Great Boston A.B.L.E.	8,000	900	Moving, Electrical
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

73,194 126,655 144,728 10,000 16,224 **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. His 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.)

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 5,325 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

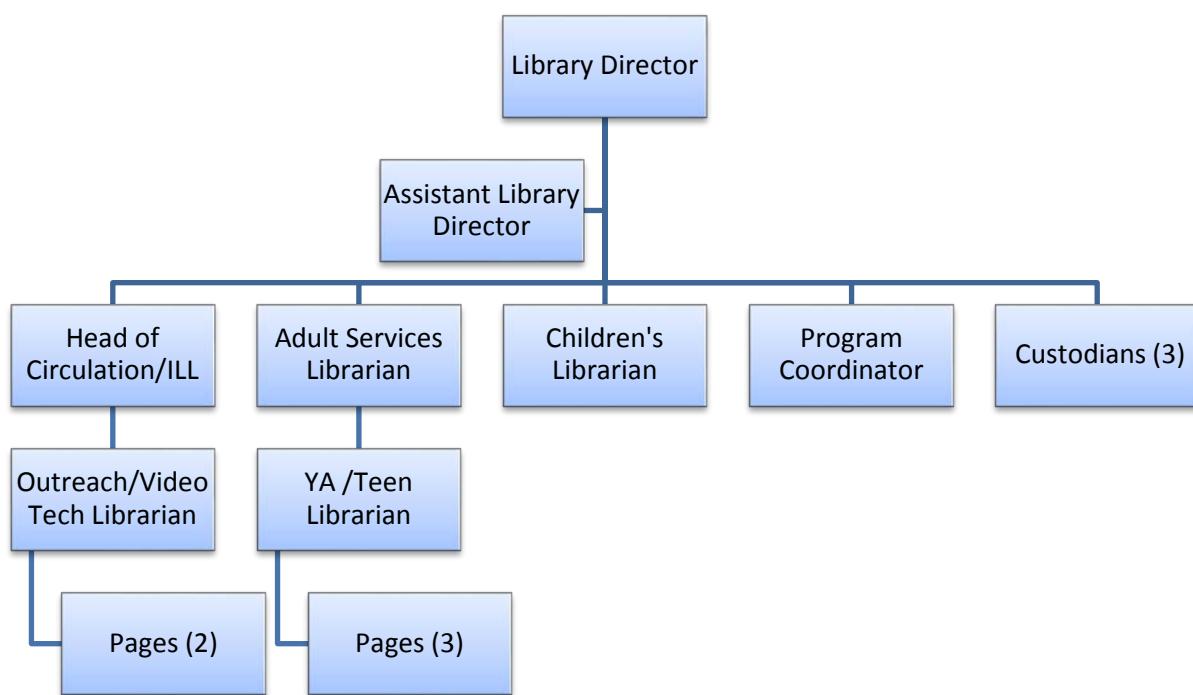
The Library Meeting Rooms provide a vital service to the community and are booked morning, noon, afternoon and night. Scout meetings, town committees, community groups, educational groups, and toastmasters, are just a few of the groups that find the meeting room space the ideal place to meet. The library is centrally located and very accessible. The library also has two quiet

study areas that are always in use by adult students, researchers, 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



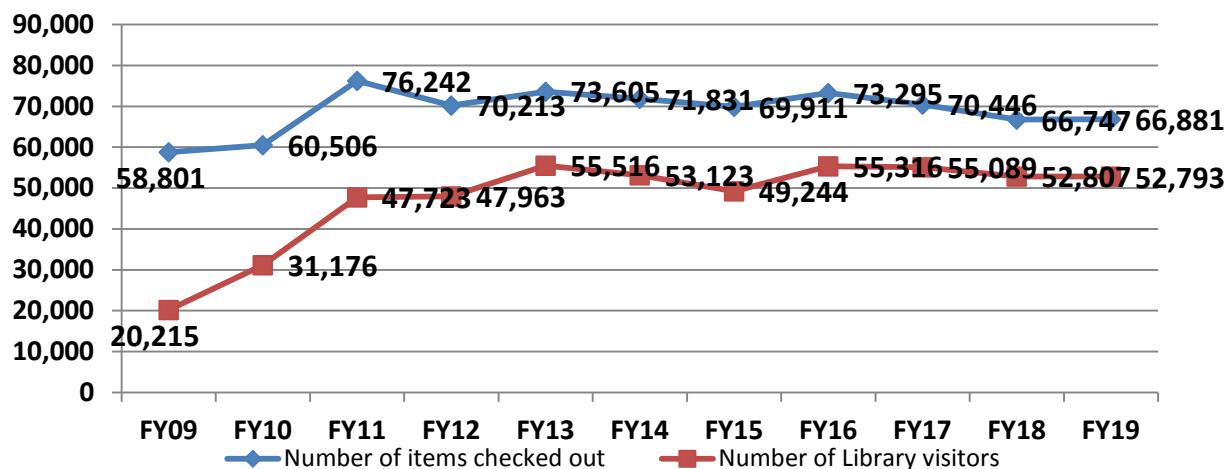
Fiscal Year 2019 Accomplishments

- 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.

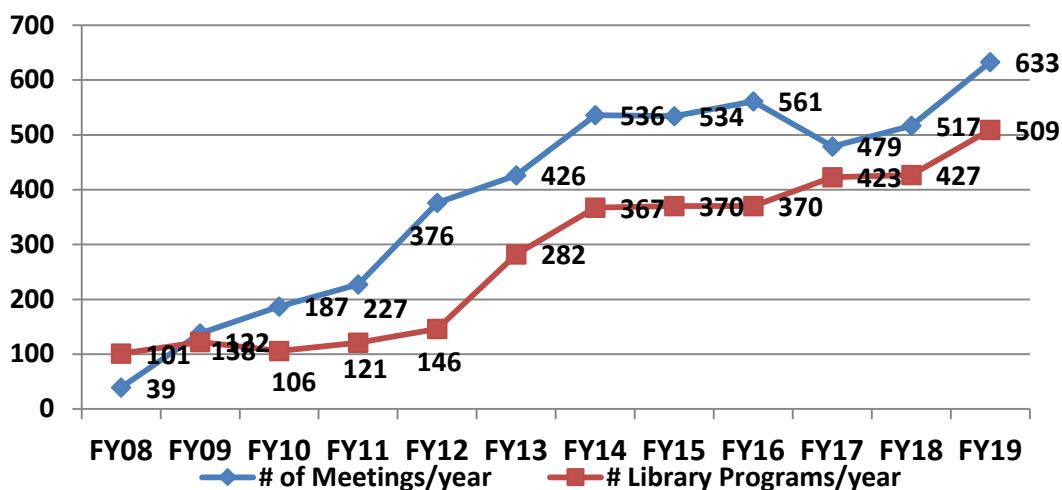
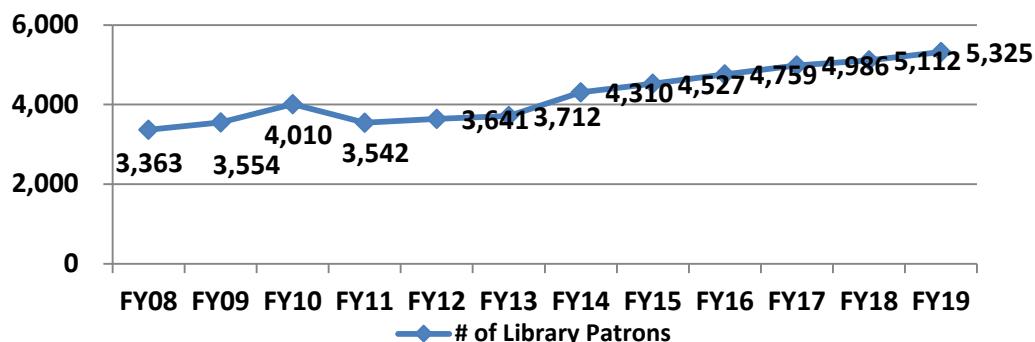
- The library digitized the first 30 years of the Tri-town Transcript 1962-1992 and made them available online in a searchable format from the library's website. Another thirteen and a half years are being digitized in collaboration with Boxford and Topsfield. All three libraries will offer access to 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 as 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.

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants



TOWN OF MIDDLETON, MASSACHUSETTS

Management Letter

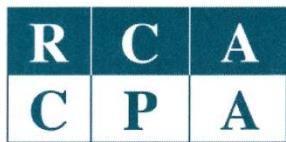
Year Ended June 30, 2020

TOWN OF MIDDLETON, MASSACHUSETTS

**MANAGEMENT LETTER
YEAR ENDED JUNE 30, 2020**

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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, 2020, 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
September 16, 2020

EVALUATION OF TOWN OPERATIONS

Fiscal 2020 will always be remembered for what is arguably, one of, if not, the beginning of one of the Nation's most daunting historical challenges. In January 2020, a virus known as Covid-19, made its appearance in the United States. Within two months, its devastating effects were being experienced on a large-scale basis and became a pandemic. In order to mitigate the wide-spread impacts, the entire Nation came to a virtual stand-still as schools, colleges, and non-essential businesses and activities were all shut down and citizens were required to stay in their homes.

Because the resultant unemployment skyrocketed to levels never seen before, it had, and continues to have a dramatic impact on the world economy; This impact has been felt at the Global, National and Local level.

While the Town could never prepare itself to face such an unprecedented challenge, years of strong fiscal management set up the Town to withstand this tragedy, better than most. Despite the economy being locked down for basically the entire fourth quarter, the Town was still able to ride the back of a strong first half of the year and end the year with positive operations and balance a budget for fiscal 2021.

The following are some key financial highlights:

1. Unassigned fund balance increased from \$5.6 million to \$6.2 million.
2. The OPEB fund increased to almost \$1.4 million.
3. Aggregate General, SPED, Capital and Pension Stabilization funds were increased to over \$3.0 million.
4. Levy capacity was over \$0.7 million.

This along with the completion of the policies and procedures manual, maintaining strong controls and creating a cogent financial and administrative team that works very well and seamlessly together helped leverage an increase in the Town's bond rating to a AA+. This is the highest bond rating the Town has achieved and is one notch below the highest bond rating possible.

The Town has worked the last three years to choreograph the process to a higher bond rating and it has been successful. This will save the Town in financing costs as it embarks on its future capital improvements, some of which will be significant.

In addition, the strong financial position will leverage the Town's efforts to mitigate the economic impacts of Covid-19 in fiscal 2021 and beyond.

OBSERVATIONS

Bond Rating

As we previously mentioned, the Town recently underwent a credit evaluation. After many years of using Moody's to complete this endeavor, the Town decided to use the services of Standard and Poor. In prior years, we had made the recommendation for the Town to consider bringing a different set of eyes to the table with respect to its bond rating, and felt that Standard and Poor metrics lined up more favorably with the Town's strengths than Moody's' metrics.

The Town was rewarded for this effort by receiving a AA+ credit score, the second highest rating possible. This will provide much savings to the Town as it moves forward on its significant capital improvement strategy.

In the report issued by Standard and Poor on September 10, they highlight the following strengths:

1. The Middleton economy is very strong due to its location in the Boston Metropolitan Statistical Area which is a very strong and diverse area. In addition, this metric was driven by the Town's equalized valuation as a factor of population at over \$200,000 and its per capita buying income at 146% of the National average.
2. The Town's management is considered strong with strong financial targets for stabilization funds in place. In addition, the Town monitors budget to actual reports regularly, develops forecasts and capital improvement plans and has a strong investment policy which it monitors. Other financial policies are all considered strong.
3. Budgetary flexibility is very strong as reserves sit at 18% of expenditures which exceed the tier 1 threshold of 15%.
4. Liquidity is very strong as it maintains cash reserves well above required metrics to pay back debt principal.

Areas of concern were highlighted as exposure to long-term obligations such as unfunded pension and OPEB liabilities and planned significant future debt.

Because the Town belongs to a county pension system, management of this liability is somewhat out of the Town's control, so a pension stabilization fund was set up to mitigate this. The Town has also established an OPEB trust fund, to which it makes annual contributions. However, these hurdles are difficult to clear as the unfunded liabilities are significant.

Overall, the report was excellent and receiving an upgrade during these very uncertain economic times is a very strong accomplishment.

Update of Prior Year Findings

Planning Board Deposits and Agency Accounts

In the prior year we advised the Town Financial Offices to work with the Planning Board to determine if any of the deposits that have been held for numerous years have been abandoned. If so, the Town could advertise these under the abandoned property statutes and claim them as income.

In addressing this comment, the Town has reached out to DOR for guidance as it plans on setting up a sidewalk revolving fund and needs guidance on which funds may be used in the sidewalk fund versus which will be claimed as abandoned. At this point, DOR Legal is only addressing Covid related issues so this has been tabled for a future date.

Payroll Files

In the prior year we highlighted two concerns with respect to payroll testing. The first was highlighting the filing of I9 forms and the second dealt with compensation changes not being formally documented.

With the expansion of the Town's payroll to include a Human Resource Director, these comments were satisfied.

Municipal Light Department Checking Account

The Town agreed with our finding to bring the bank account under Treasurer's control 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. At this point the Treasurer has been included as a signer but the overall comment has not been satisfied.

Fire Detail Account

The deficit in the Fire Detail account was raised on the prior year tax recapitulation sheet. The current year balances reconcile without any variances thus this comment has been satisfied.

Stagnant Capital Project Balances

We reminded the Town that they can repurpose stagnant capital project balances, to other similar projects. This requires Town Meeting action. The Town intends to use these stagnant balances for the large facilities project, and this has been delayed due to Covid.

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants



TOWN OF MIDDLETON, MASSACHUSETTS

Report on Examination of the Basic Financial Statements and
Additional Information

Year Ended June 30, 2020

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, 2020, 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, 2019 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, 2020, except for the Light Department, which is as of December 31, 2019, 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 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 September 16, 2020 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.

Roselli, Clark & Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
September 16, 2020

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, 2020 (December 31, 2019 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 \$43.9 million (*total net position*).
- The Town’s total net position increased by approximately \$1.4 million year-over-year, not including a restatement which caused an approximate \$4.9 million increase in governmental activities net position. The increase from operations was the result of a decrease in governmental activities of approximately \$0.9 million offset by about a \$2.3 million increase in Light Department operations.
- The Town’s total long-term debt in its governmental activities decreased by over \$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 \$9.9 million, which was approximately \$3.3 million lower than the prior year. Of the ending fund balance, approximately \$2.6 million 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:

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2020	June 30, 2019 (restated)	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019 (restated)
Assets						
Current and other assets	\$ 17,832,222	\$ 20,498,007	\$ 17,490,300	\$ 15,401,015	\$ 35,322,522	\$ 35,899,022
Capital assets, net	57,502,983	54,518,082	12,508,342	11,959,527	70,011,325	66,477,609
Total assets	75,335,205	75,016,089	29,998,642	27,360,542	105,333,847	102,376,631
Deferred outflows of resources						
	3,559,901	3,702,208	830,280	918,611	4,390,181	4,620,819
Liabilities						
Long-term liabilities	47,913,398	56,070,226	4,782,277	4,621,358	52,695,675	60,691,584
Other liabilities	7,546,925	6,904,226	1,490,502	1,224,054	9,037,427	8,128,280
Total liabilities	55,460,323	62,974,452	6,272,779	5,845,412	61,733,102	68,819,864
Deferred inflows of resources						
	3,993,040	337,260	72,280	239,000	4,065,320	576,260
Net Position						
Net investment in capital assets	41,125,835	40,795,178	12,508,342	11,959,527	53,634,177	52,754,705
Restricted	6,036,959	6,165,527	-	-	6,036,959	6,165,527
Unrestricted	(27,721,051)	(31,554,120)	11,975,521	10,235,214	(15,745,530)	(21,318,906)
Total Net Position	\$ 19,441,743	\$ 15,406,585	\$ 24,483,863	\$ 22,194,741	\$ 43,925,606	\$ 37,601,326

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 \$43.9 million (*total net position*), which represents an approximate \$1.4 million increase from the prior year’s balance, as restated.

The largest portion (\$53.6 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 (\$6.0 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 \$15.7 million. Surpluses of nearly \$12.0 million in the business-type activities are offset by a deficit of over \$27.7 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 \$35.1 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:

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues						
Program revenues:						
Charges for services	\$ 3,151,970	\$ 3,424,586	\$ 13,507,684	\$ 13,903,397	\$ 16,659,654	\$ 17,327,983
Operating grants and contributions	5,297,743	4,493,221	265,173	576,456	5,562,916	5,069,677
Capital grants and contributions	814,305	553,573	-	-	814,305	553,573
General revenues:						
Property taxes	30,516,284	29,020,330	-	-	30,516,284	29,020,330
Excise taxes	2,456,789	2,494,660	-	-	2,456,789	2,494,660
Unrestricted investment earnings	156,673	265,505	1,176,429	(656,279)	1,333,102	(390,774)
Other	861,369	861,847	-	-	861,369	861,847
Total Revenues	43,255,133	41,113,722	14,949,286	13,823,574	58,204,419	54,937,296
Expenses						
General government	2,395,200	2,654,464	-	-	2,395,200	2,654,464
Public safety	5,854,508	5,842,299	-	-	5,854,508	5,842,299
Education	30,001,303	28,900,150	-	-	30,001,303	28,900,150
Public works	3,021,094	2,943,480	-	-	3,021,094	2,943,480
Health and human services	826,756	796,684	-	-	826,756	796,684
Culture and recreation	1,682,730	1,168,463	-	-	1,682,730	1,168,463
Debt service	499,235	449,333	-	-	499,235	449,333
Electric light	-	-	12,484,064	13,459,723	12,484,064	13,459,723
Total Expenses	44,280,826	42,754,873	12,484,064	13,459,723	56,764,890	56,214,596
Change in net position before transfers	(1,025,693)	(1,641,151)	2,465,222	363,851	1,439,529	(1,277,300)
Transfers	176,100	223,000	(176,100)	(223,000)	-	-
Change in net position	(849,593)	(1,418,151)	2,289,122	140,851	1,439,529	(1,277,300)
Net position, beginning of year	15,406,585	17,277,687	22,194,741	22,068,534	37,601,326	39,346,221
Restatement for net OPEB liability	4,884,751	(452,951)	-	(14,644)	4,884,751	(467,595)
Net position, beginning of year, as restated	20,291,336	16,824,736	22,194,741	22,053,890	42,486,077	38,878,626
Net position, end of year	\$ 19,441,743	\$ 15,406,585	\$ 24,483,863	\$ 22,194,741	\$ 43,925,606	\$ 37,601,326

Governmental Activities – Total revenues in fiscal year 2020 in the Town's governmental activities increased over \$2.1 million from fiscal year 2019. This increase was due primarily to an increase in property taxes which were nearly \$1.5 million greater than the prior year. Operating grants and contributions were approximately \$0.6 million higher than the prior year due to higher on-behalf payments made to the state teachers retirement system by the Commonwealth of Massachusetts. 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 70.5% of revenues. The increase was in line with the statutorily allowed increase from year to year and was expected. Operating grants which represented 12.2% of revenues increased as noted above. No other revenue sources were greater than 10% of total revenues in fiscal years 2020 or 2019.

Total expenses for the current fiscal year were nearly \$44.3 million which was \$1.5 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 2020, education expenses represented approximately 67.8% of total expenses, consistent with 67.6% in the prior year. The Town continues to fund education expenses above the minimum state requirements. Public safety expenses represented 13.2% of total fiscal year 2020 expense; consistent with 13.7% in the prior year. No other expense types were greater than 10% of total expenses in fiscal years 2020 and 2019.

Business-Type Activities – Operating revenues of the light department decreased as actual customer kilowatt hour sales decreased approximately 3.0% and overall revenue from customer charges decreased 3.2%. There were no rate changes during the year. Investment income increased approximately \$1.8 million due to favorable market factors. Operating expenses decreased approximately \$1.0 million, or 7.2%, primarily due to lower power costs and a decrease in demand.

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 \$9.9 million, which is nearly \$3.3 million lower than the prior year. The decrease was primarily due to over \$3.6 million of capital spending. Of the ending fund balance approximately \$2.6 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 \$6.3 million, while total general fund balance was over \$8.1 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 15.7% of total general fund expenditures, while total fund balance represents approximately 20.4% 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 \$0.2 million as restricted and a \$3.7 million deficit as unassigned. The Town expended approximately \$3.6 million on land acquisition and related costs during the year.

The Town’s aggregate nonmajor funds include the Town’s special revenue funds and trust funds. The fund balances in the nonmajors funds were unchanged from the prior year 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 \$24.5 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 nearly \$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

A budget to actual schedule for the general fund has been provided as required supplementary information. During the fiscal year, Town Meeting increased appropriations approximately \$1.2 million as more fully described in the notes to 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, 2020, amounts to approximately \$70.0 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 increased over \$3.5 million as additions were higher than depreciation. Additions were primarily related to land acquisitions totaling \$3.8 million and infrastructure improvements of over \$0.8 million.

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

Long-term Debt – At June 30, 2020, the Town had total debt outstanding of approximately \$12.9 million, all reported in the governmental activities. Debt decreased approximately \$1.0 million due to regular scheduled maturities.

Standard and Poor’s has assigned a bond rating of AA+ for its general obligation debt.

Additional information on the Town’s debt can be found in Note II, Sections E, F and G 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 2021 tax rate will be approximately 82% 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 across the Commonwealth continue to be among the highest in the country as the effects of the COVID-19 pandemic has hit states with higher pre-pandemic employment rates the hardest.
- The Town’s housing market has remained relatively stable as median house prices statewide have increased steadily for the past five years. This has been fueled by an attractive mortgage market with relatively low rates and housing inventory that has been declining for many years. The pandemic has also seen many people leaving larger cities to purchase homes in the suburbs. This increases demand at a time when fewer sellers are listing their homes for sale.
- The Town anticipates receiving the same amount of state aid for 2021 as in the previous fiscal year based on state budget estimates. 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. Other local revenues like motor vehicle, hotel/motel and meals excise taxes that the Town relies on to balance the budget have fallen due to the pandemic and as such the Town has factored a local revenue decrease into its tax rate setting process.

The above items were considered when the Town accepted its budget for fiscal year 2021 at the June 2020 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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	Assets		
Cash and cash equivalents	\$ 12,630,844	\$ 4,322,007	\$ 16,952,851
Investments	3,179,721	8,688,703	11,868,424
Receivables, net:			
Property taxes	876,692	-	876,692
User charges	9,946	1,295,621	1,305,567
Departmental and other	594,499	240,737	835,236
Intergovernmental	72,059	-	72,059
Unbilled revenue	-	231,618	231,618
Inventory	-	561,073	561,073
Prepaid items	-	2,148,660	2,148,660
Other assets	-	1,881	1,881
Tax foreclosures	468,461	-	468,461
Capital assets not being depreciated	10,808,545	2,219,869	13,028,414
Capital assets, net of accumulated depreciation	46,694,438	10,288,473	56,982,911
Total Assets	75,335,205	29,998,642	105,333,847
Deferred Outflows of Resources			
Related to Pensions	1,990,752	545,623	2,536,375
Related to OPEB	1,569,149	284,657	1,853,806
Total Deferred Outflows of Resources	3,559,901	830,280	4,390,181
Liabilities			
Warrants and accounts payable	1,057,187	1,036,577	2,093,764
Accrued payroll and withholdings	1,441,861	-	1,441,861
Accrued interest	154,317	-	154,317
Customer deposits	-	180,637	180,637
Other liabilities	38,501	273,288	311,789
Bond anticipation notes payable	3,745,000	-	3,745,000
Noncurrent liabilities:			
Due within one year	1,110,059	-	1,110,059
Due in more than one year	47,913,398	4,782,277	52,695,675
Total Liabilities	55,460,323	6,272,779	61,733,102
Deferred Inflows of Resources			
Related to Pensions	1,136,451	53,173	1,189,624
Related to OPEB	2,856,589	19,107	2,875,696
Total Deferred Inflows of Resources	3,993,040	72,280	4,065,320
Net Position			
Net investment in capital assets	41,125,835	12,508,342	53,634,177
Restricted for:			
Nonexpendable permanent funds	183,296	-	183,296
Expendable permanent funds	135,814	-	135,814
Grants and gifts	548,020	-	548,020
Other specific purposes	5,169,829	-	5,169,829
Unrestricted	(27,721,051)	11,975,521	(15,745,530)
Total Net Position	\$ 19,441,743	\$ 24,483,863	\$ 43,925,606

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,395,200	\$ 513,030	\$ 61,025	\$ -	\$ (1,821,145)		\$ (1,821,145)
Public safety	5,854,508	1,163,658	1,300	63,251	(4,626,299)		(4,626,299)
Education	30,001,303	556,652	4,937,655	-	(24,506,996)		(24,506,996)
Public works	3,021,094	819,805	9,893	694,805	(1,496,591)		(1,496,591)
Health and human services	826,756	92,832	269,088	-	(464,836)		(464,836)
Culture and recreation	1,682,730	3,795	18,782	56,249	(1,603,904)		(1,603,904)
Interest expense	499,235	2,198	-	-	(497,037)		(497,037)
Total governmental activities	44,280,826	3,151,970	5,297,743	814,305	(35,016,808)		(35,016,808)
Business-type activities:							
Electric Light	12,484,064	13,507,684	265,173	-	\$ 1,288,793		1,288,793
Total business-type activities	12,484,064	13,507,684	265,173	-	1,288,793		1,288,793
Total Primary Government	\$ 56,764,890	\$ 16,659,654	\$ 5,562,916	\$ 814,305	(35,016,808)	1,288,793	(33,728,015)
General Revenues:							
Property taxes				30,516,284	-	30,516,284	
Motor vehicle and other excise				2,456,789	-	2,456,789	
Payments in lieu of taxes				139,096	-	139,096	
Grants and contributions not restricted							
to specific programs				601,261	-	601,261	
Penalties and interest on taxes				121,012	-	121,012	
Unrestricted investment income				156,673	1,176,429	1,333,102	
<u>Transfers (net)</u>				176,100	(176,100)	-	
Total general revenues				34,167,215	1,000,329	35,167,544	
Change in Net Position				(849,593)	2,289,122	1,439,529	
Net Position:							
Beginning of year, as restated (see Note IV)				20,291,336	22,194,741	42,486,077	
End of year				\$ 19,441,743	\$ 24,483,863	\$ 43,925,606	

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 7,312,645	\$ 247,652	\$ 4,774,890	\$ 12,335,187
Investments	3,043,049	-	432,329	3,475,378
Receivables, net of allowance for uncollectibles:				
Property taxes	870,446	-	6,246	876,692
Intergovernmental	-	-	72,059	72,059
User charges	-	-	9,946	9,946
Departmental and other	235,572	-	358,927	594,499
Tax foreclosures	468,461	-	-	468,461
Total Assets	<u>11,930,173</u>	<u>247,652</u>	<u>5,654,397</u>	<u>17,832,222</u>
Deferred Outflows of Resources				
	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u><u>\$ 11,930,173</u></u>	<u><u>\$ 247,652</u></u>	<u><u>\$ 5,654,397</u></u>	<u><u>\$ 17,832,222</u></u>
Liabilities				
Warrants and accounts payable	\$ 1,057,187	\$ -	\$ -	\$ 1,057,187
Accrued payroll and withholdings	1,441,861	-	-	1,441,861
Other liabilities	32,980	-	5,521	38,501
Bond anticipation notes payable	-	3,745,000	-	3,745,000
Total Liabilities	<u>2,532,028</u>	<u>3,745,000</u>	<u>5,521</u>	<u>6,282,549</u>
Deferred Inflows of Resources				
Unavailable revenues - property taxes	550,327	-	6,246	556,573
Unavailable revenues - other	704,033	-	368,873	1,072,906
Total Deferred Inflows of Resources	<u>1,254,360</u>	<u>-</u>	<u>375,119</u>	<u>1,629,479</u>
Fund Balances				
Nonspendable	-	-	183,296	183,296
Restricted	335,972	157,946	5,142,572	5,636,490
Committed	498,385	-	-	498,385
Assigned	1,043,672	-	-	1,043,672
Unassigned	6,265,756	(3,655,294)	(52,111)	2,558,351
Total Fund Balances	<u>8,143,785</u>	<u>(3,497,348)</u>	<u>5,273,757</u>	<u>9,920,194</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 11,930,173</u></u>	<u><u>\$ 247,652</u></u>	<u><u>\$ 5,654,397</u></u>	<u><u>\$ 17,832,222</u></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, 2020**

Total Governmental Fund Balances	\$ 9,920,194
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	57,502,983
Other long-term assets are unavailable to pay current-period expenditures	1,629,479
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	1,990,752
Deferred outflows related to other postemployment benefits	1,569,149
Deferred inflows related to pensions	(1,136,451)
Deferred inflows related to other postemployment benefits	<u>(2,856,589)</u>
Net effect of reporting deferred outflows and inflows of resources	(433,139)
In the Statement of Activities, interest is accrued on outstanding long-term debt whereas in the governmental funds interest is not reported until due.	(154,317)
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	(12,903,835)
Unamortized premiums on bonds	(247,571)
Landfill closure	(787,500)
Net pension liability	(17,147,338)
Net other postemployment benefits liability	<u>(17,937,213)</u>
Net effect of reporting long-term liabilities	<u>(49,023,457)</u>
Net Position of Governmental Activities	<u>\$ 19,441,743</u>

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2020**

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 30,351,662	\$ -	\$ 248,183	\$ 30,599,845
Intergovernmental	5,069,822	-	1,506,959	6,576,781
Motor vehicle and other excises	2,388,365	-	-	2,388,365
Licenses and permits	595,093	-	-	595,093
Penalties and interest on taxes	121,012	-	-	121,012
Payments in lieu of taxes	139,096	-	-	139,096
Fines and forfeitures	13,269	-	-	13,269
Charges for services	-	-	1,114,874	1,114,874
Departmental and other revenue	588,098	-	849,481	1,437,579
Investment income	149,036	-	7,637	156,673
Contributions and donations	-	-	136,528	136,528
 Total Revenues	 39,415,453	 -	 3,863,662	 43,279,115
Expenditures:				
Current:				
General government	1,891,774	3,649,044	139,391	5,680,209
Public safety	4,505,395	-	60,930	4,566,325
Education	23,812,604	-	954,154	24,766,758
Public works	1,876,183	-	989,504	2,865,687
Health and human services	465,872	-	177,116	642,988
Culture and recreation	588,008	-	687,024	1,275,032
Pension and employee benefits	5,055,853	-	-	5,055,853
State and county assessments	330,070	-	-	330,070
Debt service:				
Principal	887,250	-	113,813	1,001,063
Interest	552,321	-	6,810	559,131
 Total Expenditures	 39,965,330	 3,649,044	 3,128,742	 46,743,116
Excess (Deficiency) of Revenues Over (Under) Expenditures	(549,877)	(3,649,044)	734,920	(3,464,001)
Other Financing Sources (Uses):				
Transfers in	909,411	-	-	909,411
Transfers out	-	-	(733,311)	(733,311)
 Total Other Financing Sources (Uses)	 909,411	 -	 (733,311)	 176,100
Net Change in Fund Balances	359,534	(3,649,044)	1,609	(3,287,901)
 FUND BALANCES - Beginning of year	 7,784,251	 151,696	 5,272,148	 13,208,095
 FUND BALANCES - End of year	 \$ 8,143,785	 \$ (3,497,348)	 \$ 5,273,757	 \$ 9,920,194

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, 2020**

Net Change in Fund Balances - Total Governmental Fund Balances	\$ (3,287,901)
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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	5,385,986
Depreciation expense	<u>(2,401,085)</u>

Net effect of reporting capital assets	2,984,901
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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	39,195
Repayments of debt	<u>1,001,063</u>

Net effect of reporting long-term debt	1,040,258
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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.

(23,982)

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.

20,701

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	<u>(662,923)</u>
Other postemployment benefits	<u>(973,147)</u>

Net effect of reporting long-term liabilities	<u>(1,583,570)</u>
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Change in Net Position of Governmental Activities	\$ (849,593)
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See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities
	Electric Light Enterprise
	(December 31, 2019)
Assets	
Current assets:	
Cash and cash equivalents	\$ 4,322,007
Investments	8,688,703
Receivables (net):	
User charges	1,295,621
Departmental and other	240,737
Unbilled revenue	231,618
Inventory	561,073
Prepaid items	2,148,660
Other current assets	1,881
	<hr/>
Total current assets	<hr/> 17,490,300
Noncurrent assets:	
Nondepreciable capital assets	2,219,869
Capital assets (net of depreciation)	<hr/> 10,288,473
	<hr/>
Total noncurrent assets	<hr/> 12,508,342
Total Assets	<hr/> 29,998,642
Deferred Outflows of Resources	
Related to Pensions	545,623
Related to OPEB	<hr/> 284,657
	<hr/>
Total Deferred Outflows of Resources	<hr/> 830,280
Liabilities	
Current liabilities:	
Warrants and accounts payable	1,036,577
Customer deposits	180,637
Other liabilities	<hr/> 273,288
	<hr/>
Total current liabilities	<hr/> 1,490,502
Noncurrent liabilities:	
Compensated absences	80,968
Net other postemployment benefits liability	481,379
Net pension liability	<hr/> 4,219,930
	<hr/>
Total noncurrent liabilities	<hr/> 4,782,277
Total Liabilities	<hr/> 6,272,779
Deferred Inflows of Resources	
Related to Pensions	53,173
Related to OPEB	<hr/> 19,107
	<hr/>
Total Deferred Inflows of Resources	<hr/> 72,280
Net Position	
Net investment in capital assets	12,508,342
Restricted	-
Unrestricted	<hr/> 11,975,521
	<hr/>
Total Net Position	<hr/>\$ 24,483,863

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, 2020**

	Business-Type Activities
Electric Light	<u>Enterprise</u>
	<u>(December 31, 2019)</u>
Operating Revenues:	
Charges for services	\$ 13,507,684
Other operating revenues	<u>265,173</u>
	<u>13,772,857</u>
Operating Expenses:	
Purchased power and production	8,919,188
Other operating expenses	2,864,749
Depreciation and bad debts	<u>700,127</u>
	<u>12,484,064</u>
Operating Income (Loss)	<u>1,288,793</u>
Nonoperating Revenues (Expenses):	
Investment income (loss)	<u>1,176,429</u>
	<u>1,176,429</u>
Income (Loss) Before Transfers	2,465,222
Transfers out	<u>(176,100)</u>
Change in Net Position	2,289,122
Total Net Position - Beginning of the Year	<u>22,194,741</u>
Total Net Position - End of the Year	<u>\$ 24,483,863</u>

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities
	<u>Electric Light Enterprise</u>
	<u>(December 31, 2019)</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 13,705,716
Payments to suppliers	(10,297,627)
Payments to employees	(1,795,213)
Operating transfers out	<u>(176,100)</u>
Net Cash Provided by (Used in) Operating Activities	<u>1,436,776</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	<u>(1,248,942)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(1,248,942)</u>
Cash Flows from Investing Activities:	
Investment income	1,176,429
Investment of operating cash, net	<u>(279,810)</u>
Net Cash Provided by (Used in) Investing Activities	<u>896,619</u>
Net Change in Cash and Cash Equivalents	1,084,453
Cash and Cash Equivalents:	
Beginning of the year	<u>3,237,554</u>
End of the year	<u>\$ 4,322,007</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating Income (Loss)	\$ 1,288,793
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Operating transfers out	(176,100)
Depreciation, bad debts and reserve	700,127
Changes in assets and liabilities:	
Receivables	13,520
Unbilled revenue	(46,454)
Inventory	46,825
Prepaid items	(738,913)
Accounts payable	314,888
Customer deposits	(34,207)
Other liabilities	(2,962)
Net other postemployment benefits liability	70,683
Net pension liability	<u>576</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,436,776</u>

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	(Light Department) December 31, 2019			
	Other Postemployment Benefits Trust Fund	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
Assets				
Cash and cash equivalents	\$ -	\$ 1,572	\$ 94,999	\$ 166,275
Investments:				
Negotiable certificates of deposit	- -	- -	6,983	30,115
Common stock	- -	- -	9,679	41,745
Corporate fixed income securities	- -	- -	19,154	82,611
U.S. government obligations	- -	- -	14,788	63,780
Equity mutual funds	- -	982,021	368,732	- -
Other mutual funds	- -	- -	90,335	- -
PRIT	<u>1,369,464</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Total Assets	<u>1,369,464</u>	<u>983,593</u>	<u>604,670</u>	<u>384,526</u>
Liabilities				
Agency liabilities	- -	- -	- -	384,526
Total Liabilities	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>384,526</u>
Net Position				
Restricted for other postemployment benefits	1,369,464	983,593	- -	- -
Held in trust for private purposes	- -	- -	640,670	- -
Total Net Position	<u>\$ 1,369,464</u>	<u>\$ 983,593</u>	<u>\$ 640,670</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, 2020

	Other Postemployment Benefits Trust Fund	(Light Department) December 31, 2019	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
Additions				
Contributions:				
Employer	\$ 534,676	\$ 59,143	\$ -	-
Other	- -	- -	- -	2,305
Total contributions	<u>534,676</u>	<u>59,143</u>	<u>2,305</u>	
Investment income:				
Interest and dividends	26,543	164,033	16,137	16,137
Total Additions	<u>561,219</u>	<u>223,176</u>	<u>18,442</u>	
Deductions				
Education - scholarships	- -	- -	- -	2,500
Health and human services	- -	- -	- -	15,154
Retiree benefits	484,676	59,143	- -	-
Total Deductions	<u>484,676</u>	<u>59,143</u>	<u>17,654</u>	
CHANGE IN NET POSITION	76,543	164,033	788	788
NET POSITION AT BEGINNING OF YEAR	<u>1,292,921</u>	<u>819,560</u>	<u>603,882</u>	
NET POSITION AT END OF YEAR	<u>\$ 1,369,464</u>	<u>\$ 983,593</u>	<u>\$ 604,670</u>	

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, 2020

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 2020, the Town’s share of the operating and debt service expenses was \$10,510,263. 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 2020, the Town’s share of the operating and debt service expenses was \$795,918. 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 \$161,405 of encumbrances from normal purchasing activity in the general fund as assigned and \$498,385 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:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Nonspendable:				
Nonexpendable trust funds	\$ -	\$ -	\$ 183,296	\$ 183,296
Restricted:				
School revolving	-	-	651,480	651,480
Federal and state grants	-	-	326,420	326,420
Ambulance services	-	-	1,161,637	1,161,637
Gift funds	-	-	221,600	221,600
Septic betterments	-	-	61,463	61,463
Cable access programming	-	-	508,848	508,848
Water services	-	-	1,156,510	1,156,510
Community preservation	-	-	454,316	454,316
Other capital outlay	-	157,946	-	157,946
Cemetery trust funds	-	-	51,884	51,884
Other trust funds	-	-	83,930	83,930
Debt service	335,972	-	-	335,972
Other purposes	-	-	464,484	464,484
Committed:				
General government	308,313	-	-	308,313
Public works	104,670	-	-	104,670
Public safety	31,256	-	-	31,256
Education	49,027	-	-	49,027
Other purposes	5,119	-	-	5,119
Assigned:				
Purchase orders	161,405	-	-	161,405
Subsequent years' budget	882,267	-	-	882,267
Unassigned	<u>6,265,756</u>	<u>(3,655,294)</u>	<u>(52,111)</u>	<u>2,558,351</u>
	<u><u>\$ 8,143,785</u></u>	<u><u>\$ (3,497,348)</u></u>	<u><u>\$ 5,273,757</u></u>	<u><u>\$ 9,920,194</u></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, 2020, the Town reported a balance in its stabilization fund of \$1,859,535, 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, 2020, the Town reported a balance in its special education stabilization fund of \$213,716, 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, 2020, the Town reported a balance in its capital stabilization fund of \$681,430, 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, 2020, the Town reported a balance in its retirement stabilization fund of \$284,146, which is reported as unassigned in the general fund.

E. Excess of Expenditures Over Appropriations and Fund Deficits

The Town incurred individual fund deficits totaling \$3,655,294 and \$52,111 in its capital projects major fund and the nonmajor governmental funds, respectively. These deficits will be funded in future fiscal years with bond proceeds, grant revenues or other available funds.

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, 2020, the Town, excluding the Light Department, had bank deposits totaling \$4,044,640 with a carrying value of \$3,896,049. Of the bank balance, \$1,989,375 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 \$876,633. The bank balance of these Department segregated funds maintained by the Town Treasurer was \$887,897. In addition to the segregated funds, there was \$3,294,023 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 categories 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, fixed income securities and equity mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities. 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, 2020:

	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Corporate fixed income securities	\$ 1,417,240	\$ 1,417,240	\$ -	\$ -
U.S. government obligations	1,094,188	636,176	458,012	-
Negotiable certificates of deposit	516,652	-	516,652	-
Repurchase agreements	6,501,674	-	6,501,674	-
State treasurer's PRIT fund	1,369,463	-	1,369,463	-
Total debt securities	10,899,217	2,053,416	8,845,801	-
Equity securities:				
Common stock	716,155	716,155	-	-
Equity mutual funds	368,731	368,731	-	-
Other investment funds	90,335	-	90,335	-
Total equity securities	1,175,221	1,084,886	90,335	-
Total investments by fair value level	\$ 12,074,438	\$ 3,138,302	\$ 8,936,136	\$ -
Investments measured at amortized costs				
Massachusetts Municipal Depository Trust	2,198,737			
Total investments	<u>14,273,175</u>			

At December 31, 2019, the Light Department's investments are categorized as follows: Level 1 - \$210,953 US government securities, \$1,604,702 equities and \$5,077,680 mutual and money market funds; Level 2 - \$695,400 municipal bonds and \$1,053,227 corporate bonds; \$1,179,270 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, 2020, the Town had the following investments with maturities:

Investments	Fair Value	Maturities in Years		
		Less than 1	1 - 5	6 - 10
Corporate fixed income securities	\$ 1,417,240	\$ 132,301	\$ 1,284,939	\$ -
U.S. government obligations	1,094,188	330,654	763,534	-
Negotiable certificates of deposit	516,652	152,331	364,321	-
Total investments with maturities	<u>\$ 3,028,080</u>	<u>\$ 615,286</u>	<u>\$ 2,412,794</u>	<u>\$ -</u>

The Light Department had investments as follows: 1) US Government Securities, \$210,953 beyond five years; 2) for certificates of deposit, \$250,367 less than one year, \$227,758 between one and two years, \$73,015 between two and five years and \$628,130 beyond five years; 3) for municipal bonds, \$695,400 beyond five years; and 4) for corporate bonds, \$121,897 less than one year and \$931,330 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, 2020, Town has 15% of its investments in MMDT, 10% in the PRIT fund and 46% 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 \$249,504 as Aaa, \$499,405 as A1, \$178,370 as A2, \$339,664 as Baa1 and \$150,297 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 Standard and Poor's. Municipal bonds are rated \$234,743 as AAA, \$460,657 as AA to A and corporate bonds are rated \$101,605 as AAA, \$724,132 as AA to A and \$227,490 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, 2020 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	\$ 610,187	\$ -	\$ 610,187
Tax liens and deferrals	260,259	-	260,259
Community preservation surcharges	6,246	-	6,246
Motor vehicle and other excise taxes	234,012	-	234,012
User charges	9,946	-	9,946
Ambulance fees	586,491	(234,597)	351,894
Other	8,593	-	8,593
Intergovernmental	72,059	-	72,059
Total	\$ 1,787,793	\$ (234,597)	\$ 1,553,196

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	\$ 1,365,945	\$ (70,324)	\$ 1,295,621
Other accounts receivable	237,529	-	237,529
Unbilled revenue	231,618	-	231,618
Purchased power credits receivable	3,208	-	3,208
Total	\$ 1,838,300	\$ (70,324)	\$ 1,767,976

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	\$ 290,068	\$ -	\$ 290,068
Tax liens and deferrals	260,259	-	260,259
Motor vehicle and other excise taxes	234,012	-	234,012
Community preservation surcharges	-	6,246	6,246
User charges	-	9,946	9,946
Ambulance fees	-	351,894	351,894
Other	1,560	7,033	8,593
Tax foreclosures	468,461	-	468,461
Total	\$ 1,254,360	\$ 375,119	\$ 1,629,479

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 (December 31, 2019 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	\$ 3,800,000	\$ -	\$ 10,383,884
Construction in process	<u>307,447</u>	<u>287,439</u>	<u>(170,225)</u>	<u>424,661</u>
Total capital assets not being depreciated	<u>6,891,331</u>	<u>4,087,439</u>	<u>(170,225)</u>	<u>10,808,545</u>
Capital assets being depreciated:				
Land improvements	1,957,468	9,525	-	1,966,993
Buildings and improvements	44,683,136	98,451	-	44,781,587
Machinery and equipment	7,389,766	511,107	(128,305)	7,772,568
Infrastructure	<u>30,894,840</u>	<u>849,689</u>	<u>-</u>	<u>31,744,529</u>
Total capital assets being depreciated	<u>84,925,210</u>	<u>1,468,772</u>	<u>(128,305)</u>	<u>86,265,677</u>
Less accumulated depreciation for:				
Land improvements	(1,055,467)	(62,251)	-	(1,117,718)
Buildings and improvements	(15,971,071)	(1,170,596)	-	(17,141,667)
Machinery and equipment	(4,816,940)	(535,961)	128,305	(5,224,596)
Infrastructure	<u>(15,454,981)</u>	<u>(632,277)</u>	<u>-</u>	<u>(16,087,258)</u>
Total accumulated depreciation	<u>(37,298,459)</u>	<u>(2,401,085)</u>	<u>128,305</u>	<u>(39,571,239)</u>
Total capital assets being depreciated, net	<u>47,626,751</u>	<u>(932,313)</u>	<u>-</u>	<u>46,694,438</u>
Total governmental activities capital assets, net	<u>\$ 54,518,082</u>	<u>\$ 3,155,126</u>	<u>\$ (170,225)</u>	<u>\$ 57,502,983</u>
<i><u>Business-Type Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 2,219,869	\$ -	\$ -	\$ 2,219,869
Capital assets being depreciated:				
Buildings and improvements	1,285,958	-	-	1,285,958
Machinery and equipment	2,652,527	595,149	(131,000)	3,116,676
Infrastructure	<u>18,182,061</u>	<u>668,206</u>	<u>(83,413)</u>	<u>18,766,854</u>
Total capital assets being depreciated	<u>22,120,546</u>	<u>1,263,355</u>	<u>(214,413)</u>	<u>23,169,488</u>
Less accumulated depreciation for:				
Buildings and improvements	(631,397)	(25,719)	-	(657,116)
Machinery and equipment	(1,816,215)	(144,091)	131,000	(1,829,306)
Infrastructure	<u>(9,933,276)</u>	<u>(544,730)</u>	<u>83,413</u>	<u>(10,394,593)</u>
Total accumulated depreciation	<u>(12,380,888)</u>	<u>(714,540)</u>	<u>214,413</u>	<u>(12,881,015)</u>
Total capital assets being depreciated, net	<u>9,739,658</u>	<u>548,815</u>	<u>-</u>	<u>10,288,473</u>
Total business-type activities capital assets, net	<u>\$ 11,959,527</u>	<u>\$ 548,815</u>	<u>\$ -</u>	<u>\$ 12,508,342</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:		Business-Type Activities:	
General government	\$ 99,541	Light Department	\$ 714,540
Public safety	307,370		<u>\$ 714,540</u>
Education	964,589		
Public works	819,109		
Health and human services	13,293		
Culture and recreation	<u>197,183</u>		
	<u>\$ 2,401,085</u>		

D. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2020 are summarized as follows:

<u>Transfers Out</u>	<u>Transfers In</u>
	General Fund
Nonmajor Governmental Funds	\$ 733,311 (1)
Electric Light Enterprise Fund	<u>176,100 (1)</u>
Total	<u>\$ 909,411</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 renewed a \$3,745,000 BAN issued in the prior year at 3.0% for the South Main land acquisition and master plan project. The new \$3,745,000 BAN was issued at 1.46% and is due and payable on April 23, 2021.

F. Long-Term Obligations

The following table reflects the activity in the Town's long-term liability accounts during the fiscal year ended June 30, 2020:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities:</i>					
Bond and note indebtedness	\$ 13,840,000	\$ -	\$ (985,000)	\$ 12,855,000	\$ 1,005,000
Unamortized bond premium	286,766	-	(39,195)	247,571	36,496
Direct borrowings and placements	64,898	-	(16,063)	48,835	16,063
Landfill closure	840,000	-	(52,500)	787,500	52,500
Net pension liability	17,695,058	4,116,575	(4,664,295)	17,147,338	-
Net other postemployment benefits liability (a)	19,551,510	3,076,972	(4,691,269)	17,937,213	-
Total Governmental Activities	\$ 52,278,232	\$ 7,193,547	\$ (10,448,322)	\$ 49,023,457	\$ 1,110,059
<i>Business-Type Activities - MELD:</i>					
Compensated absences	\$ 69,697	\$ 11,271	\$ -	\$ 80,968	\$ -
Net pension liability	3,965,220	254,710	-	4,219,930	-
Net other postemployment benefits liability	586,441	-	(105,062)	481,379	-
Total Business-Type Activities	\$ 4,621,358	\$ 265,981	\$ (105,062)	\$ 4,782,277	\$ -

(a) 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.

G. Long-Term Debt

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 is a summary of outstanding long-term debt obligations as of June 30, 2020:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General Obligation Bonds	2.30 - 5.00%	\$ 12,735,000	\$ -	\$ (880,000)	\$ 11,855,000
General Obligation Bonds	2.50 - 3.00%	1,105,000	-	(105,000)	1,000,000
Federal Home Loan Bonds	5.00%	34,600	-	(9,800)	24,800
Massachusetts Clean Water Trust Notes	3.00 - 5.25%	30,298	-	(6,263)	24,035
Total Governmental Activities		13,904,898	-	(1,001,063)	12,903,835
Add: Unamortized bond premium		286,766	-	(39,195)	247,571
Total Governmental Activities, net		\$ 14,191,664	\$ -	\$ (1,040,258)	\$ 13,151,406

Payments on long-term debt 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
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	1,070,000	250,253	1,000	-
2026 - 2030	4,950,000	780,753	3,000	-
2031 - 2033	2,695,000	122,925	-	-
Total	<u>\$ 12,855,000</u>	<u>\$ 2,530,873</u>	<u>\$ 48,835</u>	<u>\$ 2,839</u>

The following table summarizes authorized but unissued debt at June 30, 2020:

Project	Amount
<i>Governmental:</i>	
Septic loans	\$ 84,969
South Main Street	3,745,000
Equipment	308,000
Total Authorized and Unissued	<u>\$ 4,137,969</u>

III. Other Information

A. Retirement System

Plan Description – The Town contributes to the Essex Regional Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan established under Chapter 32 of the Commonwealth of Massachusetts General Laws (MGL) and administered by the Essex Regional Retirement Board. Stand-alone audited financial statements for the year ended December 31, 2019 were issued and may be obtained by writing to the Essex Regional Retirement System, 491 Maple Street, Suite 202, Danvers MA 01923.

Membership – Membership in the System as of December 31, 2019, was as follows:

Retired participants and beneficiaries receiving benefits	1,930
Inactive participants with a vested right to retirement benefits or entitled to a return of their employee	1,210
Active participants	2,892
Total	<u>6,032</u>

Benefit Terms – The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law during those years are borne by the Commonwealth and are deposited into the pension fund directly. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

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. Members of the System do not participate in the federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform, with certain exceptions, from retirement system to retirement 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 group classification.

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 (the System’s current funding schedule allows for full funding by June 30, 2035). 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 (including the Light Department) contributed \$1,821,792 to the System in fiscal year 2020, which equaled the actuarially-determined contribution requirement for the year.

Net Pension Liability – At June 30, 2020, the Town reported a liability of \$21,367,268 for its proportionate share of the net pension liability. The net pension liability reported by the System at December 31, 2019 (used for fiscal year end June 30, 2020) is \$21,354,095. The difference between these two figures is attributable to the difference in fiscal year ends between the Town and Light Department, which results in a one-year lag.

The Town’s (excluding the Light Department) net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. These figures were updated by the independent actuary as of December 31, 2019. The Light Department’s net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. These figures were updated by the independent actuary as of December 31, 2018. There were no material changes made in this update to the actuarial assumptions (see below) nor were there any material changes to the System’s benefit terms since the 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 and Light Department’s proportionate share were approximately 5.068% at December 31, 2019.

Pension Expense – The Town (excluding the Light Department) recognized \$2,125,823 in pension expense in the statement of activities in fiscal year 2020; and the HMLP recognized \$519,623.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2020, the Town (excluding the Light Department) 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
Differences between expected and actual earnings	\$ -	\$ 639,334
Changes in assumptions	1,713,833	-
Changes in proportion differences	274,565	-
Differences between expected and actual experience	2,354	81,491
Changes in proportion differences	-	415,626
	<hr/>	<hr/>
	<u>\$ 1,990,752</u>	<u>\$ 1,136,451</u>

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

Year Ended June 30,	Amount
2021	\$ 428,541
2022	278,477
2023	253,725
2024	<u>(106,442)</u>
Total	<u>\$ 854,301</u>

At December 31, 2019, the Light Department 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
Differences between expected and actual earnings	\$ 217,047	\$ -
Changes in assumptions	223,723	-
Changes in proportion differences	-	-
Differences between expected and actual experience	-	36,601
Changes in proportion differences	<u>104,853</u>	<u>16,572</u>
	<hr/>	<hr/>
	<u>\$ 545,623</u>	<u>\$ 53,173</u>

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

Year Ended December 31,	Amount
2020	\$ 179,874
2021	130,275
2022	93,821
2023	<u>88,480</u>
 Total	 <u>\$ 492,450</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, 2019. The significant actuarial assumptions used in the January 1, 2019 actuarial valuation included:

Investment rate of return	Full prefunding: 7.3% per year, net of investment expenses
Discount Rate	7.30%
Inflation	2.75%
Salary Increases	7.5% decreasing to 3.75% after 5 years of service
Cost of Living Adjustment	2% of first \$14,000 in 2021 and 3% of first \$14,000 thereafter
Pre-Retirement Mortality	RP-2014 Employee Mortality Table projected generationally with Scale MP 2019
Post-Retirement Mortality	RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale MP 2019
Disabled Mortality	RP-2014 Healthy Annuitant Mortality Table set forward two years projected generationally with Scale MP 2019

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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 allocations and projected arithmetic real rates of return for each major asset class after deducting inflation, but before investment expenses, are summarized in the following table:

Asset Class	Target Allocation	Expected Investment Rate of Return
Domestic Equity	21.00%	6.15%
International Equity	13.00%	6.78%
International Emerging Markets	5.00%	8.65%
Core fixed income	15.00%	1.11%
High Yield Fixed Income	8.00%	3.51%
Real Estate	10.00%	4.33%
Commodities	4.00%	4.13%
Hedge Fund, GTAA, Risk Parity	11.00%	3.19%
Private Equity	13.00%	9.99%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the Town’s and Light Department’s pension liability was 7.30% and 7.50%, respectively. 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 Retirement 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 and Light Department’s proportionate shares of the net pension liability calculated using the current discount rate as well as using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate			
	Current Rate	1% lower	Current	1% greater
Town	7.30%	\$ 21,563,832	\$ 17,147,338	\$ 13,434,999
Light Department	7.50%	\$ 5,217,152	\$ 4,219,930	\$ 3,380,946

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, 2020, (measured as of June 30, 2019) the Commonwealth contributed \$1,274,394 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 0.088272%, 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	\$ 22,256,968	\$ (22,256,968)	\$ —
Pension expense	2,699,044	(2,699,044)	—

The Town recognized \$2,699,044 in intergovernmental revenue and pension expense relative to this arrangement.

C. 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, 2020:

Active employees	225
Inactive employees	84
Total	<u>309</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, 2020, the Town's average contribution rate was approximately 3.75% of covered payroll.

Net OPEB Liability – The Town’s net OPEB liability was measured as of June 30, 2020 using an actuarial valuation as of July 1, 2019. The components of the net OPEB liability of the Town as of June 30, 2020 were as follows:

Total OPEB Liability	\$ 19,306,677
Plan fiduciary net position	<u>(1,369,464)</u>
Net OPEB liability	<u><u>\$ 17,937,213</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.1%

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	7.01%, net of OPEB plan investment expense, including inflation.
Municipal bond rate	2.66% as of June 30, 2019
Discount Rate	4.75%, 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	2.50% annually as of June 30, 2020 and for future periods
Health Care Trend Rate	4.5%
Salary Increases	3.00% annually as of July 1, 2019 and for future periods
Cost of Living Adjustment	Not applicable.
Pre-Retirement Mortality	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females
Post-Retirement Mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females
Disabled Mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females
Actuarial Cost Method	Individual Entry Age Normal

Discount Rate – The discount rate used to measure the total OPEB liability was 4.75%. The only two key changes in assumptions from the prior year was the increase of this discount rate from 4.50% to 4.75% and the decrease in health care trend rate from 5.0% to 4.5%.

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%	4.80%
Domestic Equity - Small/Mid Cap	3.50%	5.29%
International Equity - Developed Market	16.00%	5.45%
International Equity - Emerging Market	6.00%	6.42%
Domestic Fixed Income	20.00%	2.05%
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		5.01%
Inflation assumption		2.50%
Total nominal rate of return		7.51%
Investment expense		-0.50%
Net investment return		<u>7.01%</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:

	Current Rate	Discount Rate		
		1% Decrease	At Current Rate	1% Increase
Net OPEB liability	4.75%	\$ 20,850,617	\$ 17,937,213	\$ 15,574,364
Net OPEB liability	4.50%	Health Care Trend Rate		
		\$ 15,615,528	\$ 17,937,213	\$ 20,849,302

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2020:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019	\$ 25,729,182	\$ 1,292,921	\$ 24,436,261
Prior period adjustment	(4,884,751)		(4,884,751)
Changes for the year:			
Service cost	785,898	-	785,898
Interest	962,580	-	962,580
Change in assumptions	424,641	-	424,641
Difference between expected and actual experience	(3,226,197)	-	(3,226,197)
Net investment income	-	26,543	(26,543)
Employer contributions	-	534,676	(534,676)
Benefit payments withdrawn from trust	-	(484,676)	484,676
Benefit payments	(484,676)	-	(484,676)
Net changes	<u>(1,537,754)</u>	<u>76,543</u>	<u>(1,614,297)</u>
Balances at June 30, 2020	<u>\$ 19,306,677</u>	<u>\$ 1,369,464</u>	<u>\$ 17,937,213</u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the Town recognized OPEB expense of \$1,507,823. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2020 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual earnings	\$ 59,242	\$ 20,022
Changes of Assumptions	1,509,907	-
Differences between actual and expected experience	-	2,836,567
	<u>\$ 1,569,149</u>	<u>\$ 2,856,589</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,	
2021	\$ (148,298)
2022	(148,296)
2023	(138,286)
2024	(124,575)
2025	(327,761)
thereafter	<u>(400,224)</u>
	<u>\$ (1,287,440)</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, 2020 the annual money-weighted rate of return on investments, net of investment expense, was 1.99%. 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.

D. 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.

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, 2020, 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, 2020.

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 operates the Stony Brook Intermediate Project and Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix One project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for Millstone Unit 3 extends to November 25, 2045.

On July 19, 2019, MMWEC sold its 3.7% interest in W.F. Wyman Unit No. 4 plant, which is owned and operated by its majority owner, FPL Energy Wyman IV, LLC.

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). The Department has entered into PSAs with MMWEC. Under the PSAs, the Department is required to make certain payments to MMWEC solely from Department revenues. Among other things, PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project. In addition, should a Project Participant fail to make any payment when due, other Project Participants may be required to increase (step-up) their payments and correspondingly their Participant's share of Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under the PSAs. 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).

Pursuant to the PSAs, the MMWEC 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 Seabrook and Millstone 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 until the end of 2025.

At December 31, 2019, MMWEC has no debt service obligations outstanding relating to the Projects. 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.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses discussed above) associated with the Department's Project Capability of the Projects in which it participates was \$34,784,996 for the year ended December 31, 2019.

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, \$787,500, 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 –

None

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. As amended, 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 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement redefines the manner in which long-term leases are accounted and reported. As amended, the provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2022). 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. As amended, 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.

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. As amended, 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 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. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2021 (fiscal year 2023). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate. As amended, the provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2023). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2024). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to address accounting for subscription-based information technology arrangements to government end users based on the standards established in Statement No. 87, as amended. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2024). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The objective of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2023). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

IV. Restatement

A prior period restatement was required to increase the governmental activities net position due to a change in the method of treatment for Medicare Part B payments that were reported incorrectly in prior years.

The impact is illustrated in the table below:

	Governmental
Net position at June 30, 2019, as reported	\$ 15,406,585
Error in applying assumptions	4,884,751
	<hr/>
Net position at June 30, 2019, as restated	<hr/> <u>\$ 20,291,336</u>

TOWN OF MIDDLETON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2020

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(dollar amounts are in thousands)

	Year Ended June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Town's proportion of the net pension liability (asset)	5.07%	5.22%	5.23%	5.06%	4.93%
Town's proportionate share of the net pension liability (asset)	* \$ 21,354	\$ 22,036	\$ 19,679	\$ 19,507	\$ 17,900
Town's covered payroll	\$ 7,652	\$ 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	279.1%	286.4%	266.4%	276.3%	292.1%
Plan fiduciary net position as a percentage of the total pension liability	55.5%	51.9%	55.4%	51.1%	51.0%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO PENSION PLAN

(dollar amounts are in thousands)

	Year Ended June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,820	\$ 1,743	\$ 1,628	\$ 1,467	\$ 1,258
Contributions in relation to the actuarially determined contribution	<u>1,822</u>	<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>\$ (2)</u>	<u>\$ (1)</u>	<u>\$ -</u>
Town's covered payroll	\$ 7,652	\$ 7,695	\$ 7,388	\$ 7,060	\$ 6,129
Contributions as a percentage of covered payroll	23.8%	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.

* The net pension liability as reported in the basic financial statements differs from this schedule due to the Light Department implementing GASB #68 one year later than the Town.

See accompanying independent auditor's report.

TOWN OF MIDDLETON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2020

SCHEDULE OF THE COMMONWEALTH'S COLLECTIVE SHARE OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHER'S RETIREMENT SYSTEM
(*dollar amounts are in thousands*)

	Year Ended June 30,				
	2019	2018	2017	2016	2015
Commonwealth's proportion of the collective net pension liability (asset)	100.0%	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%	0.0%
Commonwealth's proportionate share of the net pension liability (asset)	\$ 25,214,020	\$ 23,711,289	\$ 22,885,391	\$ 22,357,928	\$ 20,489,643
Commonwealth's actuarially determined contribution	\$ 1,443,710	\$ 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, 2020

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability:				
Service cost	\$ 785,898	\$ 1,055,101	\$ 883,961	\$ 845,336
Interest	962,580	1,048,772	1,087,561	1,012,331
Difference between expected and actual plan experience	(3,226,197)	-	302,431	-
Changes of assumptions	424,641	1,682,663	-	-
Benefit payments	(484,676)	(609,902)	(565,578)	(510,717)
Net change in total OPEB liability	(1,537,754)	3,176,634	1,708,375	1,346,950
Total OPEB liability - beginning of year	20,844,431	17,667,797	15,959,422	14,612,472
Total OPEB liability - end of year (a)	<u>\$ 19,306,677</u>	<u>\$ 20,844,431</u>	<u>\$ 17,667,797</u>	<u>\$ 15,959,422</u>
Plan fiduciary net position:				
Contributions - employer	\$ 534,676	\$ 684,902	\$ 615,578	\$ 610,717
Net investment income	26,543	72,264	96,789	109,117
Benefit payments	(484,676)	(609,902)	(565,578)	(510,717)
Net change in Plan fiduciary net position	76,543	147,264	146,789	209,117
Plan fiduciary net position - beginning of year	1,292,921	1,145,657	998,868	789,751
Plan fiduciary net position - end of year (b)	<u>\$ 1,369,464</u>	<u>\$ 1,292,921</u>	<u>\$ 1,145,657</u>	<u>\$ 998,868</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 17,937,213</u>	<u>\$ 19,551,510</u>	<u>\$ 16,522,140</u>	<u>\$ 14,960,554</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.09%	6.20%	6.48%	6.26%
Covered payroll	\$ 14,252,396	\$ 11,055,578	\$ 10,733,570	\$ 10,700,000
Net OPEB liability as a percentage of covered payroll	125.85%	176.85%	153.93%	139.82%

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: An error in assumptions was discovered during fiscal year 2020. The error, totalling \$4,884,751, was applied to all periods presented and reduced the net OPEB liability.

See independent auditors' report.

TOWN OF MIDDLETON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
YEAR ENDED JUNE 30, 2020

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Actuarially-determined contribution	\$ 1,868,286	\$ 2,490,680	\$ 2,189,164	\$ 2,033,068
Contributions in relation to the actuarially-determined contribution	<u>(534,676)</u>	<u>(684,902)</u>	<u>(615,578)</u>	<u>(610,717)</u>
Contribution deficiency (excess)	<u><u>\$ 1,333,610</u></u>	<u><u>\$ 1,805,778</u></u>	<u><u>\$ 1,573,586</u></u>	<u><u>\$ 1,422,351</u></u>
Covered payroll	\$14,252,396	\$11,055,578	\$10,733,570	\$ 10,700,000
Contribution as a percentage of covered payroll	3.75%	6.20%	5.74%	5.71%
Valuation Date	July 1, 2019	July 1, 2017	July 1, 2017	July 1, 2017
Amortization Period	30 years	30 years	30 years	30 years
Investment rate of return	7.01%	7.04%	7.04%	7.04%
Municipal Bond Rate	2.66%	2.79%	3.45%	3.16%
Single Equivalent Discount Rate	4.75%	4.50%	5.00%	4.75%
Inflation	2.50%	2.75%	2.75%	2.75%
Healthcare cost trend rates	4.50%	5.00%	5.00%	5.00%
Salary increases	3.00%	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, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Annual money-weighted rate of return, net of investment expense	1.99%	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, 2020

	Budgeted Amounts	Actual	Encumbrances	Actual	Variance	
	Original Budget	Final Budget	Budgetary Amounts	and continuing appropriations	Budgetary Adjusted	Positive (Negative)
REVENUES						
Real estate and personal property taxes, net	\$29,997,858	\$30,134,858	\$ 30,031,543	\$30,031,543	\$ (103,315)	
Intergovernmental	2,410,059	2,410,059	2,370,778	2,370,778	(39,281)	
Motor vehicle and other excises	2,395,000	2,395,000	2,388,365	2,388,365	(6,635)	
Payments in lieu of taxes	130,000	130,000	139,096	139,096	9,096	
License and permits	500,000	500,000	595,093	595,093	95,093	
Departmental and other revenue	539,044	539,044	588,098	588,098	49,054	
Penalties and interest on taxes	90,000	90,000	121,012	121,012	31,012	
Fines and forfeitures	12,000	12,000	13,269	13,269	1,269	
Investment income	80,000	80,000	100,811	100,811	20,811	
Total Revenues	36,153,961	36,290,961	36,348,065	\$ -	36,348,065	57,104
EXPENDITURES						
General government	2,454,987	2,503,861	1,891,774	319,076	2,210,850	293,011
Public safety	4,528,952	4,847,953	4,505,395	35,280	4,540,675	307,278
Education	24,577,466	24,577,466	23,797,757	557,872	24,355,629	221,837
Public works	2,103,808	2,130,433	1,876,183	121,716	1,997,899	132,534
Health and human services	549,683	549,683	465,872	5,250	471,122	78,561
Culture and recreation	626,314	626,314	588,008	-	588,008	38,306
Pension and employee benefits	2,506,142	2,543,642	2,356,809	9,670	2,366,479	177,163
State and county tax assessments	338,391	338,391	330,070	-	330,070	8,321
Debt service	1,481,095	1,481,095	1,439,571	-	1,439,571	41,524
Total Expenditures	39,166,838	39,598,838	37,251,439	1,048,864	38,300,303	1,298,535
OTHER FINANCING SOURCES (USES)						
Transfers in	971,408	971,408	971,411	-	971,411	3
Transfers out	(150,000)	(915,000)	(915,000)	-	(915,000)	-
Total Other Financing Sources (Uses)	821,408	56,408	56,411	\$ -	\$ 56,411	3
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/USE OF PRIOR YEAR BUDGETARY FUND BALANCE						
	(2,191,469)	(3,251,469)	\$ (846,963)			\$1,355,642
Other Budgetary Items:						
Undesignated surplus (free cash)	1,053,762	2,113,762				
Overlay surplus	199,027	199,027				
Prior year encumbrances	938,680	938,680				
Net Budget	\$ -	\$ -				

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, 2020

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. During the fiscal year, Town Meeting increased appropriations approximately \$1.2 million. The increases were primarily for public safety purposes (\$319k) and stabilization transfers (\$765k).

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, 2020, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 36,348,065
Stabilization revenue	\$ -	\$ 48,225	48,225
Change in revenue recognition	320,119	-	320,119
On behalf payments	2,699,044	-	2,699,044
Revenues on a GAAP basis	<u>\$ 3,019,163</u>	<u>\$ 48,225</u>	<u>\$ 39,415,453</u>
Expenditures on a budgetary basis			\$ 37,251,439
Change in expenditure recognition	\$ 14,847	\$ -	14,847
On behalf payments	2,699,044	-	2,699,044
Expenditures on a GAAP basis	<u>\$ 2,713,891</u>	<u>\$ -</u>	<u>\$ 39,965,330</u>
Other financing sources (uses) on a budgetary basis			\$ 56,411
Stabilization transfers, net	\$ -	\$ 853,000	853,000
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ 853,000</u>	<u>\$ 909,411</u>



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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, 2020, 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, 2019) and have issued our report thereon September 16, 2020.

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, 2019, 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
September 16, 2020

BF

Bill Fraher, CPA

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Financial Statements
and Required Supplementary Information

For the Year Ended December 31, 2019

(With Independent Auditor's Report Thereon)

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT
Financial Statements and Required Supplementary Information

Years Ended December 31, 2019
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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, 2019, 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, 2019, 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 Middleton Municipal Light Plant and do not purport to, and do not, present fairly the financial position of the Town of Middleton, Massachusetts as of December 31, 2019, and the changes in its financial position and its cash flows in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 7 and the pension and OPEB schedules on pages 27 through 29 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* I have also issued my report dated September 3, 2020 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
September 3, 2020



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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, 2019, and the related notes to the financial statements, and have issued my report thereon dated September 3, 2020.

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 September 3, 2020.

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
September 3, 2020

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, 2019 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, 2019, our net position is \$24,483,863, which is an increase of \$2,289,122 (10.3%) from the prior year amount of \$22,194,741. Of the total net position at December 31, 2019, \$12.50 million is the net investment in capital assets (\$11.96 million last year) and \$11.98 million is unrestricted (\$10.24 million last year).
- The Statement of Revenues, Expenses and Changes in Net Position shows our operating results and reveals how much, if any, profit was made for the year. This statement shows a total increase in net position (net income) of \$2,289,122 for the year ended December 31, 2019, compared with net income of \$140,851 for the year ended December 31, 2018. This difference was due mainly to a large increase in investment income due to market factors, and lower power costs.
- The Statement of Cash Flows provides information about the cash receipts and cash payments during the year. A review of our Statement of Cash Flows indicates that cash receipts from operating activities adequately cover our operating expenses.
- The total OPEB liability at December 31, 2019 is \$1,464,972 and the net OPEB liability is \$481,379. The Department funded this liability with \$250,000 in contribution to the OPEB trust in 2017 and \$300,000 in 2018. No contribution was made for 2019. The OPEB trust balance at December 31, 2019 is \$983,593.
- The total Net Pension Liability (NPL) in the financial statements is \$4,219,930. 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 2018 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>2019</u>	<u>2018</u>
Current Assets	\$17,490,300	\$15,401,015
Noncurrent Assets	<u>12,508,342</u>	<u>11,959,527</u>
Total Assets	<u>29,998,642</u>	<u>27,360,542</u>
Deferred Outflows	<u>830,280</u>	<u>918,611</u>
Current Liabilities	1,490,502	1,224,054
Noncurrent Liabilities	<u>4,782,277</u>	<u>4,621,358</u>
Total Liabilities	<u>6,272,779</u>	<u>5,845,412</u>
Deferred Inflows	<u>72,280</u>	<u>239,000</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	12,508,342	11,959,527
Unrestricted	<u>11,975,521</u>	<u>10,235,214</u>
Total Net Position	<u>\$24,483,863</u>	<u>\$22,194,741</u>

Larger changes are: 1) an increase in capital assets due to various additions, 2) an increase in cash and investments due to net income and 3) increase in net position due to current year results.

Summary of Changes in Net Position

	<u>2019</u>	<u>2018</u>
Operating Revenues	\$13,772,857	\$14,479,853
Operating Expenses	<u>12,484,064</u>	<u>13,459,853</u>
Operating Income	1,288,793	1,020,130
Nonoperating Revenues (Expenses)	<u>1,000,329</u>	<u>(879,279)</u>
Changes in Net Position	2,289,122	140,851
Beginning Net Position	<u>22,194,741</u>	<u>22,053,890</u>
Ending Net Position	<u>\$24,483,863</u>	<u>\$22,194,741</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

Operating revenues decreased, totaling \$14,479,853 for 2018 and \$13,772,857 for 2019, a decrease of 4.9%. Actual customer kilowatt hour sales to customers decreased approximately 3.0% and overall revenue from customer charges decreased 3.2%. There were no rate changes in 2019. Other operating revenues also decreased due to work performed by Department that was paid for by developers

Operating expenses decreased from \$13,459,723 in 2018 to \$12,484,064 in 2019, a decrease of 7.2%. Most of this was due to a decrease in purchased power costs due to spot market prices and the decrease in customer demand.

The Department saw its investment income increase from a loss of \$656,279 in 2018 to a gain of \$1,176,429 in 2019 due to favorable investment returns in 2019 (market factors).

Capital Assets & Debt Administration

Total net capital assets were \$11,959,527 at December 31, 2018 and \$12,508,342 at December 31, 2019, an increase of 4.6%. Capital assets include land, buildings, structures and improvements, equipment and furnishings and infrastructure. There were approximately \$1,260,000 in capital additions in 2019, the largest for vehicles and 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, 2019 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, 2019

Assets**Current assets:**

Cash and cash equivalents - unrestricted	\$ 4,141,401
Cash and cash equivalents - restricted	180,606
Investments	8,688,703
User charges receivable, net	1,295,621
Other accounts receivable	240,737
Unbilled revenue	231,618
Inventory	561,073
Prepaid expenses	2,148,660
Other current assets	<u>1,881</u>

Total current assets 17,490,300**Noncurrent assets:**

Capital assets, net	<u>12,508,342</u>
Total noncurrent assets	<u>12,508,342</u>
Total assets	\$ 29,998,642

Deferred Outflows

Deferred outflows related to OPEB	284,657
Deferred outflows related to pensions	<u>545,623</u>
Total deferred outflows	<u>830,280</u>

Liabilities**Current Liabilities:**

Accounts payable	\$ 1,036,577
Customer deposits	180,637
Other current liabilities	<u>273,288</u>
Total current liabilities	<u>1,490,502</u>

Noncurrent liabilities:

Accrued compensated absences	80,968
Other post-employment benefits	481,379
Net pension liability	<u>4,219,930</u>
Total noncurrent liabilities	<u>4,782,277</u>

Total liabilities 6,272,779**Deferred Inflows**

Deferred inflows related to OPEB	19,107
Deferred inflows related to pensions	<u>53,173</u>
Total deferred inflows	<u>72,280</u>

Net Position

Net investment in capital assets	12,508,342
Restricted	0
Unrestricted	<u>11,975,521</u>
Total net position	\$ 24,483,863

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, 2019

Operating revenues:	
Charges for services	\$ 13,507,684
Other operating revenues	<u>265,173</u>
 Total operating revenues	 <u>13,772,857</u>
 Operating expenditures:	
Purchased power and production	8,919,188
Other operating expenses	2,864,749
Depreciation	<u>700,127</u>
 Total operating expenditures	 <u>12,484,064</u>
 Operating income	 <u>1,288,793</u>
 Nonoperating revenues (expenses):	
Investment income	1,176,429
Payment in lieu of taxes	<u>(176,100)</u>
 Total nonoperating revenues (expenses)	 <u>1,000,329</u>
 Changes in net position	 2,289,122
 Net position, beginning of year, restated	 <u>22,194,741</u>
 Net position, end of year	\$ <u>24,483,863</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, 2019****Cash flows from operating activities:**

Cash received from customers	\$ 13,705,716
Cash paid to suppliers	(10,297,627)
Cash paid to employees	(1,795,213)
Payment in lieu of taxes (operating transfer)	(176,100)
Net cash provided by operating activities	<u>1,436,776</u>

Cash flows from investing activities:

Interest on deposits and investments	1,176,429
Purchase and sales of investments (net)	(279,810)

Net cash provided by capital and related financing activities:	<u>896,619</u>
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Cash flows from capital and related financing activities:

Capital expenditures	(1,248,942)
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Net cash provided by capital and related financing activities:	<u>(1,248,942)</u>
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Net increase in cash and cash equivalents	1,084,453
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Cash and cash equivalents, beginning of year	<u>3,237,554</u>
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Cash and cash equivalents, end of year	<u>\$ 4,322,007</u>
--	---------------------

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

Operating income (loss)	\$ 1,288,793
Depreciation, bad debts & reserve	700,127
Payment in lieu of taxes (operating transfer)	(176,100)
(Increase)/Decrease in accounts receivable	13,520
(Increase)/Decrease in unbilled revenue	(46,454)
(Increase)/Decrease in inventory	46,825
(Increase)/Decrease in prepaid expenses	(738,913)
Increase/(Decrease) in accounts payable	314,888
Increase/(Decrease) in customer deposits	(34,207)
Increase/(Decrease) in other current liabilities	(14,233)
Increase/(Decrease) in OPEB liability & related deferrals	70,683
Increase/(Decrease) in net pension liability & related deferrals	576
Increase/(Decrease) in other liabilities	<u>11,271</u>
Net cash provided by operating activities	<u>\$ 1,436,776</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, 2019**

	<u>OPEB Trust</u>
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	1,572
Investments	<u>\$ 982,021</u>
Total assets	<u>983,593</u>
<u>Liabilities</u>	
Current Liabilities:	
Other Liabilities	<u>\$ -</u>
Total liabilities	<u>-</u>
<u>Net Position</u>	
Held in trust for retiree insurance benefits	<u>983,593</u>
Total net position	<u>\$ 983,593</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, 2019****OPEB
Trust Fund****Additions****Contributions:**

From Middleton Electric Light Department	\$ <u>59,143</u>
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Total contributions	<u>59,143</u>
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Investment income:

Investment income	<u>164,033</u>
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Total investment income	<u>164,033</u>
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Total additions	<u>223,176</u>
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Deductions

Benefits	<u>59,143</u>
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Total deductions	<u>59,143</u>
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Change in net position	<u>164,033</u>
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Net position - beginning of year	<u>819,560</u>
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Net position - end of year	\$ <u>983,593</u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2019

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, 2019, 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, 2019.

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, 2019

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, 2019 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, 2019

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, 2019

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 \$876,633. The bank balance of these Department segregated funds maintained by the Town Treasurer was \$887,897. In addition to the segregated funds, there was \$3,294,023 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, \$1,466 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	\$210,953
Equities	1,604,702
Certificates of deposit	1,179,270
Municipal bonds	695,400
Corporate bonds	1,053,227
Mutual funds	4,927,172
Money market funds (cash equivalents)	<u>150,508</u>
Total investments	<u>\$9,821,232</u>

Of the above amounts, maturities are as follows: 1) for US Government Securities, \$210,953 beyond five years; 2) for certificates of deposit, \$250,367 less than one year, \$227,758 between one and two years, \$73,015 between two and five years and \$628,130 beyond five years; 3) for municipal bonds \$695,400 beyond five years; and 4) for corporate bonds \$121,897 less than one year and \$931,330 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 \$234,743 as AAA and \$460,657 as AA to A and corporate bonds are rated \$101,605 as AAA, \$724,132 as AA to A and \$227,490 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 used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At December 31, 2019, US government securities, equities and mutual funds are categorized as Level 1 while certificates of deposit and bonds are categorized as Level 2.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2019

3. Accounts Receivable

The following is a summary of accounts receivable as of December 31, 2019.

	<u>2019</u>
Customer accounts receivable	\$1,365,945
Other accounts receivable	237,529
Purchased power credits receivable	3,208
Allowance for uncollectible accounts	<u>(70,324)</u>
 Total accounts receivable, net	 <u>\$1,536,358</u>

Of the total customer accounts receivable at December 31, 2019 of \$1,365,945, \$1,187,193 relates to the December 2019 power bills due from customers (due in January, 2020). The Department also has \$231,618 of unbilled charges at December 31, 2019.

4. Prepaid Expenses

At December 31, 2019, the Department has total prepaid expenses of \$2,148,660. 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, 2019.

	<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>\$2,219.869</u>	-	-	<u>2,219.869</u>
Total capital assets not being depreciated	<u>2,219.869</u>	-	-	<u>2,219.869</u>
Capital assets being depreciated:				
Buildings and improvements	1,285,958	-	-	1,285,958
Equipment	2,652,527	595,149	131,000	3,116,676
Infrastructure	<u>18,182,061</u>	<u>668,206</u>	<u>83,413</u>	<u>18,766,854</u>
Total capital assets being depreciated	<u>22,120,546</u>	<u>1,263,355</u>	<u>214,413</u>	<u>23,169,488</u>
Less accumulated depreciation for:				
Buildings and improvements	(631,397)	(25,719)	-	(657,116)
Equipment	(1,816,215)	(144,091)	(131,000)	(1,829,306)
Infrastructure	<u>(9,933,276)</u>	<u>(544,730)</u>	<u>(83,413)</u>	<u>(10,394,593)</u>
Total accumulated depreciation	<u>(12,380,888)</u>	<u>(714,540)</u>	<u>(214,413)</u>	<u>(12,881,015)</u>
Capital assets being depreciated, net	<u>9,739,658</u>	<u>548,815</u>	-	<u>10,288,473</u>
Total capital assets, net	<u>\$11,959,527</u>	<u>548,815</u>	-	<u>12,508,342</u>

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2019

6. Notes and Bonds Payable

The Department did not have any outstanding short or long-term debt during 2019. At December 31, 2019, the Department has no unauthorized and unissued debt.

7. Pension Plans

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

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

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

System members who become permanently and totally disabled may be eligible to receive a disability retirement allowance. Disability benefits are based on 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, 2018 were \$334,088.

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, 2019

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, 2019, the Department reported a liability of \$4,219,930 for its proportionate share of the net pension liability. The net pension liability was measured at December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 rolled forward to December 31, 2018. 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, 2018, the Department's proportion was 0.9989%.

For the year ended December 31, 2019, the Department recognized pension expense of \$519,623. At December 31, 2019 the Department reported deferred outflows as follows: \$217,047 for the difference between actual and projected investment earnings, \$223,723 for changes in assumptions and \$104,853 for changes in proportion and differences between employer contributions and proportionate share of contributions and reported deferred inflows as follows: \$36,601 for the difference between expected and actual experience and \$16,573 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:

2020	\$179,874
2021	\$130,275
2022	\$93,821
2023	\$88,479

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, 2019

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	21.0%	6.16%
International developed equities	13.0%	6.69%
International emerging equities	5.0%	9.47%
Core fixed income	15.0%	1.89%
High yield fixed income	8.0%	4.00%
Private equity	13.0%	10.00%
Real estate	10.0%	4.58%
Commodities	4.0%	4.77%
Hedge funds/other	<u>11.0%</u>	3.68%
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 (6.75%) 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>
\$5,217,152	\$4,219,930	\$3,380,946

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, 2019

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, 2019 are summarized as follows:

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of December 31, 2019:

Active employees	13
Inactive employees	5
Total	18

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, 2019, the Department's average contribution rate was approximately 4.4% of covered-employee payroll.

Net OPEB Liability – The Department's net OPEB liability was measured as of December 31, 2019 using an actuarial valuation as of January 1, 2018. The components of the net OPEB liability of the Department at December 31, 2019 were as follows:

Total OPEB Liability	\$ 1,464,972
Plan fiduciary net position	<u>(983,593)</u>
Net OPEB liability	<u>\$ 481,379</u>
Plan fiduciary net position as a percentage of the total OPEB liability	67.14%

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2019

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	6.72%, net of OPEB plan investment expense, including inflation.
Municipal bond rate	3.26% as of December 31, 2019
Discount Rate	6.75%, net of OPEB plan investment expense including inflation.
Inflation	2.5% annually as of December 31, 2019 and for future periods
Health Care Trend Rate	5%
Salary Increases	3.00% annually as of December 31, 2019 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, 2019

8. Other Post-Employment Benefits (OPEB) (continued)

Asset Class	Target Allocation	Expected Investment Rate of Return
Domestic Equity - Large Cap	31.75%	4.80%
Domestic Equity - Small/Mid Cap	18.50%	5.29%
International Equity - Developed Market	8.50%	5.45%
International Equity - Emerging Market	6.00%	6.42%
Domestic Fixed Income	19.00%	2.05%
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		4.47%
Inflation assumption		2.50%
Total nominal rate of return		6.97%
Investment expense		-0.25%
Net investment return		6.72%

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:

Net OPEB Liability	Discount Rate		
	1% Decrease (5.75%)	Trend Rate (6.75%)	1% Increase (7.75%)
	\$ 684,569	\$ 481,379	\$ 290,419
Health Care Rate			
Net OPEB Liability	1% Decrease (4%)	Current (5%)	1% Increase (6%)
	\$ 247,516	\$ 481,379	\$ 771,572

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended December 31, 2019:

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2019

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, 2019	\$ 1,406,001	\$ 819,560	\$ 586,441
Changes for the year:			
Service cost	23,581	-	23,581
Interest	94,533	-	94,533
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Net investment income	-	164,033	(164,033)
Employer contributions	-	59,143	(59,143)
Benefit payments withdrawn from trust	-	(59,143)	59,143
Benefit payments	<u>(59,143)</u>	<u>-</u>	<u>(59,143)</u>
Net changes	<u>58,971</u>	<u>164,033</u>	<u>(105,062)</u>
Balances at December 31, 2019	<u>\$ 1,464,972</u>	<u>\$ 983,593</u>	<u>\$ 481,379</u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended December 31, 2019, the Department recognized OPEB expense of \$70,683. Deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2019 were reported as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Changes of assumptions	\$ -	\$ 103,119
Differences between projected and actual investment earnings	19,107	-
Differences between actual and expected experience	-	181,538
	<u>\$ 19,107</u>	<u>\$ 284,657</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (net outflow of \$265,550) will be recognized in OPEB expense (benefit) as follows:

<u>December 31</u>	
2020	\$ 66,786
2021	66,786
2022	66,788
2023	44,101
2024	21,089
2025	-
	<u>\$ 265,550</u>

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2019

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 operates the Stony Brook Intermediate Project and Stony Brook Peaking Project, both fossil-fueled power Departments. MMWEC has the Nuclear Mix One project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for Millstone Unit 3 extends to November 25, 2045.

On July 19, 2019, MMWEC sold its 3.7% interest in the W.F. Wyman Unit No. 4 plane, owned and operated by its majority owner, FPL Energy Wyman IV, LLC

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). The Department has entered into PSAs with MMWEC. Under the PSAs, the Department is required to make certain payments to MWEC solely from Department revenues. Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project. 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. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations 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 and interruption of the output of the Project(s).

Pursuant to the PSAs the MMWEC 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 Seabrook and Millstone 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.

At December 31, 2019, MMWEC has no debt service obligations outstanding relating to the Projects. 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.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses discussed above) associated with the Department's Project Capability of the Projects in which it participates was \$34,784,996 for the year ended December 31, 2019.

TOWN OF MIDDLETON ELECTRIC LIGHT DEPARTMENT

Notes to Financial Statements
Years Ended December 31, 2019

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. Implementation of new GASB Statements

During fiscal year 2019, the Department implemented the following GASB pronouncements:

- GASB Statement #83 – *Certain Asset Retirement Obligations*, which was required to be implemented in fiscal year 2019. The Department has successfully implemented this statement in its financial statements.
- GASB Statement #88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, which was required to be implemented in fiscal year 2019. The Department has successfully implemented this statement in its financial statements.

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

- 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 #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.
- GASB Statement #91 – Conduit Debt Obligations, 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 #92 – Omnibus 2020, which is required to be implemented mostly in fiscal year 2021. 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, 2019

Town of Middleton Municipal Light Department's Proportionate Share of Net Pension Liability - Essex Regional Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Department's proportion of the net pension liability	<u>0.999%</u>	<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>\$4,219,930</u>	<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>\$1,473,686</u>	<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>286.3%</u>	<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>51.87%</u>	<u>55.4%</u>	<u>51.12%</u>	<u>51.01%</u>	<u>52.27%</u>

Town of Middleton Municipal Light Department's Schedule of Contributions - Essex Regional Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$338,807	\$328,108	\$288,945	\$288,945	\$251,202
Contributions in relation to the contractually required contribution	<u>(334,089)</u>	<u>(328,501)</u>	<u>(289,291)</u>	<u>(289,291)</u>	<u>(251,202)</u>
Contribution deficiency (excess)	<u>(282)</u>	<u>(393)</u>	<u>(296)</u>	<u>(296)</u>	<u>-----</u>
Department's covered-employee payroll	<u>\$1,473,686</u>	<u>\$1,488,658</u>	<u>\$1,390,838</u>	<u>\$1,390,838</u>	<u>\$1,153,368</u>
Contributions as a % of covered-employee payroll	<u>22.7%</u>	<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>2019</u>	<u>2018</u>	<u>2017</u>
<u>Total OPEB Liability</u>			
Service cost	\$ 23,581	20,324	21,903
Interest on total OPEB liability	94,533	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	(59,143)	(48,656)	(18,784)
Net change in total OPEB liability	58,971	452,245	64,030
Total OPEB liability - beginning of year	<u>1,406,001</u>	<u>953,756</u>	<u>889,726</u>
Total OPEB liability - end of year	<u>\$ 1,464,972</u>	<u>1,406,001</u>	<u>953,756</u>
<u>Plan Fiduciary Net Position</u>			
Earnings from plan investments	<u>164,033</u>	<u>(63,804)</u>	<u>72,781</u>
Net investment income (loss)	164,033	(63,804)	72,781
Employer contributions	59,143	348,656	268,784
Benefit payments	(59,143)	(48,656)	(18,784)
Administrative expense	-	-	-
Net change in fiduciary plan net position	164,033	236,196	322,781
Plan fiduciary net position - beginning of year	<u>819,560</u>	<u>583,364</u>	<u>260,583</u>
Plan fiduciary net position - end of year	<u>\$ 983,593</u>	<u>819,560</u>	<u>583,364</u>
Net OPEB liability	<u>\$ 481,379</u>	<u>586,441</u>	<u>370,392</u>
Plan fiduciary net position as a percentage of total OPEB liability	67.14%	58.29%	61.16%
Department's Employee Covered Payroll	\$1,338,309	\$1,299,329	\$1,598,393
Plan net OPEB liability as a percentage of covered payroll	35.97%	45.13%	23.17%
Single discount rate to calculate plan liabilities	6.75%	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>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially-determined contribution	\$ 59,012	\$ 63,488	\$ 68,210
Contributions in relation to the actuarially-determined contribution	<u>(59,143)</u>	<u>(348,656)</u>	<u>(268,784)</u>
Contribution deficiency (excess)	<u>\$ (131)</u>	<u>\$ (285,168)</u>	<u>\$ (200,574)</u>
Covered-employee payroll	<u>\$ 1,338,309</u>	<u>\$ 1,299,329</u>	<u>\$ 1,598,393</u>
Contribution as a percentage of covered-employee payroll	<u>4.42%</u>	<u>26.83%</u>	<u>16.82%</u>

SCHEDULE OF INVESTMENT RETURNS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	20.01%	(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, 2019

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, 2019

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.