

**Board of Selectmen Meeting
February 14, 2017
7:00 p.m.
Fuller Meadow School
Nathan Media Room**

Call to Order – Chairman Timothy Houten called the meeting to order at 7:05 p.m. Also present were Mr. Brian Cresta, Mr. Rick Kassiotis, Mr. Todd Moreschi, Mr. Kosta Prentakis, Town Administrator Mr. Andrew Sheehan and Assistant Town Administrator Mr. Ryan Ferrara. Chairman Houten announced that the meeting is being recorded.

1. **Warrant** – The Payroll Warrant totaled \$629,132. The Payables Warrant totaled \$1,162,215 and included \$9,600 for repairs at the Fire Station, \$21,000 for the audit, \$16,000 for salt, \$5,000 for snow removal, which does not include three most recent storms, \$514,000 for purchase of power and \$191,000 in debt service.

Mr. Cresta made a motion to approve the Warrants. Mr. Prentakis seconded the motion and all were in favor.

Minutes – *Mr. Prentakis made a motion to approve the regular session minutes September 13, 2016 and the Minutes of the Joint Meeting of the Board of Selectmen and the Middleton School Committee on October 25, 2016. Mr. Cresta seconded the motion and all were in favor.*

Town Administrator's Report

- **Budget Meeting** – The operating budget meeting held on February 4, 2017, raised a number of questions, which are currently being worked on. The next capital budget meeting is scheduled for March 4, 2017 and at the end of the meeting there will be time set aside for outstanding questions on the operating budget.
- **Early Voting** – The State Auditor's Office has issued a position paper/ruling on an unfunded mandate appeal filed by the City of Woburn and the Town of Oxford. There is no refund available but the Towns have the opportunity to approach the legislature to petition for funding for future early voting.
- **Special Town Meeting** – This will take place on February 28, 2017. The five article warrant is posted on the town website at the top of the home page. The last day to register for the Special Town Meeting, as a voter, is Friday February 17, 2017. The Town Clerk's Office will be open until 8 p.m on February 17th.
- **Henry Bouchard** – Henry Bouchard will be joining the Police force and starting regular rotation next week.
- **Auditor's - Roselli, Clark & Associates** – Mr. Tony Roselli will attend the next Board of Selectmen's meeting to provide updates on the Fiscal Year 2016 audit. He has a number of recommendations regarding best practices and ways to improve operations and minimize risk.
- **DPW** – All employees involved with snow plowing during the heavy snow storms were thanked for their efforts and hard work.

2. **Review of Fiscal Year 2017 second quarter General Fund financial highlights, presented by Chief Financial Officer/Town Accountant Sarah Wood** – Ms. Wood addressed the Board that in the second quarter, the vast majority of expenditures are in line with expectations. The unclassified section (insurance) is higher than expected due to paying retirement and liability insurance in the first quarter. Ms. Wood stated that the previous auditors were paid incremental payments over the course of the year, whereas Roselli, Clark & Associates issue a final payment when they have issued their financial statement. Regarding revenues, the town is doing well with permits and fees, particularly cemetery fees which have seen a significant increase this year, and are already above budgeted amounts expected. The meals tax is slightly under expectation because of a lag time of distributions. This is the Town's first year of collecting the recently approved meals tax. It is expected this line item will catch up with budgeted expectations as the year progresses. Mr. Prentakis requested that a list is obtained from DOR of restaurants that are being used to calculate meals tax to verify that all restaurants in town are paying their taxes.

Mr. Sheehan said regarding older warrant articles, there is a determination to stay on top of departments to push projects along so they can be closed out, or if there are funds available that are no longer needed then they can be repurposed.

3. **Review of current Town budget reserve funds and discussion of establishment of new reserve accounts for Fiscal Year 2018** – Mr. Sheehan said this was raised in the Saturday budget meeting and in the audit. The current balance in the Stabilization Fund is \$1.88M, Free Cash is at 6.6% of the budget and Stabilization is at 5.6% of budget. Both are slightly above the levels established in the policy. The Ambulance Fund balance is \$498,529, the Water Fund balance is \$629,473 and the PEG Fund balance is at \$374,534. Mr. Sheehan said that regarding the proposed Retirement Stabilization Account, the Town is unable to pre-pay pensions as we are a member of a regional retirement system. The auditors have suggested that a stabilization fund could be created to offset this. The Board members had a discussion regarding setting up a stabilization fund and it was agreed that subject to Board members approval, recommendations could be presented at the capital meeting scheduled in March.
4. **Update on dog domiciled at 2 Bellevue Avenue** – Mr. Sheehan said that there has been positive activity at the dog owner's property and it seems that the demands are being taken seriously. The Dog Officer has been instructed to check up on the progress being made.

5. **Update and discussion regarding February 28, 2017 Special Town Meeting** – Mr. Sheehan said a letter was received today from the Board of Assessors stating their concern about the impact Articles 4 and 5 would have on the valuation of property and the resulting shift of the tax burden to residential tax payers. The Finance Committee is scheduled to meet tomorrow to vote on the finance related Articles 1, 4 and 5.

Chairman Houten said that the Special Town Meeting and information on the Articles has been posted on the Town website and an email blast has been sent out.

Mr. Sheehan stated, Article 1 - the repairs to Memorial Hall, in the amount of \$100,000 will be put on the warrant. If there are any additional funds left over, it could be used for further improvements or repairs to Memorial Hall.

6. **Approval of Fiscal Year 2017 operations and maintenance sewer rate for South Essex Sewer district billings** - Mr. Ferrara addressed the Board and said this related to the operations and maintenance charge rate structure for a sewer collection system located in the Locust Street neighborhood. The flow data is based upon the calendar year 2016 flow data which is received from the Town of Danvers. The formula is \$1.598 per 100 cubic feet.

Mr. Prentakis made a motion to approve the operations and maintenance sewer rate for South Essex Sewer District Billings. Mr. Moreschi seconded the motion and all were in favor.

New Business: Reserved for topics that the Chair did not reasonably anticipate would be discussed - No New Business.

The meeting was adjourned at 7:50 p.m.

Respectfully Submitted,

Julie Roscoe

Julie Roscoe, Recording Secretary

Rick Kassiotis, Clerk

Upon Recording
Box 191

Space above line reserved for recording information

GRANT OF RESTRICTION LIMITING DISCHARGE
OF DREDGED AND FILL MATERIAL
(314 CMR 9.04(3))

THIS GRANT OF RESTRICTION LIMITING DISCHARGE OF DREDGED AND FILL MATERIAL ("Restriction") is made as of this day of March 2017 by Old Essex Estates, LLC ("Grantor"), a Massachusetts limited liability company with a mailing address of 230 Main Street, North Reading, MA 01864, pursuant to the provisions of 314 CMR 9.04(3) of the Water Quality Certification Regulations established at 314 CMR 9.00 (the "Regulations")

WITNESSETH

WHEREAS, Grantor is the owner in fee simple of an eight and one half (8.5±) acre parcel of land located in Middleton, Essex County, Massachusetts (the "Property"), subdivided pursuant to the Subdivision Control Law established at M.G.L. c. 41, §§ 81K, through 81GG, and being shown on a subdivision plan entitled "Definitive Subdivision Plan, Old Essex Estates" dated November 17, 2016 and updated through February 6, 2017 prepared by JM Associates, Inc. and recorded Essex South County Registry of Deeds herewith (the "Subdivision Plans");

WHEREAS, title to said Property is being conveyed to Grantor pursuant to a quitclaim deed from Stephen Cashman, Personal Representative for the Estate of William Cashman to Grantor, which deed shall be recorded herewith;

WHEREAS, pursuant to the provisions of 314 CMR 9.04 (3) of the Regulations, a 401 Water Quality Certification (as defined under 314 CMR 9.02) is required for the creation of a subdivision of land unless there is a valid, unexpired Final Order of Conditions (as defined under 314 CMR 9.02) ("Final Order"), followed by a Certificate of Compliance (as defined under 314 CMR 9.02), and a recorded deed restriction limiting the amount of discharges of dredged or fill material on a single and complete project to less than five thousand (5,000) square feet cumulatively of Bordering Vegetated Wetlands (as defined under 314 CMR 9.02), and/or Isolated Vegetated Wetlands (as defined under 314 CMR 9.02), and Land Under Water (as defined under 314 CMR 9.02), and the discharge is not to an Outstanding Resource Water (as defined under 314 CMR 9.02). Such discharges of dredged or fill material to create the real estate subdivision include, but are not limited to, discharges resulting from the construction of roads, drainage, sidewalks, sewer systems, buildings, septic systems, wells, and accessory structures;

WHEREAS, Grantor has received a Final Order from the Town of Middleton Conservation Commission under Massachusetts Department of Environmental Protection Wetlands File No. 222-778, a copy of which is being recorded with said Registry of Deeds herewith, said Final Order limiting the amount of dredged or fill material that may be cumulatively discharged on the Property to four thousand, seven hundred sixty-eight (4,768) square feet (3,126 square feet of a non jurisdictional wetland is being partially filled and altered in order to create a retention basin and 1,642 square feet of a bordering vegetated wetland is being filled to allow for a wetland crossing for the driveway that will service Lots 2 and 3, as shown on the Subdivision Plans); and

WHEREAS, Grantor desires that a Water Quality Certification not be required for the Property.

NOW, THEREFORE, pursuant to the provisions of 314 CMR 9.04(3), Grantor, does hereby GRANT to the Town of Middleton, a Massachusetts municipal corporation situated in Essex County, having an address of 48 South Main Street, Middleton, Massachusetts 01949, acting by and through its Conservation Commission, for nominal, non-monetary consideration, the receipt and sufficiency of which are hereby acknowledged, with Quitclaim Covenants, a GRANT OF RESTRICTION LIMITING DISCHARGE OF DREDGED AND FILL MATERIAL, the terms and conditions of which are as follows:

1. Prohibition. Grantor shall not discharge, nor shall Grantor suffer, allow or cause any person to discharge, in, on, upon, through, over, and under the Property, dredged or fill material exceeding a cumulative total amount of four thousand, seven hundred sixty-eight (4,768) square feet, which includes the amount authorized, and limited, under the Final Order of Conditions. Discharges of dredged or fill material shall include, but are not limited to, discharges resulting from the construction of roads, drainage, sidewalks, buildings, septic systems, wells, and accessory structures.
2. Enforceability. The rights hereby granted shall include the right to enforce this Restriction by appropriate legal proceedings and to obtain injunctive and other equitable relief against any violations (it being agreed that the Grantee may have no adequate remedy at law), and shall be in addition to any other rights and remedies available to the Grantee. Prior to instituting any action to enforce any violations of this Restriction, Grantee shall first notify Grantor and request Grantor to remedy the violation; if the violation is not remedied within sixty (60) days, then the parties shall make a good faith effort to mediate the dispute before enforcement action is commenced. A Final Order may be enforced by either Grantee or the Massachusetts Department of Environmental Protection, hereinafter referred to as the "**Department**", regardless which is the issuing authority pursuant to 310 CMR 10.08(2). The members, officers, employees and agents of Grantee and of the Department may enter upon the Property for the purpose of performing their duties and obligations under the Regulations.

Grantor shall be liable for only such violations of this Restriction as may occur during Grantor's period of ownership of the Property. By its acceptance, Grantee does not undertake any liability or obligation relating to the condition of the Property, including compliance with hazardous materials or other environmental laws and regulations not caused by Grantee or its agents. Grantee shall make every effort to enforce the terms of this Restriction, and any forbearance by Grantee to exercise its rights under this Restriction shall not be deemed or construed to be a waiver.

3. Term. This Restriction shall run with the Property, and any portion thereof, in perpetuity and is intended to conform to M.G.L. c. 184, §26, as amended.

4. Concurrence Presumed. It is agreed that:
 - a. Grantor, and all parties claiming by, through or under Grantor, shall be deemed to be in accord with the provisions of this document; and
 - b. all such parties and any party claiming by, through, or under them, and their respective agents, contractors, sub-contractors and employees, also agree that the Restriction herein established shall not be violated and that their respective interests in the Property, or any portion thereof, shall be subject to the provisions herein set forth.
5. Subsequent Transfers. Grantor agrees to incorporate by reference the terms of this Restriction in any deed or other legal instrument by which Grantor conveys any interest in all or a portion of the Property, including, without limitation, a leasehold interest.
6. Recordation. Grantor shall record and/or register this Restriction with the appropriate Registry of Deeds within thirty (30) days of receiving the approved and accepted Restriction from Grantee. Grantor shall file with Grantee and with the Department a certified Registry copy of this Restriction as recorded and/or registered within thirty (30) days of its date of recordation and/or registration.
7. Termination of Rights and Obligations. Notwithstanding anything to the contrary contained herein, the rights and obligations under this Restriction of any party holding an interest in the Property shall terminate upon transfer of that party's interest, except that liability for acts or omissions occurring prior to, or subsequent to, the transfer, and liability for the transfer itself if the transfer is a violation of this Restriction, shall survive the transfer.
8. Estoppel Certificates. Upon request by Grantor, the Grantee shall, upon fifteen (15) days' notice, execute and deliver to Grantor any document, including an estoppel certificate, which certifies Grantor's compliance with any obligation of Grantor contained in this Restriction, and which otherwise evidences the status of this Restriction as may be requested by Grantor.
9. Amendment. In the event circumstances arise under which an amendment to or a modification of this Restriction may be appropriate, Grantor and Grantee may by mutual consent amend any term or provision hereof provided that the parties receive written authorization from the Department; and provided that any such amendment, together with any approvals necessary to its effectiveness, shall be recorded with said Registry of Deeds. Any amendment shall be consistent with the purposes of this Restriction. In no event shall any amendment authorize the discharge of dredge and fill material on the Property which cumulatively exceeds four thousand, seven hundred sixty-eight (4,768) square feet the amount permitted by the Final Order.
10. Extinguishment. This Restriction shall not be released or extinguished without the express written approval of Grantor, Grantee and the Department. In the event that this Restriction is released or extinguished, such release shall be recorded at said Registry of Deeds, together with any approvals necessary to prove its effectiveness.
11. Effective Date. Grantor and Grantee intend that this Restriction take effect on the day and year this Restriction is recorded at said Registry of Deeds after being executed by Grantor and approved and accepted by Grantee.

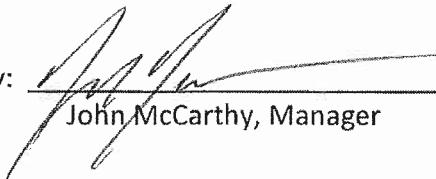
12. Miscellaneous Provisions

- a. Controlling Law. The interpretation and performance of this Restriction shall be governed by the laws of the Commonwealth of Massachusetts; and
- b. Severability. If any court of competent jurisdiction determines that any provision of this Restriction shall to any extent be held invalid or unenforceable, such provision shall be deemed to have been modified automatically to conform to the requirements for validity and enforceability as determined by such court or tribunal and the remainder shall not be affected.

WITNESS the execution hereof under seal this 7th day of March 2017

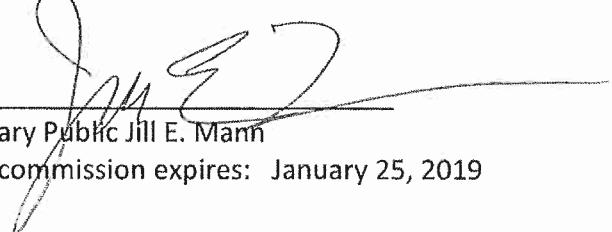
Old Essex Estates, LLC

By:

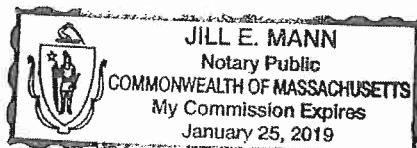

John McCarthy, Manager

COMMONWEALTH OF MASSACHUSETTS
Essex, ss.

On this 7th of March 2017 before me, the undersigned notary public, personally appeared John McCarthy, who proved to me through satisfactory evidence of identification, a driver's license, to be the person whose name is signed on the foregoing instrument and acknowledged to me that he signed it voluntarily for its stated purpose.


Notary Public Jill E. Mann

My commission expires: January 25, 2019



APPROVAL AND ACCEPTANCE OF GRANT OF RESTRICTION LIMITING DISCHARGE OF DREDGED AND
FILL MATERIAL

We, the undersigned, being a majority of the Conservation Commission of the Town of Middleton, Essex County, Massachusetts, hereby certify that at a meeting duly held on March 7, 2017, the Conservation Commission voted to approve and accept the foregoing Grant of Restriction Limiting Discharge of Dredged and Fill Material pursuant to Massachusetts General Laws, Chapter 40, §8C and Chapter 184, §32.

MIDDLETON CONSERVATION COMMISSION

Ian McKenzie

Michael G. Sliney

Antonio Pesce

Laurie York

COMMONWEALTH OF MASSACHUSETTS

Essex, ss.

On this day of March 2017, before me, the undersigned Notary Public, personally appeared Ian McKenzie, Michael G. Sliney, Laurie York, and Antonio Pesce, who each are personally known to me and acknowledged to me that they each signed it voluntarily for its stated purpose as members of the Middleton Conservation Commission.

Notary Public
My Commission Expires:

APPROVAL AND ACCEPTANCE OF GRANT OF RESTRICTION LIMITING DISCHARGE OF DREDGED AND
FILL MATERIAL

We, the undersigned, being a majority of the Board of Selectmen of the Town of Middleton, Essex County, Massachusetts, hereby certify that the foregoing Grant of Restriction Limiting Discharge of Dredged and Fill Material is approved in the public interest pursuant to G. L. Chapter 184, Section 32, at a meeting duly held on March 14, 2017.

MIDDLETON BOARD OF SELECTMEN

Timothy P. Houten

Kosta E. Prentakis

Brian M. Cresta

Richard Kassiotis

Todd Moreschi

COMMONWEALTH OF MASSACHUSETTS
Essex, ss.

On this ___ day of March 2017, before me, the undersigned Notary Public, personally appeared Timothy P. Houten, Kosta E. Prentakis, Brian M. Cresta, Richard Kassiotis, and Todd Moreschi, who are personally known to me to be the persons whose names are signed on the preceding or attached documents, and acknowledged to me that they each signed it voluntarily for its stated purpose as members of the Board of Selectmen of the Town of Middleton.

Notary Public
My commission expires:

**Town of Middleton
Board of Selectmen Office
48 South Main Street
Middleton, MA 01949**

Please use this form to obtain your license renewal. Please remit a properly signed State Tax Form (attached) and a check made payable to the Town of Middleton to this office no later than Friday, December 02, 2016. License fees shall be paid by either **cashier's check or bank check**. All license fees must be received in this office no later than December 02, 2016 in order to have your license renewed for January 1st.

MISCELLANEOUS LICENSE RENEWAL FORM FOR 2017

TYPE OF LICENSE

	LICENSE FEE	AMOUNT DUE
Amusement (Golf Courses)	\$100.00	
Auctioneer	\$45.00	
Amusement Machines	\$100.00	
Common Victualler	\$100.00	
Class II License	1	\$200.00
Class III License		\$200.00
Gas License (per nozzle)		\$45.00
Precious Metals		\$25.00
Livery License		\$100.00 \$50.00 1 st Vehicle, \$25.00 each additional vehicle
# of Vehicles		
Total Amount Due		\$200.00

By December 02, 2016

Business Name: Griff's Auto

Business Manager Name: Derek Griffin

Phone Number: 351-201-9844

E-mail Address: dgriff5490@gmail.com

Town of Middleton, Massachusetts
Revenue Enforcement and Protection Certification (REAP)

Pursuant to Massachusetts General Laws, Chapter 62C, Section 49A, I hereby certify under the penalties of perjury that I to my best knowledge and belief, have filed all State tax returns and paid all state taxes required by law.

Name of Company: Griff's Auto

Address: 7 second Ave Middleton MA. 01949

Title of Person Signing: Owner /Operator

Signature of Individual or Corporate Name: Derek Griff

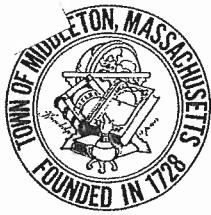
Printed Name of Above: Derek Griffin

Contact Telephone Number: 351-201-9844

Date: March 6 2017

Social Security Number or Federal Identification Number: [REDACTED]

Email Address: dgriff5490@gmail.com



Town of Middleton
Memorial Hall
48 South Main Street
Middleton, Massachusetts
01949-2253
978-774-3589
www.townofmiddleton.org

Application for Class II Used Car Dealer's License

SECTION 1:

Name to Appear on the License: Derek A Griffin

Business Name (d/b/a, if different): Griff's Auto

Manager of Record: Derek Griffin

Address of Premises: 7 second Ave Middleton MA 01949

Phone Number of Premises: 351-201-9844

SECTION 2: Person (attorney if applicable) who can be contacted concerning this application):

Name: Derek Griffin

Address: 7 second Ave Middleton MA 01949

Phone Number: 351-201-9844

SECTION 3: Give a full description of the premises to be licensed, including location of all entrances and exits: (Please attach a copy of the Site Plan Approval and written decision of the Board of Appeals)

Garage with office in the Basement of
house. No vehicles will be stored at 7 second
Ave

SECTION 4:

Applicant is an:

Association

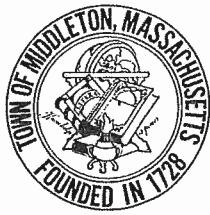
Corporation

Individual

Partnership

Non-Profit Corporation

LLC



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SECTION 5:

If applicant is an individual or partnership – List for individual, each partner or LLC:

Full Name:

Home Address:

DOB:

SSN/FID:

Derek A Griffin 7 second Ave Middleton MA 01949

Is individual or all partners United States citizens?

Yes No

If no, specify citizenship: _____

Is individual or all partners involved at least twenty-one years old?

Yes No

SECTION 6:

If applicant is a corporation, complete the following:

State of Incorporation: NA Date of Incorporation: _____

Fiscal Year Ends: _____ Date Qualified to do business in MA: _____

SECTION 7:

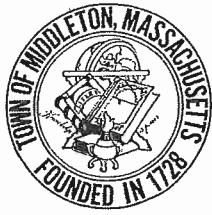
Will there be any construction, remodeling, redecorating, or building on the premises for this license?

Yes No If yes, complete the following:

Give an exact description of the construction, remodeling, redecorating or building on the premises:

NA

What are the estimated costs: _____



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What is the construction schedule: NA

State all sources of construction financing: NA

SECTION 8:

Do you own the premises? Yes No If yes, please respond to the question below.

As an individual Jointly Other

Name of Realty Trust: _____

Name of Corporation: _____

Other: _____

(If you do not own the premises to be licensed, provide the following information about the owner).

Name: Joseph E. Griffin Jr.

Address: 7 second Ave Middleton MA Telephone: 978-777-2858

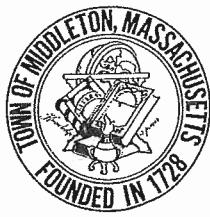
SECTION 9:

If a lease or rental, you must provide the following information:

1. Copy of Lease

2. Beginning date of Lease: NA End date of Lease: _____

3. Rent per month/year: _____



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SECTION 10: OWNERSHIP INTERESTS

State the following information for all persons or entities who will have any direct or indirect beneficial or financial interest in this license:

Full Name	Home Address	DOB	SSN/FID	Phone Number
Derek Griffin	7 second Ave Middleton MA			351-201-9844

Describe all types of beneficial or financial interest each person or entity identified above will have in this license.

Person or Entity	License Name and Address	Description of Interest
Derek Griffin	7 second Ave Middleton	Owner / Operator
	Derek Griffin	

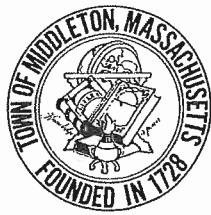
Has any person or entity named above held a license or a beneficial interest in a license issued under Chapter 149 which is not presently held? Yes No

(If yes, provide the following for each person or entity)

Full Name	License Name And Address	Type of of License	Date Ownership Surrendered

Has any person or entity named above ever had a license suspended, revoked or cancelled?
 Yes No

(If yes, provide the following information)



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Date	License	License #	Reason why the license was suspended, revoked or celled
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Has any person or entity named above ever been convicted of violating any state, federal or military law?

Yes No

SECTION 11:

- A. Each individual applicant must sign.
- B. Applications by a partnership must be signed by a majority of the partners.
- C. Applications by a corporation must be signed by an officer authorized by a vote of the corporation Board of Directors.
- D. Applications by an association must be signed by a majority of the members of the governing body. All signatures must have answered Section 6.
- E. False information or failure to disclose are reasons to revoke a license or deny Class II Used Car Dealer License.

Signed and subscribed to under the penalty of perjury, the 6 day of March 2017

By: Signature of Full Name

Title:

Owner

Print Name: Derek Griffin

Print Title: Owner



To the Town of Middleton
Memorial Hall
48 South Main Street
Middleton, Massachusetts
01949-2253
978-774-3589
www.townofmiddleton.org

**For Applicants for a Class II Used Car Dealer's License in Middleton,
Massachusetts**
(with no on-site storage of vehicles)

This addendum must be submitted as part of the formal application.

1. Please answer in full all of the following questions. (use additional paper as needed for complete responses to all questions)
2. Specify in exact terms how you intend to buy and sell vehicles without on-site storage or display of such vehicles.

The vehicles will be bought and sold at
the auto auctions. Vehicles will also be bought at
Dealerships. Vehicles will be stored and preped at
the Auto Auction

3. Will there ever be an occasion where you have to store a vehicle on your residential property that has no valid Massachusetts Inspection Sticker and Registration? If so describe the circumstances under which this may occur and what period of time the vehicle will be stored on your residential property.

No

4. Will there ever be an occasion in which buyers come to your residential property to purchase, sell, or view used vehicles? If so please describe in detail.

No

5. Will there ever be an occasion in which buyers come to your residential property to purchase, sell, or view used vehicles? If so please describe in detail.

NO

6. Where do you plan on buying the vehicles you intend to sell?

At Dealerships and Auctions

7. Once you purchase said vehicles, specify the legal address of where these vehicles will be stored? (Please include proof of a lease or written permission for such storage and evidence that said storage is in compliance with that city or town's zoning bylaws).

Auto Auction New England

I hereby swear that under the pains and penalties of perjury that the information I have given in this application is true to the best of my knowledge and belief. Every question must be answered with full information and false statements will result in the rejection of this application or the subsequent revocation of any issued license.

Derek Griffin
Sign your name in full

March 6 2017
Date

Griff's Auto
Business or D/B/A

Derek Griffin
Print Name

7 second Ave
Address

351-201-9844
Phone Number

**Town of Middleton
Board of Selectmen Office
48 South Main Street
Middleton, MA 01949**

Please use this form to obtain your license renewal. Please remit a properly signed State Tax Form (attached) and a check made payable to the Town of Middleton to this office no later than Friday, December 02, 2016. License fees shall be paid by either **cashier's check or bank check**. All license fees must be received in this office no later than December 02, 2016 in order to have your license renewed for January 1st.

MISCELLANEOUS LICENSE RENEWAL FORM FOR 2017

TYPE OF LICENSE

	LICENSE FEE	AMOUNT DUE
Amusement (Golf Courses)	\$100.00	
Auctioneer	\$45.00	
Amusement Machines	\$100.00	
Common Victualler	\$100.00	
Class II License	\$200.00	
Class III License	\$200.00	
Gas License (per nozzle)	\$45.00	
Precious Metals	\$25.00	
Livery License	1	\$100.00 \$50.00 1 st Vehicle, \$25.00 each additional vehicle
# of Vehicles	1	\$50.00
Total Amount Due		\$150.00

Business Name: LCS- Limo and Concierge Services

Business Manager Name: Sanjay Jain

Phone Number: (617) 206-0217

E-mail Address: LCSSanj@gmail.com



OFFICE OF THE
BOARD OF SELECTMEN

**TOWN OF MIDDLETON
MASSACHUSETTS**

**APPLICATION FOR A LICENSE TO OWN A
TAXICAB COMPANY/REGISTER CABS**

The undersigned respectfully requests to be licensed to own a taxicab(s) within the limits of the Town of Middleton.

INDIVIDUAL NAME: SANJAY JAIN

BUSINESS NAME: LCS - LIMO + CONCIERGE SERVICES

BUSINESS ADDRESS: 73 PEABODY ST., MIDDLETON, MA 01867

TELEPHONE #: 978-777-2997, 617-206-0217

HOW MANY TAXIS DO YOU OWN: _____

PLEASE PROVIDE THE INFORMATION REQUESTED BELOW ON EACH TAXI.

TAXI #1	YEAR	2012	MAKE	CHEVY	MODEL	REG #	LV-64673
TAXI #2	YEAR	2008	MAKE	LINCOLN	MODEL	REG #	LV-7853
TAXI #3	YEAR		MAKE		MODEL	REG #	
TAXI #4	YEAR		MAKE		MODEL	REG #	
TAXI #5	YEAR		MAKE		MODEL	REG #	
TAXI #6	YEAR		MAKE		MODEL	REG #	
TAXI #7	YEAR		MAKE		MODEL	REG #	
TAXI #8	YEAR		MAKE		MODEL	REG #	
TAXI #9	YEAR		MAKE		MODEL	REG #	
TAXI #10	YEAR		MAKE		MODEL	REG #	

Please provide a copy of the insurance policy for each taxi.

Recommendation of the Chief of Police: _____

The fee for this license is: \$100.00 for 1 cab
or 1 cab + 1 add'l at \$50 Total = \$150.00

License will expire 12/31/2013



OFFICE OF THE BOARD OF SELECTMEN

TOWN OF MIDDLETON MASSACHUSETTS

APPLICATION FOR A LICENSE TO DRIVE A TAXICAB

The undersigned respectfully requests to be licensed to operate a taxicab within the limits of the Town of Middleton.

NAME: SANJAY JAIN

ADDRESS: 73 PEABODY ST., MIDDLETON

TELEPHONE #: _____

HOW LONG HAVE YOU RESIDED AT THE ABOVE ADDRESS: 20 yrs

DATE OF BIRTH: 8/18/65 PLACE OF BIRTH: INDIA

EYE COLOR: Brown HAIR COLOR: BLK

HEIGHT: 5' 10" DRIVER'S LICENSE #: [REDACTED]

DO YOU HAVE A POLICE RECORD? (Yes) (No)

If the answer is yes, please provide circumstances below:

The fee for this license is \$100.00.

This application must also include a CORI Request Form and a copy of your MA Drivers' License

License will expire 12/31/2013

RULES AND ORDERS GOVERNING PRIVATE LIVERY SERVICE
WITHIN THE TOWN OF MIDDLETON

By virtue of M.G.L. (3rd ed.), Chap.40, Sec. 22, at a regular meeting of the Board of Selectmen of the Town of Middleton, held on September 10, 2013, the following rules and orders for the conduct of private livery service within the Town of Middleton, were adopted.

Section I: Private Livery Service Defined. Private Livery Service shall be defined as the carriage of groups of persons for hire, who pursuant to a common purpose and under a single contract, and at a fixed charge for the vehicle, have acquired the exclusive use of a vehicle for the duration of a particular trip; or, the carriage of persons for hire for any special purpose, an event or occasion or series of events or occasions, of a number of passengers to whom the carrier itself, or some person in its behalf, has sold or intends to sell tickets for transportation service, whether such tickets are for transportation alone or are in the form of combination tickets. Funeral Directors shall be exempt under this section.

Section 2: The Board of Selectmen may, from time to time, grant licenses for private livery service upon such terms and to such persons, corporations, partnerships and other business entities (hereinafter referred to as persons), as they deem expedient for a period of not less than one year next following their application to operate, set up, use or drive motor vehicles in private livery service. No person shall operate, set up, use or drive motor vehicles in private livery service without such a license. A notice of hearing under this Section shall be published in a local newspaper at least seven days before the public hearing.

Section 3: No person licensed under these rules and orders shall behave in a rude or disorderly manner, or use any indecent, profane or insulting language toward any passenger or other person.

Section 4: A list of all vehicles to be operated in private livery service by a person licensed under these rules and orders shall be provided to the Selectmen and kept on file as a public record in the office of the Town Clerk. Said list shall contain a description of the vehicle or vehicles by make, year of manufacture, color, identification number, and department or motor vehicles registration number. The applicant/licensee will notify the Town Clerk when any of the items required to be listed shall change.

Section 5: For every license granted pursuant to these Rules and Orders for the conduct of private livery service within the Town of Middleton, there shall be paid to the Board of Selectmen the sum of One Hundred Dollars (\$100) for the livery license. For the first vehicle to be used in private livery service there will be a fee of Fifty Dollars (\$50) for the first vehicle and twenty five dollars (\$25) for each additional vehicle as required to be listed as in Section 4 with the Town Clerk.

Section 6: No vehicle to be used in Private Livery Service shall be operated by a person under eighteen years of age.

Section 7: Any license granted under the provisions of these rules and orders may be revoked by the Board of Selectmen for cause, after notice and reasonable opportunity

to be heard. Any person who violates these rules and orders or the terms of a license to operate vehicles in private livery service shall be fined one hundred dollars (\$100) for each offense, each day of violation to be considered a separate offense.

Section 8: Each person operating vehicles in Private Livery Service, shall file a certificate of insurance covering all vehicles to be operated in Private Livery Service with the annual application, on or before January 2nd of each year. In the event of cancellation, a ten-day notice must be given to the Board of Selectmen.

Section 9: All motor vehicles to be operated in Private Livery Service and listed with the Town Clerk as provided in Section 4 shall be provided with an identification number by the Town Clerk. Said identification number shall be conspicuously posted on a printed card in every vehicle.

Section 10: The Selectmen of the Town of Middleton may, as they deem necessary, restrict a licensee/applicant licensed under these rules and orders to the use of specified routes or public ways within the Town of Middleton.

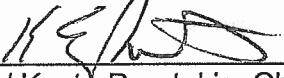
Section 11: No person shall operate any vehicle in Private Livery Service, as that term is defined herein, while carrying ten or more people, including the driver.

Section 12: No person operating motor vehicles in Private Livery Service under a license granted pursuant to these rules and orders shall operate a vehicle in such a manner as to provide a service similar to a taxi service, by indiscriminately receiving and discharging passengers along the route on which the vehicle is operated or may be running.

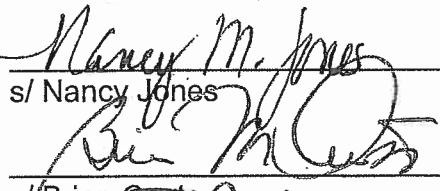
Section 13: The applicant/licensee shall provide the Board of Selectmen with all reasonable information, which the Board may request relative to safety features of the vehicle or vehicles proposed to be used in Private Livery Service. The Selectmen shall have the discretion, if they deem it of the passengers or public, to disapprove a vehicle or vehicles necessary to protect the safety for use in Private Livery Service.

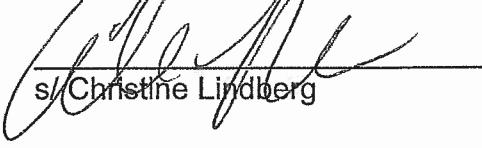
Section 14: Any person operating a motor vehicle or vehicles in Private Livery Service, as defined herein, prior to the adoption of these rules and orders, may continue to so operate, but must apply for licensing from the Board of Selectmen within two months after the adoption of these rules and orders.

Per Order of the Board of Selectmen: Adopted on 9/10/2013


s/ Kosta Prentakis, Chairman

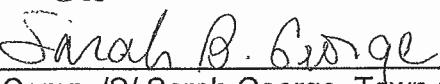

s/ Timothy Houten


s/ Nancy Jones


s/ Christine Lindberg


s/ Brian Cresta

Attest: A True Copy: /S/ Sarah George, Town Clerk


September 10, 2013
Date



OFFICE OF THE TOWN ADMINISTRATOR

Town of Middleton
Memorial Hall
48 South Main Street
Middleton, MA 01949-2253
978-777-3617
www.townofmiddleton.org

6

February 3, 2017

Mr. Joseph Flynn
2 Bellevue Avenue
Middleton, MA 01949

RE: Nuisance/Dangerous Dog Hearing
Killian, Malamute mix
2 Bellevue Avenue, Middleton

Dear Mr. Flynn:

This correspondence is a follow up to the nuisance/dangerous dog hearing held by the Middleton Board of Selectmen held on January 31, 2017. At that hearing the Board of Selectmen voted unanimously (5-0) to declare your dog, Killian, a dangerous dog pursuant to Massachusetts General Law Chapter 140, Section 157. This is a serious finding with significant implications for you and Killian.

At the hearing the Board imposed and you committed to abiding by the following conditions:

1. Killian shall be kept inside the home until a kennel is fully constructed. Construction of the kennel shall be to the satisfaction of the Animal Control Officer;
2. Until completion of construction of the kennel whenever he is outside the house Killian shall be leashed and muzzled and fully under the control of you or a handler;
3. A kennel shall be constructed:
 - a. The kennel shall have a concrete base;
 - b. All walls/fencing shall be set in concrete to a depth of not less than 2 feet;
 - c. The kennel shall have a roof;
4. Killian shall be enrolled in a dog day care;
5. Killian shall be evaluated by a competent professional and a training regimen developed and implemented.

The Board of Selectmen will continue the dangerous dog hearing on March 14, 2017. At that time you are expected to provide an update on the construction of the kennel and other conditions described herein.

Failure to adhere to these conditions will result in further action by the Board of Selectmen, up to and including fines and euthanizing Killian.

Please contact Animal Control Officer Reed Wilson if you have any questions and to arrange for inspections of the kennel.

Sincerely,

Andrew J. Sheehan
Town Administrator

CC: Reed Wilson, Animal Control Officer
Derek Fullerton, Director of Public Health
Ilene Twiss, Town Clerk
Thomas Fallon, Town Counsel

Begin forwarded message:

From: <joeflynn50@gmail.com>
Date: February 6, 2017 at 5:22:00 PM EST
To: <healthdirector@townofmiddleton.org>
Subject: Joe Flynn/ Killian update

To whom it may concern,

This is Joe Flynn and I am writing in regards to continuous updates of Killian and his Kennel. We have rented a 20 yard dumpster on Friday February 3, 2017 so that we can deconstruct and dispose of the original kennel. Saturday February 4, 2017 we began demolition of existing kennel which no longer stands.(pictures to follow) Since the quarantine has been lifted we have been walking Killian twice a day in a full training harness and a min of 300lb test leash. We have socialized him with other neighbors and they're dogs upon they're request and have had no issues. To include a neighborhood party at our house with 4 other dogs and small children where we let them all socialize and then play for about an hour or two. I have personally spoken with Neil Miksis the neighbor in which Killian had his last incident with his dog and after speaking with his vet clinic they were able to refund Neil and allow me to pay in full. This week we plan to inquire about a couple different dog trainers in order to find the best suit for Killian. But we can not enroll him until he completes his second series of shots on Sunday February 12, 2017, And his blood and fecal tests come back negative in all fields. Post results I can assure you we will be enrolling him as soon as possible. And for the record some of the complaining neighbors have started to walk there dogs by our home. As soon as the morning after. I appreciate all the cooperation from the town and the chance to give Killian and our family another chance. Any questions or concerns please don't hesitate to ask. My cell number is [REDACTED] hanks

Sincerely Joe

Sent from my iPhone



Sent from my iPhone

Ryan Ferrara

From: Derek Fullerton [healthdirector@townofmiddleton.org]
Sent: Thursday, March 09, 2017 5:33 PM
To: Ryan Ferrara
Subject: Fwd: Killian Flynn kennel demo pics

Sent from my iPhone

Begin forwarded message:

From: <joeflynn50@gmail.com>
Date: February 7, 2017 at 3:57:37 PM EST
To: <healthdirector@townofmiddleton.org>
Subject: Killian Flynn kennel demo pics









TOWN OF MIDDLETON, MASSACHUSETTS

MANAGEMENT LETTER

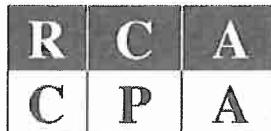
YEAR ENDED JUNE 30, 2016

TOWN OF MIDDLETON, MASSACHUSETTS

**MANAGEMENT LETTER
YEAR ENDED JUNE 30, 2016**

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ROSELLI, CLARK & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

500 West Cummings Park
Suite 4900
Woburn, MA 01801

Telephone: (781) 933-0073
www.roselliclark.com

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, 2016, 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.

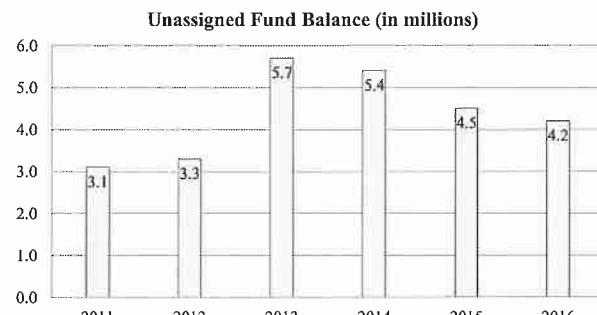
This communication is intended solely for the information and use of management, the Board of Selectmen, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Roselli Clark & Associates

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

EVALUATION OF TOWN OPERATIONS

Fiscal year 2016 was a financially positive year for communities in Massachusetts. It marked the 6th consecutive year of economic expansion which was preceded by one of the harshest recessions in economic history. This has resulted in many communities experiencing increases to their reserve balances. In fact, the average statewide reserve level has increased to almost 10% of general fund expenditures and stands at or near historic highs. In addition, unemployment rates have improved to pre-recession levels and a favorable mortgage market has bolstered home sales and development which have been robust over the past few years.



The Town ended the year with over \$4.2 million in unassigned fund balance; and its OPEB Trust Fund which was established in fiscal year 2014 increased to nearly \$0.8 million in 2016.

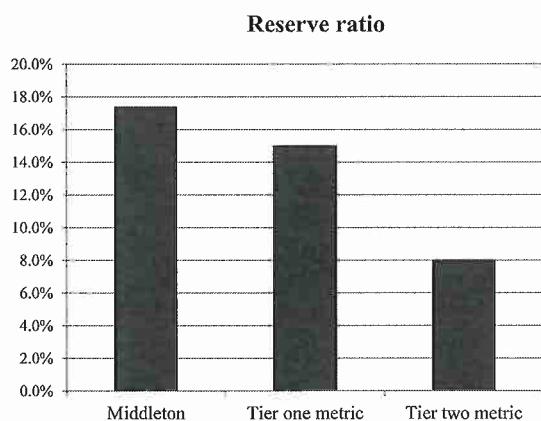
A common budgetary flexibility test used by the rating bureaus when conducting a credit evaluation is called a reserve ratio. The ratio is calculated by adding general fund

Fiscal Year	Unassigned	Assigned	Total	Expenditures	Reserve Ratio
2011	3,066,038	1,426,671	4,492,709	25,304,273	17.75%
2012	3,285,715	1,421,778	4,707,493	26,211,542	17.96%
2013	5,741,287	660,672	6,401,959	27,971,151	22.89%
2014	5,353,427	740,902	6,094,329	29,570,500	20.61%
2015	4,532,478	1,414,092	5,946,570	31,482,189	18.89%
2016	4,211,832	1,613,352	5,825,184	33,493,606	17.39%

assigned and unassigned fund balances presented in the financial statements and dividing this by the general fund expenditures. 15% is considered tier one and 8% - 15% is considered tier two. The Town's ratio has been

over 15% for at least the last 6 years and clearly places the Town in the tier 1 category with respect to this metric. This is considered very strong.

The reduction in reserve ratio from 2014 to 2015 can be attributable to the Town's decision to begin to fund its OPEB obligation. So far, as discussed previously, the Town has transferred almost \$0.8 million to its OPEB Trust. While the OPEB Trust fund does not count towards the reserve ratio, it is still prudent to commit funds to OPEB whenever possible and affordable.



The Town has been fortunate to maintain this very strong reserve position; this is a measure of strong fiscal management combined with the benefits of a strong economy. The 2016 operating results were positive as final revenue amounts were almost \$1 million over forecast and appropriation turn-backs were almost \$0.4 million. This resulted in an overall favorable outcome of nearly \$1.4 million. This offset the Town's use of free cash during fiscal 2016 and thus allowed the Town to maintain its strong reserve position.

In addition the Town's excess levy capacity was approximately \$1.5 million when the

Fiscal Year	New Growth Amount
2011	357,645
2012	321,328
2013	308,464
2014	538,225
2015	537,274
2016	519,816

Town set its tax rate for fiscal year 2016. Passing a tax savings on to the taxpayer while still maintaining reserves is difficult to accomplish, but the Town has been successful in this regard. Bolstering this situation is the Town's new growth which has experienced an uptick in the last 3 years; from 2011 – 2013 new growth averaged about \$330,000 while from 2014 – 2016 new growth averaged \$530,000. New growth adds to the Town's tax base resulting directly in more property taxes and permit revenue and indirectly in local receipts such as motor vehicle excise and meals taxes.

The offset to the positive revenue is the increase in population which places a higher burden on all local services including education.

The Town's financial condition is an important component of the Town's credit rating; the Town has been annually rated by Moody's Rating Agency for the last 23 years and has been rated Aa2 since 2010. This is a strong rating and is only two notches below Moody's top credit rating. However, the Town has the financial condition of a Town that could move higher in rating. Receiving a credit evaluation from a "new set of eyes" such as Standard and Poor's could be a way to increase bond rating. Each rating agency uses its own set of metrics and a fresh set of metrics could benefit the Town. The Town should discuss this possibility with its financial advisors at First Southwest.

Overall, we believe the Town has an excellent financial foundation and has the process in place to maintain this for years to come. The remainder of the report is dedicated to informational items, and recommendations for improvement in control and efficiencies in operations. We urge the Town to implement recommendations where appropriate and cost/beneficial to do so.

INFORMATIONAL ITEMS

Statement on Auditing Standards No. 115 – Audit Communications

The American Institute of Certified Public Accountants (“AICPA”) in 2009 issued Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit* (“SAS 115”). SAS 115 establishes new standards and provides guidance on communicating matters related to an entity’s internal control over financial reporting identified in an audit of financial statements. In particular, SAS 115 provides guidance on evaluating the severity of deficiencies in internal control identified in an audit of financial statements in the following order:

1. Deficiency in internal control
2. Significant deficiency
3. Material weakness

Deficiencies identified as *significant deficiencies* or *material weaknesses* are required to be communicated to those charged with governance. *Deficiencies in internal control* are not required to be communicated; however, we have chosen to also report that type of deficiency in this report.

We did not deem any of the findings in this report to be categorized as (2) or (3) above.

New Pension Accounting Standards

The Governmental Accounting Standards Board or GASB recently issued Statements No. 67, and No. 68. Both statements materially impacted the Town’s reporting of pension liabilities when they were implemented in fiscal 2015. The impact to the fiscal 2016 Town GAAP balance sheet is the recognition of a pension liability in the amount of \$14.4 million (an additional \$3.5 million for the Light Department). This represents the unfunded portion of the Town’s actuarially determined pension for retirees and current employees expected to retire and collect a pension.

Currently the pension liability is only 51% funded which places it in the lower end of the funding ratios for all systems in Massachusetts. However, because the Town belongs to a County system, the Town does not have much control over the funding of this liability thus it does not have the ability to accelerate its annual payments. The liability is currently set to be fully funded by 2035.

The only control the Town has over this is to establish a retirement stabilization account and annually fund the stabilization account. If such a fund were set up, it could be used as a funding source to subsidize payments at a later date.

Management Response: *Management is in agreement with the recommendation and will have discussions with decision makers to consider authorizing a retirement stabilization account at the May 2017 Annual Town Meeting.*

New OPEB Accounting Standards

In addition, GASB, issued a new pronouncement related to other postemployment benefits, or OPEB, that is substantially similar to the pension standard described above. OPEB typically includes health and welfare plans and other similar benefits provided to Town retirees exclusive of pension benefits.

Currently, the Town reports a net OPEB obligation in its government-wide financial statements calculated under GASB 45. However, the new accounting standards, GASB 75, will require that the net OPEB liability, which can be substantially larger than the net OPEB obligation, be reported in the government-wide financial statements. Adoption of this new accounting standard is for years beginning July 1, 2017.

While this proposed accounting standard will likely materially affect the Town's government-wide financial statements, the Commonwealth has not passed legislation requiring municipalities to begin setting aside monies for this unfunded obligation like it has with pensions.

As previously discussed, the Town established an OPEB trust fund and has begun funding it from the start. Thus the Town is ahead of many of its peers in that regard. The obligation as it currently stands will require the Town to record a liability for about \$13.2 million, for which it has about \$0.8 million put aside.

Management Response: *Management is in agreement and intends to continue to contribute to the OPEB trust fund.*

Bond Rating

Having recently built a new school, the Town has had some activity in the capital markets. Possible improvements to infrastructure and other capital items could further increase the Town's need to issue bonds. As a result, the Town's bond rating is important to not only gain perception as a well-run community, but also to be able to issue bonds to investors for a lower interest rate. This will ultimately lead to reduced financing costs for the Town.

New Standard and Poor's Investor Services' rating factors highlight seven areas from which a community's debt is rated. We discussed the budgetary flexibility aspect of the bond rating in the ["Evaluation of Town Operations"](#) section; another very important and controllable metric includes an evaluation of Management and its effectiveness. This is evaluated based on the financial policies and procedures in place including budget policies, forecasting policies, reserve policies, investment policies, capital policies and debt policies. The management score counts 20% towards the rating evaluation and is rated on a scale of 1 to 5. A grade of 1 will strongly contribute toward upward pressure in the bond rating.

It is therefore imperative that the Finance Office review all these factors in conjunction with the financial policies that are currently in place and develop or improve the financial policies that will contribute to a higher evaluation in this factor. Adoption by the Selectmen of these policies will render their effectiveness, stronger

With respect to the other 6 factors; institutional framework, economy, budgetary flexibility, budgetary performance, liquidity and debt profile, the Town rates positively in all these factors.

Management Response: *Management is in agreement and will begin preparing to seek a bond rating from Standard & Poor's.*

Municipal Data Breaches

Within the past few years, there has been an alarming increase in the number of intrusions into municipal networks throughout the United States. These breaches, many of which targeted relatively small cities and towns, have resulted in the unauthorized access of resident, student and employee data and the theft of several hundred thousand dollars; in fact a most recent incident in Massachusetts resulted in an attempt to wire \$4 million from a Town to an overseas bank. Fortunately, this attempt was thwarted.

Given that most cities and towns lack a structured information security program their systems are increasingly at risk to this type of event.

The Town recently created an Information Technology Department that will be in effect during fiscal year 2017. As part of this new transition, we recommend that the Town place an emphasis on IT security and continually update its IT security appliances and software as well as its policies and procedures regarding IT security. To that end, outsourced resources may prove to be the most cost effective manner to achieve this.

Recently, a select number of highly qualified companies have emerged that conduct "Data Security Audits" for municipal entities. The audit is a comprehensive examination of the administrative, technical and physical security controls that a municipality has implemented to protect personal information. The resulting audit report identifies each condition that exposes the municipality to potential unauthorized access and offers practical recommendations to remediate these conditions.

Management Response: *Management is in agreement and will retain a qualified firm to regularly prepare a data security audit.*

Mansfield Trust Fund

In 1915, Henry Mansfield, a resident of Middleton executed his will in which he bequeathed to the Old Colony Trust Company a sum of money by which any earnings on

the principal would be used annually to benefit (1) the worthy poor of Middleton at Thanksgiving and Christmas, (2) band concerts in the summer and (3) a picnic for the children of the residents of Middleton.

The Town has accounted for this as a Trust Fund in its financial statements for decades. However we were unable to obtain any instrument that indicated the Town owned the principal portion of this fund and further, the Treasurer has no control or custody over this fund and it is currently managed by the Bank of America Trust department.

As a result, we have advised the Town to record this as a private purpose fund in all future financial statements since its purpose is to benefit the private and does not have a public purpose.

Management Response: *Management is in agreement and will record the Mansfield Trust Fund as a private purpose fund in its financial statements.*

FINDINGS AND RECOMMENDATIONS

Policy and Procedure Manual

Well communicated formal policies and procedures better ensure that the Town's financial and operational objectives are met. Furthermore, in periods of personnel transition, formal policies and procedures can greatly facilitate the training of new employees.

Currently, the Town follows policies and procedures, but these are not codified into an easy to use manual and in times of turn-over it is challenging for new employees to understand the process they are required to follow. We recommend that the Town develop and communicate a formal set of financial policies and procedures that focus on (i) purchasing, (ii) cash receipts, (iii) human resources, (iv) investment management, (v) fraud (see below) (vi) fixed assets and (vii) financial policies . We expect this to be a long-term project and should be carefully thought out and vetted.

Management Response: *Management is in agreement and will begin preparing written policies and procedures for purchasing, cash receipts, human resources, investment management, fraud, fixed assets, and financial policies. As noted, this is a long term project, but the Town commits to prioritizing the project.*

Municipal Light Department Checking Account

Presently the Municipal Light Department maintains its own checking account. The balance in the account is less than \$20,000 and currently is not controlled or recorded by the Town Treasurer. The account is maintained for customer courtesy reasons as it is used mainly to process refunds to customers in an expedited manner rather than going through the Town warrant process that could take weeks.

While the reason for the account is to provide better service to its customers, and thus appears sincere, a number of Massachusetts General Laws related to finance are being broken:

1. The Treasurer of a municipality is required to maintain custody of all municipal bank accounts and can't assign that custody to any other municipal employee or department.
2. All deposits are required to be made to a Treasurer administered account with a corresponding turn-over.
3. All municipal disbursements are required to be processed through the Town warrant process and obtain all necessary approvals and authorizations.

We suggest this situation is immediately discontinued.

Management Response: *Management is in agreement and will work with the newly hired Light Department Manager and Light Department Commission to address this recommendation.*

Ambulance Receivables

The Town currently uses an outside service to bill and collect ambulance fees. This is typical in the municipal field as municipal employees are usually not qualified to administer this type of complex transaction. In regard to this, the Town receives a report monthly from the ambulance company. The report indicates amounts billed, amounts contractual written off, amounts collected and receivable balances.

We discovered that the Town does not assign an individual to reconcile the activity in this monthly report to the Town's records. The reports indicate that \$542,967 was collected during the year however the ambulance fund balance account only reflects \$487,124 and this is also the amount that agrees to the Treasurer's records. It is not clear what the difference consists of. We suggest that a process of reconciling the reports to the Town's general ledger is implemented and that all variances are researched monthly.

Regarding the ambulance receivable balance, we observed that the current receivable balance is equal to more than 100% of the amount collected over a whole year. This indicates that there are numerous very old uncollectible accounts. Some could relate to patients who may have passed away or are indigent. We understand the Fire Chief periodically produces a listing of proposed abatements and bring those to the Selectmen for approval. We suggest a more in-depth review of all accounts be conducted as it appears that some accounts are being overlooked given the increasing balance.

In addition, in order to clean-up the ambulance receivable listing, the current informal policy should become a formal policy and should be written with respect to the write-off of delinquent receivables.

Management Response: *Management is in agreement and commits the Treasurer-Collector to reconciling ambulance receivable reports and researching variances on a monthly basis. Management further commits to adopting a written policy that memorializes the existing practice of writing off delinquent receipts after three years.*

Encumbrances

As part of its year-end encumbrance, the Town has historically maintained a practice of encumbering payroll balances into the subsequent fiscal year. Other than for School Summer pay or collective bargaining retro payments, this is not allowed under Massachusetts General Laws. We discussed this with the new Town Accountant who has indicated this practice is no longer allowed.

Management Response: *Management is in agreement. The Town Accountant/Chief Financial Officer no longer allows this practice.*

Cash Book

The Town should consider converting its cash book in the Treasurer's Office to quick books or excel. This will facilitate the review of variances if and when they occur and also cause the reconciliation process to be more efficient.

A small variance between the Town Treasurer cashbook and the Town Accountant general ledger cash exists at year-end. The amount is less than \$1,000 and has been carried at the same amount for several months. In addition, it is a positive variance. We suggest that the amount is journalized to miscellaneous income to balance the two records and begin with the new balance in both the general ledger and cash book when the new cash book is set up. Given the Town Accountant is new, such an adjustment will provide a clean slate moving forward.

Management Response: *Management is in agreement and plans to convert the Treasurer's cash book to Quicken or Excel. The Town Accountant/CFO has discussed the cash accounts with the Treasurer and determines all the accounts are appropriate.*

Compensated Absences

Compensated absences are currently not monitored on an on-going basis. Data exists but it is not complied into an efficient easy to use spreadsheet. This makes it very challenging to determine the amount of the liability that is required to be reported in the Town's financial statements; and, more importantly, if employees have taken the correct amount of vacation days. We discussed this with the Town Accountant who has indicated that this will be a project for fiscal year 2017. Amounts may end up being immaterial for financial reporting purposes but until the exercise has been performed, it is impossible to determine this.

Management Response: *Management is in agreement and has contracted with Munis to add its compensated absences module. Implementation will occur in the second half of FY17.*

Fraud Prevention Measures

Fraud activity throughout the Commonwealth's municipalities is at the highest level in recent memory and the Town should consider taking action to better help protect itself from this unfortunate trend. The Town should take a number of additional steps to address fraud risk including:

1. Perform a risk assessment of its most vulnerable business processes. This risk assessment should be performed at the highest level of the Town's management with inputs and interaction with the Town Treasurer and its Town Accountant. The documented results of this risk assessment should be evaluated and significant flaws in the design of the Town's current processes should be documented and steps for remediation taken.
2. Develop a written fraud policy. A Town-wide fraud policy should be developed and adopted by the Board of Selectmen. An effective fraud policy, among other things, clearly defines fraud, its employees responsibilities to report fraud and their rights should they become the subject of a fraud investigation, confidential mechanisms to report suspected fraud, the fraud investigation process, disciplinary actions that the Town may take should an employee be found guilty of fraud. Once developed, this fraud policy should be clearly communicated to all employees as well as outside contractors and vendors.
3. The Town should perform periodic internal reviews of business processes, particularly those that include cash handling. The Town should identify departments whose business operations should be reviewed by evaluating the dollar amount and frequency of cash transactions within these departments. On a quarterly or semi-annual basis, a finance team should meet with these departments on a rotational basis to evaluate their current processes and, if necessary, recommend and implement enhancements and/or improvements. Furthermore, we recommend that this finance team establish dedicated days in its calendar for these procedures. By dedicating and reserving these dates, expectations can be better set and met regarding this important on-going monitoring process.

Management Response: *Management is in agreement. The Town Accountant/CFO will perform a risk assessment, develop a written fraud policy, and perform periodic internal reviews of business processes, particularly those that include cash handling.*

Fixed Assets System

The Town does not have a system to efficiently identify capital asset additions and disposals. In connection with our audit procedures, the Town Accountant provided us with a listing of all current fixed assets as well as a depreciation calculation which allowed us to record the proper entries in the Town's financial statements. However, the listing was maintained in Excel and appeared cumbersome to complete and it was unclear if all disposals have been captured or when the last time a physical inventory of fixed assets has been conducted.

We understand the Town Accountant is currently researching more efficient, inexpensive options to better facilitate this process. The ultimate goal is to install software that can produce listings by department which can be sent to the department heads to verify.

Annually, department heads will submit additions/deletions to the Town Accountant and for deletions, a description of disposition will be given; i.e. sold, trade in, scrapped or donated.

Management Response: *Management is in agreement. For the moment the Town Accountant/CFO will track assets in Excel while researching available, user friendly, cost effective asset management software packages.*

Police and Fire Details

The Town's Police details have been fairly active recently given the increased construction in Town. Since the officers are paid as part of their weekly payroll prior to the related detail being collected, a deficit typically exists in the detail account at all times. This is similar to most of the communities in Massachusetts that operate under the same process. This situation also occurs with Fire details, but to a lesser degree. In these situations, it is important that the detail receivable balance at all times equals or exceeds the deficit balance otherwise the account will have a permanent deficit. The Town Accountant identified a permanent deficit in Fire details that was raised on the 2017 tax recap and subsequently identified a small deficit in Police details that will be raised on the 2018 tax recap.

Management Response: *Management is in agreement. The Fire Department's deficit was raised on the FY17 recapitulation sheet. The Town expects to raise the Police Department's deficit on the FY18 recapitulation sheet.*

Town Revolving Funds

The Town annually authorizes 5 activities as revolving funds:

1. Council on Aging Trip Fund
2. Recreation
3. Recreation Use of Fields
4. Police Permits
5. Storm Water

While these are properly approved at Town Meeting, the Town does not include these on its annual Tax Recap – Form A3. We suggest that beginning with fiscal year 2017 the Town include all Town meeting authorized revolving funds on Form A3 of the Tax Recap

Management Response: *Management is in agreement. These revolving funds were included in the FY17 recapitulation sheet.*

Petty Cash

Many of the Town's departments are allowed a small amount of petty cash to make emergency purchases and/or use as change in their daily cash handling activities. The amount on the Treasurer's books is \$350 despite the true balance in the possession of department heads being over \$1,000.

We suggest the following:

1. Conduct a complete accounting of petty cash and identify the true amount.
2. Determine if the amount is appropriate in the situation.
3. Design controls regarding the reconciliation, safe guarding and use of petty cash.
4. Adjust all the ledgers (Cash Book and General Ledger) to reflect the proper amount.

Management Response: *Management is in agreement. Management will implement the recommended actions and will adopt a petty cash policy to be included with its financial management policies.*

Special Revenue Accounts

The Town currently experiences significant activity through 3 special revenue accounts that can only operate as special revenue accounts through a special act of the legislature. The Cellular Tower Lease and Fire Alarm Fees should both be accounted for as revenue of the general fund.

Also, Weights and Measures annual fees may only be reported in the general fund unless it has been authorized as part of a revolving fund by Town Meeting. Weights and Measure fines may be recorded as receipts reserved for appropriation in a special revenue fund but not the annual fees.

The following table reflects the accumulated balance in these accounts at June 30, 2016:

Cellular Tower Lease	\$ 128,121
Fire Alarm Fees	33,755
Weights and Measures	<u>47,792</u>
	<u><u>\$ 209,668</u></u>

Management Response: *Management is in agreement and beginning with the FY18 operating budget will identify these special revenue accounts as funding sources.*

Stale Special Revenue Fund Balances

Recently, the Department of Revenue appointed a new Director of Accounts. The individual has significant government finance skills which were developed in her earlier career as a CPA in the municipal sector. One of the initial requests made by the new Director was to review the status of stale special revenue accounts. Many of these accounts become forgotten over years as individuals in charge of them retire or posting errors occur and are never corrected. In these instances, the new Director suggested that efforts are made to determine the true origin and purpose of the funds and if efforts fail and the amounts are not material, to make a one-time house cleaning entry to journalize these funds to the general fund as miscellaneous revenue. This will make efforts at the DOR level more efficient as it would remove the need for the field reps to review these stale accounts year after year to no avail.

We filtered through the Town's Special Revenue accounts and the following did not have activity during 2016 and some have not had activity dating back to prior to fiscal 2000:

Wetland Protection Fund	\$ 3,649
Fire Alarm Construction	9,200
COA Services Donations	1,000
Parade Committee	6,890
Drug Forfeiture	3,416
League of Women Voters	325
Federal Housing Partnership	32,715
Police Selective Enforcement	4,269
COPS FAST	3,291
COA Newsletter	555
Violence Against Women	2,413
Municipal Recycling Program	7,302
Health FDA Food Grant	500
E911 Grant	3,358
Underage Alcohol	318
Rubchinuck Land	22,544
Homeland Security	2,713
RECC Via MAPC	8,331
Retail Food Standards Grant	250
	<hr/>
	\$ 113,039

In many of the accounts it is obvious that coding errors occurred in prior years and have gone undetected; for example grants that have been closed out with the State years ago most likely had expenditures posted to the general fund in error and are still being carried because in years past, the Town was not reconciling grants on the general ledger to final financial reports. In other situations, the amounts are donations that may be used as they have simply been forgotten through turnover.

We made this list available to the Town Accountant who has already begun the process of addressing these stale balances with department heads. Some of the department heads indicated they were unaware they had funds available to spend because general ledger detail was rarely shared with them.

Management Response: *Management is in agreement and is working with departments to spend down the funds. Unspent fund balances will be reverted to the general fund and invoiced within the FY17 free cash certification.*

FEMA

The Town currently maintains a balance of \$115,426 in a FEMA special revenue account. The majority of this relates to storm expenses associated with the January 2015 storms. Since these expenses were disbursed through the general fund and closed out as part of the 2015 fiscal year, the Town should return these funds back to the General Fund as a reimbursement for those costs.

Management Response: *Management is in agreement and will use the funds to fund FY18 one time capital projects.*

Special Revenue Funds in Deficit

Three special revenue fund accounts reflected minor deficits at year-end and at least one appeared to be a permanent deficit. The amounts are not significant but if they are determined to be permanent they should be raised on the tax recap and removed as part of a housekeeping process. We recommend the Town Accountant review these with the applicable department heads and make the appropriate determination.

COA Bio Labs Grant	\$	757
Ferncroft Fund		163
COA Title III		879
	<hr/>	<hr/>
	\$	1,799

Management Response: *Management is in agreement. The deficit in the COA Bio Labs Grant will be closed with other available COA funds. The Ferncroft Fund was included on the FY17 recapitulation sheet. The COA Title III Grant is no longer in deficit.*

School Revolving Accounts

Statutes under Massachusetts General Laws allow Schools to report certain activity through revolving accounts without the need for authorization from Town Meeting. The School maintains several such accounts.

The intention of a revolving account is to capture costs through the revenues of the activity and not to accumulate balances over time.

The following table details the School Revolving funds and their balances as of June 30, 2016:

After School Enrichment	\$ 18,741
School Revolving	11,535
Howe-Manning Childcare	128,843
Preschool	291,411
School Cafeteria	9,218
SPED Tuition	29,608
Howe-Manning Music	<u>76,757</u>
	<u><u>\$ 566,113</u></u>

While some balances appear to be reasonable carryovers, others appear to be excessive and carry more than a year's worth of revenue in the final balance. We suggest School Business officials and Town Financial officials meet and review these balances to determine their appropriateness.

Management Response: *Management is in agreement and has discussed the comment with the School Administration. The School Administration will spend down the balances over the next several years.*

School Lunch Cash Handling

We reviewed procedures performed by the prior Town Accountant at the Howe-Manning Elementary School. These related specifically to cash handling with respect to the School Lunch program.

The Howe-Manning lunch program cash is collected in the classroom by the teachers. Baskets are laid out and the kids make their lunch selection by placing their cash in an envelope in the basket. This is then brought to the cafeteria and the lunches are ready when the kids arrive. It speeds up the lunch process significantly.

Two observations were made by the former Town Accountant with which we concur:

1. Two individuals should sign off the amount of cash collected in the classroom prior to bringing the money to the cafeteria.

2. After the cashier technician checks out for the day, a supervisor should check her register and the supervisor should make the deposit. Currently nobody checks the register at the end of the shift and the technician makes her own deposit.

Management Response: *Management is in agreement and has discussed the comment with the School Administration. The School Administration has committed to moving all students to debit cards to eliminate cash management concerns with the lunch program.*

Student Activities

The Schools currently administer extra-curricular activities for both the Howe Manning and Fuller Elementary schools. Recent Department of Education (DESE) guidelines require oversight including periodic audits of these activities if the balances and/or activity exceed certain thresholds (\$25,000). We understand that these have not been audited in at least 20 years even though both the activities and current balances exceed the audit thresholds. As part of the Town's audit we conducted a quick overview of the activities and observed the following:

- No updated formal policies exist; policies that exist are about 20 years old and are generally not enforced.
- School Committee does not approve activities.
- Separate bank accounts are not maintained; all activity flows through general operating account.
- Activities do not follow audit protocol for small activities.
- Cash handling policies should be communicated to the schools; no clear idea on how these are enforced.
- Lost books should be accounted for through a revolving account not Student Activities.
- Student Activities are currently set up in three revolving accounts; these should be set up as Agency Funds.

Because the activity flows through the Town; transactions are typically proper and eligible however the School should consider transferring this activity to the PTO as attempting to follow the new DESE guidelines is truly not efficient for such small activities. Otherwise it will need to have a specific audit conducted which is not really cost beneficial in addition to implementing all requirements of the new legislation.

Management Response: *Management is in agreement and has discussed the comment with the School Administration. The School Administration has informed management that the student activities funds will be transferred to the PTOs.*

TOWN OF MIDDLETON, MASSACHUSETTS

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

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

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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents (except for the Middleton Electric Light Department "the Light Department" or "MELD", which is as of December 31, 2015).

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Restatement

The Town's basic financial statements for the year ended June 30, 2015, were audited by other auditors for which they issued an unmodified opinion dated February 9, 2016. As discussed in Note IV to the financial statements, the Light Department adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions — An Amendment of GASB Statement No. 27*. In connection with the adoption of this accounting standard, previously reported total net position in the business-type activities in the Statement of Net Position was restated. In addition certain balances in the Nonmajor governmental funds, Capital Projects Major Fund and the Private Purpose Trust Funds were restated which caused the previously reported total net position in the governmental activities to be restated. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the Town's proportionate share of net pension liability and contributions to pension plan, the schedule of the Commonwealth's collective share of the Massachusetts Teachers' Retirement System's net pension liability, the funding progress and contribution funding for other postemployment benefits, and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

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

Roselli Clark Associates

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

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, 2016 (December 31, 2015 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 Town implemented a new pension accounting standard in fiscal year 2016 for its Electric Light Enterprise Fund. As a result, the previously reported net position in the business-type activities was reduced by approximately \$3.3 million to account for the net pension liability at December 31, 2014 (the Light Department’s previous fiscal year end).
- The assets and deferred outflows of financial resources exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by over \$48.4 million (*total net position*).
- The Town’s total net position decreased by approximately \$0.8 million year-over-year, as adjusted. This was the result of a decrease in governmental activities of \$1.9 million primarily from the use of \$1.8 million of reserves to balance the general fund budget, which was offset by a \$1.0 million surplus in Light Department operations.
- The Town’s total long-term debt in its governmental activities decreased by nearly \$1.2 million from 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 surplus of approximately \$10.2 million, which was approximately \$1.8 million lower than the prior year. Of the ending fund balance approximately \$3.0 million (8.2% of expenditures) is *available for spending* at the government’s discretion as *unassigned fund balance*. The remainder is earmarked for specific expenditures.

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 include the electric light enterprise fund.

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 electric light activities.

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, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Assets						
Current and other assets	\$ 15,771,512	\$ 15,846,542	\$ 14,888,632	\$ 13,734,492	\$ 30,660,144	\$ 29,581,034
Capital assets, net	56,900,378	57,342,538	9,546,011	9,512,977	66,446,389	66,855,515
Total assets	72,671,890	73,189,080	24,434,643	23,247,469	97,106,533	96,436,549
Deferred outflows of resources	769,048	-	-	-	769,048	-
Liabilities						
Long-term liabilities	39,060,946	38,256,451	4,042,825	1,096,180	43,103,771	39,352,631
Other liabilities	5,084,366	3,137,677	1,202,251	718,508	6,286,617	3,856,185
Total liabilities	44,145,312	41,394,128	5,245,076	1,814,688	49,390,388	43,208,816
Deferred inflows of resources	32,156	59,215	14,257	-	46,413	59,215
Net Position						
Net investment in capital assets	40,018,587	40,758,388	9,546,011	9,512,977	49,564,598	50,271,365
Restricted	5,585,113	6,374,739	202,072	202,071	5,787,185	6,576,810
Unrestricted	(16,340,230)	(15,397,390)	9,427,227	11,717,733	(6,913,003)	(3,679,657)
Total Net Position	\$ 29,263,470	\$ 31,735,737	\$ 19,175,310	\$ 21,432,781	\$ 48,438,780	\$ 53,168,518

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 \$48.4 million (*total net position*), which represents an approximate \$0.8 million decrease from the prior year's balance.

The largest portion (\$49.6 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 (\$5.8 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 approximately \$6.9 million. Surpluses of over \$9.4 million in the business-type activities are offset by a deficit of approximately \$16.3 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 an \$8.8 million OPEB obligation and \$14.4 million net pension liability at June 30, 2016. 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 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, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 2,687,432	\$ 2,076,847	\$ 13,535,210	\$ 13,812,948	\$ 16,222,642	\$ 15,889,795
Operating grants and contributions	3,607,006	3,590,815	149,952	-	3,756,958	3,590,815
Capital grants and contributions	680,485	641,964	-	-	680,485	641,964
General revenues:						
Property taxes	24,783,664	23,682,910	-	-	24,783,664	23,682,910
Excise taxes	2,167,028	1,912,969	-	-	2,167,028	1,912,969
Unrestricted investment earnings	46,922	14,876	398,372	730,939	445,294	745,815
Other	917,826	722,430	-	-	917,826	722,430
Total Revenues	34,890,363	32,642,811	14,083,534	14,543,887	48,973,897	47,186,698
<u>Expenses</u>						
General government						
General government	2,404,395	1,985,676	-	-	2,404,395	1,985,676
Public safety	4,634,152	3,909,119	-	-	4,634,152	3,909,119
Education	25,161,574	23,743,443	-	-	25,161,574	23,743,443
Public works	2,551,931	2,566,407	-	-	2,551,931	2,566,407
Health and human services	664,933	551,731	-	-	664,933	551,731
Culture and recreation	1,109,543	960,294	-	-	1,109,543	960,294
Debt service	479,320	534,599	-	-	479,320	534,599
Electric light	-	-	12,813,348	12,545,382	12,813,348	12,545,382
Total Expenses	37,005,848	34,251,269	12,813,348	12,545,382	49,819,196	46,796,651
Change in net position before transfers	(2,115,485)	(1,608,458)	1,270,186	1,998,505	(845,299)	390,047
Transfers	240,000	250,000	(240,000)	(250,000)	-	-
Change in net position	(1,875,485)	(1,358,458)	1,030,186	1,748,505	(845,299)	390,047
Net position, beginning of year, as restated	31,138,955	33,094,195	18,145,124	19,684,276	49,284,079	52,778,471
Net position, end of year	\$ 29,263,470	\$ 31,735,737	\$ 19,175,310	\$ 21,432,781	\$ 48,438,780	\$ 53,168,518

Governmental Activities – Total revenues in fiscal year 2016 in the Town’s governmental activities increased over \$2.2 million from fiscal year 2015. This increase was due primarily to an increase in property taxes which were over \$1.1 million greater than the prior year and charges for services were over \$0.6 million greater than the prior year. All other revenue categories experienced minor increases that aggregated to the remaining increase. The greatest revenue areas were property taxes which represented 71.0% of revenues, down slightly from 72.6% in the prior year; and operating grants which represented 10.3% of revenues, down slightly from 11.0% in the prior year. No other revenue sources were greater than 10% of total revenues in fiscal years 2016 or 2015.

Total expenses for the current fiscal year were \$37.0 million verse \$34.3 million in the prior year, primarily the result of a \$1.4 million increase in education expenses from higher assessments and state teacher pension on-behalf payments. Education represents by far the largest expense category for the Town. In fiscal year 2016, education expenses represented approximately 68.0% of total expenses, down slightly from 69.3% in the prior year. The Town continues to fund education expenses above the minimum state requirements. Public safety expenses represented 12.5% of total fiscal year 2016 expense, up from 11.4% in the prior year. No other expense types were greater than 10% of total expenses in fiscal years 2016 and 2015.

Business-Type Activities – Operating revenues of the light department decreased approximately \$0.1 million, or less than 0.1%, as there were no rate changes during the year. Investment income decreased from approximately \$0.7 million to \$0.4 million due to favorable investment returns in the prior year. Operating expenses increased approximately \$0.3 million, or 2.1%, primarily due to an increase in infrastructure maintenance expenses.

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 approximately \$10.2 million, which is approximately \$1.9 million lower than the prior year. Of the ending fund balance approximately \$3.0 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 over \$4.2 million, while total general fund balance exceeded \$6.6 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 12.6% of total general fund expenditures, while total fund balance represents approximately 19.8% of that same amount.

The Town also maintains a major fund to account for its various capital projects. The Town reported revenue of \$0.4 million from the Commonwealth of Massachusetts, which was offset by approximately \$1.2 million in spending on school roof repairs and \$0.1 million on land improvements.

The Town's aggregate nonmajor funds include the Town's special revenue funds and trust funds. The fund balances in the nonmajor funds increased almost \$0.3 million in fiscal year 2016 to approximately \$4.7 million at June 30, 2016.

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 electric light fund was nearly \$19.2 million.

Fiduciary Fund – The Town's fiduciary fund is comprised of the Town's OPEB trust and private purpose trust funds. The OPEB trust increased almost \$0.1 million due to continued funding by the Town and the private purpose trust funds were relatively unchanged.

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to approximately \$66.4 million, net of accumulated depreciation. This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment and infrastructure which decreased \$0.4 million over the prior year as depreciation exceeded additions.

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

Long-term Debt – At June 30, 2016, the Town had total debt outstanding of approximately \$15.4 million, all reported in the governmental activities. Debt decreased approximately \$1.2 million due to regular scheduled maturities.

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

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

Economic Factors and Next Year's Budgets and Rates

- The Town's real estate tax base is made up predominantly of residential taxes, which in setting the 2016 tax rate was approximately 83.4% of the entire real estate tax levy. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town's ability to increase taxes in any one year by more than 2 ½% of the previous year tax levy without a ballot override by the voters.
- Unemployment rates continue to improve, both nationally and at the local level. Rates are currently trending towards or better than pre-recession levels.
- The Town's housing market has stabilized and prices are approaching their early 2000 peaks. This has been fueled by an attractive mortgage market as rates are still at historic lows. The Town is participating in this rebound as real estate sales are exceeding their assessed values and in certain situations their asking prices, however the extent and breadth of this rebound cannot be easily predicted.

- The Town anticipates receiving \$2.3 million in state aid for 2017 and has factored this amount into its tax rate setting process. This is a significant budget source for the Town as a substantial portion of this aid, more commonly referred to as Chapter 70 is used to subsidize the education budget.

The above items were considered when the Town accepted its budget for fiscal year 2017 at the May 2016 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, 2016

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

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2016

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

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

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

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

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

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

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

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

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

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

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

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

Net Change in Fund Balances - Total Governmental Fund Balances	\$ (1,848,473)
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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	2,496,536
Depreciation expense	<u>(2,938,696)</u>

Net effect of reporting capital assets	(442,160)
--	-----------

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

Amortization of premiums on bonds and notes payable	47,726
Repayments of debt	<u>1,191,063</u>

Net effect of reporting long-term debt	1,238,789
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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.

86,662

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

11,722

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

Landfill closure	52,500
Pension benefits	37,605
Other postemployment benefits	<u>(1,012,130)</u>

Net effect of reporting long-term liabilities	<u>(922,025)</u>
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Change in Net Position of Governmental Activities	\$ (1,875,485)
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See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

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

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2016**

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

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

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

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

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

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

See accompanying notes to basic financial statements.

TOWN OF MIDDLETON, MASSACHUSETTS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2016

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
Additions		
Contributions:		
Employer	\$ 100,000	\$ -
Other	-	2,089
	<hr/>	<hr/>
Total contributions	100,000	2,089
	<hr/>	<hr/>
Investment income:		
Interest and dividends	18,253	(2,535)
	<hr/>	<hr/>
Total Additions	118,253	(446)
 Deductions		
Education - scholarships	-	2,000
Health and human services	-	20,175
	<hr/>	<hr/>
Total Deductions	-	22,175
CHANGE IN NET POSITION	118,253	(22,621)
NET POSITION AT BEGINNING OF YEAR, as restated (see Note IV)	671,498	596,782
NET POSITION AT END OF YEAR	\$ 789,751	\$ 574,161
	<hr/>	<hr/>

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, 2016

I. Summary of Significant Accounting Policies

The 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 and energy 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 2016, the Town’s share of the operating and debt service expenses was \$8,966,012. 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 2016, the Town’s share of the operating and debt service expenses was \$478,754. 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, liabilities and deferred inflows, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding element (assets and deferred outflows, liabilities and deferred inflows, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets and deferred outflows, liabilities and deferred inflows, 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 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.

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:

Electric Light Enterprise Fund – 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 may be 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, excise tax and other departmental receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old.

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 only has one type of item that qualifies for reporting as a deferred outflow reported on the government-wide statement of net position that relates to outflows from changes in the net pension liability. These outflows will be recognized in pension expense in future years as more fully described in Note III, subsection A.

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 two types of items which qualify for reporting in this category. The first arises 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 second type of item that qualifies for reporting as a deferred outflow is reported on the government-wide statement of net position. This relates to outflows from changes in the net pension liability which will be recognized in pension expense in future years as more fully described in Note III, subsection A.

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 \$384,393 of encumbrances from normal purchasing activity in the general fund as assigned and \$355,986 of encumbrances from Town Meeting Articles in the general fund as committed. There are no encumbrances reported in any other fund.

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, 2016, the Town reported a balance in its stabilization fund of \$1,779,386, which is reported as unassigned in the general fund.

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

	General	Capital Projects	Nonmajor Governmental	Total
Nonspendable:				
Nonexpendable trust funds	\$ -	\$ -	\$ 141,428	\$ 141,428
Restricted:				
School revolving	-	-	612,925	612,925
Federal and state grants	-	-	368,054	368,054
Ambulance services	-	-	840,501	840,501
Gift funds	-	-	76,880	76,880
Septic betterments	-	-	77,196	77,196
Cable access programming	-	-	512,247	512,247
Water services	-	-	942,961	942,961
Community preservation	-	-	589,549	589,549
Other capital outlay	-	59,544	-	59,544
Cemetery trust funds	-	-	43,222	43,222
Other trust funds	-	-	78,149	78,149
Debt service	439,348	-	-	439,348
Other purposes	-	-	418,704	418,704
Committed:				
Police	118,638	-	-	118,638
Public works	185,522	-	-	185,522
Other purposes	51,826	-	-	51,826
Assigned:				
Purchase orders	384,393	-	-	384,393
Subsequent years' budget	1,228,959	-	-	1,228,959
Unassigned	4,211,832	(1,179,869)	-	3,031,963
	<u>\$ 6,620,518</u>	<u>\$ (1,120,325)</u>	<u>\$ 4,701,816</u>	<u>\$ 10,202,009</u>

E. Excess of Expenditures Over Appropriations and Fund Deficits

The Town incurred deficits totaling \$1,179,869 in its Capital Projects Major Fund. These deficits will be funded from grants and debt proceeds in future fiscal years.

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, 2016, the Town, excluding the Light Department, had bank deposits totaling \$8,626,220 with a carrying value of \$8,661,605. Of the bank balance, \$4,275,074 were not insured by the Federal Deposit Insurance Corporation ("FDIC"), the depositors' insurance fund or collateralization agreements and was therefore exposed to custodial credit risk.

At December 31, 2015, the Light Department had bank deposits totaling \$2,270,468. These are held by the Town Treasurer and are pooled with other Town deposits accordingly it is not possible to determine the level of insurance and collateralization related specifically to these deposits.

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.

The Light Department's investments in equities totaling \$3,193,237 are exposed to custodial credit risk because the related securities are uninsured, unregistered and are held by the counterparty.

Fair Value of Investments – The Town reports its investments at fair value. The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability.

The three levels of the hierarchy are as follows:

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

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, 2016:

Investments by fair value level	6/30/16	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt securities:				
U.S. government obligations	\$ 70,480	\$ 70,480	\$ -	\$ -
Negotiable certificates of deposit	242,529	-	242,529	-
Bond mutual funds	58,883	58,883	-	-
Repurchase agreements	3,646,212	-	3,646,212	-
State treasurer's PRIT fund	789,751	-	789,751	-
State investment pool (MMDT)	2,057,956	-	2,057,956	-
Total debt securities	6,865,811	129,363	6,736,448	-
Equity securities:				
Equity mutual funds	278,539	278,539	-	-
Other investment funds	79,434	-	79,434	-
Total equity securities	357,973	278,539	79,434	-
Total investments by fair value level	<u>\$ 7,223,784</u>	<u>\$ 407,902</u>	<u>\$ 6,815,882</u>	<u>\$ -</u>

U.S government obligations, bond mutual funds and equity mutual funds are classified in Level 1 and are valued using prices quoted in active markets for those securities, while the remaining investments are classified in Level 2. Negotiable certificates of deposit and repurchase agreements are valued using matrix pricing based on the securities' relationship to benchmark quoted prices. Other investment mutual funds are valued based on the published fair value per share (unit) for each fund. The State Treasurer's PRIT fund and the State investment pool (MMDT) are 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.

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, 2016, the Town had the following investments with maturities:

Investments	6/30/16	Maturities in Years		
		Less than 1	1 - 5	6 - 10
U.S. government obligations	\$ 70,480	\$ 52,860	\$ 17,620	\$ -
Negotiable certificates of deposit	242,529	-	242,529	-
Repurchase agreements	3,646,212	3,646,212	-	-
State treasurer's PRIT fund	789,751	789,751	-	-
State investment pool (MMDT)	2,057,956	2,057,956	-	-
Total investments with maturities	<u>\$ 6,806,928</u>	<u>\$ 6,546,779</u>	<u>\$ 260,149</u>	<u>\$ -</u>

The Light Department had investments in U.S. government Securities totaling \$1,890,963 maturing beyond five years; certificates of deposit with \$79,970 maturing less than one year, \$40,140 between one and two years, \$316,012 between two and five years and \$1,237,426 beyond five years; municipal bonds with \$2,243,622 maturing beyond five years; and corporate bonds with \$228,014 between two and five years and \$87,992 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, 2016, Town has 50% of its investments in repurchase agreements collateralized with U. S. government backed securities, 28% in the MMDT and 10% in the PRIT fund.

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 and the remaining investments are unrated.

The Light Department's U.S. government securities are rated Aaa by Moody's and AA+ by Standards and Poor's. All municipal bonds are rated as AA to A by Standards and Poor's. Corporate bonds of \$87,992 are rated AA to A and \$228,014 are rated BBB by Standards and Poor's. The remaining Light Department investments are not rated.

B. Receivables

Receivables as of June 30, 2016 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	\$ 315,775	\$ -	\$ 315,775
Tax liens and deferrals	310,849	-	310,849
Tax foreclosures	404,208	-	404,208
Community preservation surcharges	2,825	-	2,825
Motor vehicle and other excise taxes	179,347	-	179,347
Ambulance fees	572,193	(228,877)	343,316
Other	47,077	-	47,077
Total	\$ 1,832,274	\$ (228,877)	\$ 1,603,397

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	\$ 1,412,625	\$ (25,711)	\$ 1,386,914
Other accounts receivable	7,635	-	7,635
Purchased power credits receivable	17,078	-	17,078
Total	\$ 1,437,338	\$ (25,711)	\$ 1,411,627

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 type:			
Real estate and personal property taxes	\$ 315,775	\$ -	\$ 315,775
Tax liens and deferrals	310,849	-	310,849
Tax foreclosures	404,208	-	404,208
Motor vehicle and other excise taxes	179,347	-	179,347
Community preservation surcharges	-	2,825	2,825
Ambulance fees	-	343,316	343,316
Other	8,813	38,264	47,077
Total	\$ 1,218,992	\$ 384,405	\$ 1,603,397

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 (December 31, 2015 for Electric Light Department) was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 5,041,208	\$ -	\$ -	\$ 5,041,208
Construction in process	355,649	32,411	(96,857)	291,203
Total capital assets not being depreciated	<u>5,396,857</u>	<u>32,411</u>	<u>(96,857)</u>	<u>5,332,411</u>
Capital assets being depreciated:				
Land improvements	1,841,082	-	-	1,841,082
Buildings and improvements	43,099,266	1,186,934	-	44,286,200
Machinery and equipment	9,498,198	1,034,064	(44,080)	10,488,182
Infrastructure	28,774,141	339,984	-	29,114,125
Total capital assets being depreciated	<u>83,212,687</u>	<u>2,560,982</u>	<u>(44,080)</u>	<u>85,729,589</u>
Less accumulated depreciation for:				
Land improvements	(887,098)	(51,734)	-	(938,832)
Buildings and improvements	(10,066,200)	(1,764,189)	-	(11,830,389)
Machinery and equipment	(7,438,919)	(472,473)	44,080	(7,867,312)
Infrastructure	(12,874,789)	(650,300)	-	(13,525,089)
Total accumulated depreciation	<u>(31,267,006)</u>	<u>(2,938,696)</u>	<u>44,080</u>	<u>(34,161,622)</u>
Total capital assets being depreciated, net	<u>51,945,681</u>	<u>(377,714)</u>	<u>-</u>	<u>51,567,967</u>
Total governmental activities capital assets, net	<u>\$ 57,342,538</u>	<u>\$ (345,303)</u>	<u>\$ (96,857)</u>	<u>\$ 56,900,378</u>
<i>Business-Type Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 327,323	\$ -	\$ -	\$ 327,323
Capital assets being depreciated:				
Buildings and improvements	1,249,918	14,956	-	1,264,874
Machinery and equipment	2,346,240	89,847	(2,000)	2,434,087
Infrastructure	16,163,810	525,568	(75,000)	16,614,378
Total capital assets being depreciated	<u>19,759,968</u>	<u>630,371</u>	<u>(77,000)</u>	<u>20,313,339</u>
Less accumulated depreciation for:				
Buildings and improvements	(529,622)	(25,297)	-	(554,919)
Machinery and equipment	(1,691,025)	(97,158)	2,000	(1,786,183)
Infrastructure	(8,353,663)	(472,386)	72,500	(8,753,549)
Total accumulated depreciation	<u>(10,574,310)</u>	<u>(594,841)</u>	<u>74,500</u>	<u>(11,094,651)</u>
Total capital assets being depreciated, net	<u>9,185,658</u>	<u>35,530</u>	<u>(2,500)</u>	<u>9,218,688</u>
Total business-type activities capital assets, net	<u>\$ 9,512,981</u>	<u>\$ 35,530</u>	<u>\$ (2,500)</u>	<u>\$ 9,546,011</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:		Business-Type Activities:	
General government	\$ 72,418	Electric Light	\$ 594,841
Public safety	237,669		<u>\$ 594,841</u>
Education	1,572,909		
Public works	830,829		
Health and human services	4,031		
Culture and recreation	<u>220,840</u>		
	<u>\$ 2,938,696</u>		

D. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2016 are summarized as follows:

	<u>Transfers In</u>
<u>Transfers Out</u>	<u>General Fund</u>
Nonmajor Governmental Funds	\$ 416,000 (1)
Electric Light Enterprise Fund	<u>240,000 (1)</u>
Total	<u>\$ 656,000</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.

The Town's temporary borrowing activity for fiscal year 2016 was as follows:

Type	Interest Rate	Maturity Date	July 1,		June 30,	
			2015	Additions	Retirements	2016
BAN	0.45%	Matured	\$ 450,000	\$ -	\$ (450,000)	\$ -
BAN	0.70%	09/16/16	-	1,626,130	-	1,626,130
BAN	0.70%	09/16/16	-	450,000	-	450,000
Total Notes Payable			<u>\$ 450,000</u>	<u>\$ 2,076,130</u>	<u>\$ (450,000)</u>	<u>\$ 2,076,130</u>

The Town issued these short-term notes to finance school roof repairs and land acquisition.

F. Long-Term Obligations

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

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

The following table reflects the activity in the Town's long-term liability accounts during the fiscal year ended June 30, 2016:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities:</i>					
Bond and note indebtedness	\$ 16,584,150	\$ -	\$ (1,191,063)	\$ 15,393,087	\$ 846,063
Unamortized bond premium	465,192	-	(47,726)	417,466	45,692
Landfill closure	1,050,000	-	(52,500)	997,500	52,500
Net pension liability	13,615,408	2,133,119	(1,374,617)	14,373,910	-
Other postemployment benefits	7,811,108	1,387,466	(375,336)	8,823,238	-
Total Governmental Activities	<u>\$ 39,525,858</u>	<u>\$ 3,520,585</u>	<u>\$ (3,041,242)</u>	<u>\$ 40,005,201</u>	<u>\$ 944,255</u>
<i>Business-Type Activities - Electric:</i>					
Compensated absences	\$ 170,907	\$ -	\$ (99,495)	\$ 71,412	\$ -
Net pension liability	* 3,287,657	268,900	(278,342)	3,278,215	-
Other postemployment benefits	637,351	86,836	(30,989)	693,198	-
Total Business-Type Activities	<u>\$ 4,095,915</u>	<u>\$ 355,736</u>	<u>\$ (408,826)</u>	<u>\$ 4,042,825</u>	<u>\$ -</u>

* As restated per GASB #68.

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

The following is a summary of outstanding long-term debt obligations as of June 30, 2016:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General Obligation Bonds	2.30 - 5.00%	\$ 16,455,000	\$ -	\$ (1,175,000)	\$ 15,280,000
Federal Home Loan Bonds	5.00%	73,800	-	(9,800)	64,000
Massachusetts Clean Water Trust Notes	3.00 - 5.25%	55,350	-	(6,263)	49,087
Total Governmental Activities		16,584,150	-	(1,191,063)	15,393,087
Add: Unamortized bond premium		465,192	-	(47,726)	417,466
Total Governmental Activities, net		\$ 17,049,342	\$ -	\$ (1,238,789)	\$ 15,810,553

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

Year Ending June 30,	Governmental Activities		
	Principal Balance	Interest Balance	Total
2017	\$ 846,063	\$ 500,188	\$ 1,346,251
2018	866,063	469,435	1,335,498
2019	881,063	438,156	1,319,219
2020	896,063	409,713	1,305,776
2021	921,063	377,307	1,298,370
2022 - 2026	4,820,772	1,345,870	6,166,642
2027 - 2031	6,162,000	653,035	6,815,035
Total	\$ 15,393,087	\$ 4,193,704	\$ 19,586,791

The Town is scheduled to receive \$6,521 from the Massachusetts Clean Water Trust (MCWT) to subsidize the above interest costs.

The following table summarizes authorized but unissued debt at June 30, 2016:

Project	Amount
<i>Governmental:</i>	
School building improvements	\$ 4,266,549
Library construction	956,061
Septic loans	84,969
Water projects	50,000
Total Authorized and Unissued	\$ 5,357,579

III. Other Information

A. Retirement System

Pension Plan Description – The Town contributes to the Essex Regional Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan for the Town and other member units deemed eligible by the Essex Regional Retirement Board. The System was established under Chapter 32 of Massachusetts General Laws. Stand-alone financial statements for the year ended December 31, 2015 were issued and are available at the Retirement Office, 491 Maple Street, #202, Danvers, Massachusetts 01923.

Current membership in the System for all employers as of January 1, 2014 was as follows:

Active and inactive employees	3,787
Retirees and beneficiaries currently receiving benefits	<u>1,729</u>
	<u>5,516</u>

Benefit Terms – Membership in the System is mandatory for all full-time employees and non-seasonal, part-time employees who, in general, regularly work more than twenty hours per week. Teachers and certain administrative personnel employed by the school department participate in a separate pension plan administered by the Massachusetts Teachers' Retirement System, which is the legal responsibility of the Commonwealth of Massachusetts. Members of the System do not participate in the Federal Social Security Retirement System.

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

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

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

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

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

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

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

The Town contributed \$1,355,445 to the System in fiscal year 2016. This approximated the actuarially-determined contribution requirement for the fiscal year. The Town's contributions as a percentage of covered payroll was approximately 22.1% in fiscal year 2016.

Net Pension Liability – At June 30, 2016, the Town reported a liability of \$17,652,125 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These figures were updated by the independent actuary to December 31, 2015. 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 proportion was approximately 4.927% at December 31, 2015, which was consistent with the proportion measured at January 1, 2014.

The amount of net pension liability calculated in the actuarial valuation was \$17,900,262 however the Light Department lags one year due its fiscal year being a December 31 year-end. The difference in net pension liability is directly related to this lag.

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

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

Pension Expense – The Town recognized \$1,319,719 in pension expense in the statement of activities in fiscal year 2016; \$268,900 of this amount was incurred by the Light Department.

Deferred Outflows of Resources and Deferred Inflows of Resources — At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments	\$ 769,048	\$ 14,257
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	32,156
Total	\$ 769,048	\$ 46,413

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

<u>Year ended June 30,</u>	
2017	\$ 177,402
2018	177,402
2019	177,402
2020	191,957
2021	(1,528)
Total	\$ 722,635

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, 2014. The significant actuarial assumptions used in the January 1, 2014 actuarial valuation included:

Actuarial cost method:	Entry age normal
Amortization method:	Approximate level percent of payroll (closed)
Remaining amortization period:	20 years for the fresh start base
Asset valuation method:	Market value of assets adjusted for receivables and payables
Investment rate of return:	8.0% per annum
Projected salary increases:	7.5% year one, 6.5% year two, 6.0% year three, 5.5% year four, 5.0% year five, 3.75% ultimate rate
Cost of living adjustments:	3% on the first \$13,000 of benefits
Mortality rates:	RP – 2000 mortality table (sex distinct) projected with scale BB and Generational Mortality
Disabled life mortality:	RP – 2000 mortality table (sex distinct) projected with scale BB and Generational Mortality set-forward by 2 years. Death is assumed to be due to the same cause as the disability 40% of the time

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Bonds	13.0%	0.97%
Value-Added Bonds	10.0%	3.80%
Large Cap Equities	14.5%	4.61%
Mid/Small Cap Equities	3.5%	4.85%
International Equities	16.0%	5.10%
Emerging Market Equities	6.0%	6.31%
Private Equity	10.0%	6.55%
Real Estate	10.0%	3.40%
Timber/Natural Resources	4.0%	3.64%
Hedge Funds	9.0%	3.64%
Cash/Portfolio Completion	<u>4.0%</u>	0.00%
Total	100.0%	

Discount Rate – The discount rate used to measure the total pension liability in the January 1, 2014 actuarial valuation report was 8.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially-determined contribution rates and the member rate. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis – The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.00% as well as the Town's proportionate share of the net pension liability using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate (dollar amounts are in thousands):

	1% Decrease <u>(7.00%)</u>	Current Discount <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Town's proportionate share of the net pension liability	\$ 21,682	\$ 17,652	\$ 14,537

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, 2016, the Commonwealth contributed \$901,855 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 0.088250%, 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	\$ 18,082	\$ (18,082)	\$ —
Pension expense	1,467	(1,467)	—

The Town recognized \$1,466,623 in intergovernmental revenue and pension expense relative to this arrangement.

C. Risk Financing

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

D. Other Postemployment Benefits ("OPEB")

Plan Description – In addition to the pension benefits previously described, the Town provides health and life insurance benefits to current and future retirees, their dependents and beneficiaries (hereinafter referred to as the "Plan") in accordance with 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 insurance program. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. The number of participants in the Plan consists of 231 active employees and 75 retired employees and spouses for a total of 306.

Funding Policy – The contribution requirements of Plan members and the Town are established and may be amended by the Town. Retirees contribute forty percent of the calculated contribution and the remainder of the benefit cost is funded by the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

Annual OPEB Cost and Net OPEB Obligation – The Town’s annual OPEB cost is calculated based on the annual required contribution (“ARC”) of the employer, which is an actuarially determined amount. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities over a period not to exceed thirty years.

The following table reflects the activity regarding the Town’s OPEB obligation:

Annual required contribution (ARC)	\$ 1,386,183
Interest on net OPEB obligation	337,938
Adjustment to ARC	<u>(249,819)</u>
Annual OPEB cost	1,474,302
Contributions made	<u>\$ (406,325)</u>
Increase in net OPEB obligation	1,067,977
Net OPEB obligation at beginning of year	8,448,459
Net OPEB obligation at end of year	<u><u>\$ 9,516,436</u></u>

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2016	\$ 1,474,302	28%	\$ 9,516,436
June 30, 2015	1,414,127	70%	8,448,459
June 30, 2014	1,536,746	28%	8,027,444

The fiscal year 2016 AOPEBC was charged to the following functional programs: general government \$104,607; public safety \$291,286; education \$824,677; public works \$83,306; health and human services \$32,020; culture and recreation \$51,570 and electric light \$86,836.

Funding Status and Funding Progress – The funded status of the Plan at June 30, 2016 for the most recent actuarial valuation performed as of July 1, 2014, was as follows:

Actuarial value of plan assets	\$ -
Actuarial accrued liability (“AAL”)	13,216,570
Unfunded actuarial accrued liability (“UAAL”)	13,216,570
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (annually payroll of active employees covered by the plan)	11,367,278
UAAL as a percentage of covered payroll	116%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Amounts determined regarding the funded status of the Plan and the ARC of the employer are subject to continual revision as estimates are compared to actual results and past expectations.

Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive Plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The significant methods and assumptions as of the latest valuation dated July 1, 2014 are as follows:

Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Remaining amortization period:	23 years as of June 30, 2015
Interest discount rate:	4.0%
Healthcare/Medical cost trend rate:	5.0%

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, 2016, 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, 2016.

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 -

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

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

MMWEC is authorized to construct, own or purchase ownership interest in, and to issue revenue bonds to finance electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs).

Among other things, PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project, which costs include debt services on the revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt service to be paid into a Reserve and Contingency Fund. In addition, should a Project Participant fail to make any payment when

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

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

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

A substantial portion of MMWEC's plant investment and financing program is an 11.6% ownership interest in Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook Resources, LLC (formerly FPL Energy Seabrook, LLC), the majority owner and an indirect subsidiary of NextEra Energy Resources, LLC (formerly FPL Energy, LLC). The operating license for Seabrook Station extends to March, 2030. NextEra Seabrook has stated its intention to request an extension of the Seabrook Station operating license for an additional twenty years.

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

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

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

As of December 31, 2015, total capital expenditures for MMWEC's projects amounted to \$1,626,959,000, of which \$39,461,000 represents the amount associated with the Plant's Project Capability of the projects in which it participates, although such amount is not allocated to the Plant. MMWEC's debt outstanding for the Projects includes Power Supply System Revenue

bonds \$112,510,000, of which \$3,163,000 is associated with the Plant's share of Project Capability of the projects in which it participates, although such amount is not allocated to the Plant. As of December 31, 2015, MMWEC's total future debt service requirement on outstanding bonds issued for Projects is \$121,353,000, of which \$3,430,000 is anticipated to be billed to the Plant in future years.

The estimated aggregate amount of the Plant's required payments under the PSAs and PPAs, exclusive of Reserve and Contingency Fund billings, to MMWEC at December 31, 2015 and estimated for future years is summarized as follows:

For years ended December 31,

2016	\$ 1,564,000
2017	1,518,000
2018	40,000
2019	307,000
Total	<u><u>\$ 3,429,000</u></u>

In addition, the Plant is required to pay its share of the Operation and Maintenance (O&M) costs of the Projects in which they participate. The Plant's total O&M costs including debt service under the PSAs were \$3,478,000 and \$3,463,000 for the years ended December 31, 2015 and 2014, respectively.

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

F. Landfill Closure and Post-Closure Care Costs

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

In accordance with generally accepted accounting principles, the estimated remaining cost of monitoring and other post-closure liabilities for these three parcels, \$997,500, 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

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27*. Statement 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental*

Employers and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions of GASB 68 became effective for the Electric Light Department in fiscal year 2016 and had a material effect on its financial statements. The Town, exclusive of the Electric Light Department, implemented the provisions of GASB 68 in fiscal year 2015.

In February 2015, the GASB issued GASB Statement No. 72, *Fair Value Measurement and Application*. GASB 72 addressed accounting and financial reporting issues relating to fair value measurements by providing guidance for determining a fair value measurement for financial reporting purposes. The provisions of this Statement became effective for the Town in fiscal year 2016 and did not have a material effect on its financial statements.

In June 2015, the GASB issued GASB Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68 and Amendments to Certain Provision of GASB Statement No. 67 and No. 68*. The objective of GASB 73 was to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement established requirements for defined benefit pensions that are not within the scope of Statement 68, as well as for the assets accumulated for purposes of providing those pensions. In addition, it established requirements for defined contribution pensions that are not within the scope of Statement 68. The provisions of this Statement were effective for financial reporting periods beginning after June 15, 2015 (fiscal year 2016) – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016 (fiscal year 2017). The provisions of this Statement became effective for the Town in fiscal year 2016 and did not have a material effect on its financial statements.

In June 2015, the GASB issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of GASB 76 was to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted principles, or GAAP. This Statement reduced the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The provisions of this Statement became effective in fiscal year 2016 and did not have a material effect on the Town's financial statements.

In December 2015, the GASB issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. GASB 79 established criteria for which an external investment pool may qualify to measure its investment value at amortized cost versus fair value. The provisions of this Statement became effective in fiscal year 2016 and did not have a material effect on the Town's financial statements.

Future Year Implementations

In June 2015, the GASB issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. GASB 74's objective is to improve the

usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2016 (fiscal year 2017). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*. GASB 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2017 (fiscal year 2018). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In August 2015, the GASB issued GASB Statement No. 77, *Tax Abatement Disclosures*. GASB 77 requires the disclosure of the terms of certain tax abatement agreements entered into by a government with individuals or entities. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2016 (fiscal year 2017), although early adoption is encouraged. The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In December 2015, the GASB issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The provisions of GASB 78 are applicable to certain government pension plans that (i) are not administered as a trust by a state or local governmental pension plan, (ii) are shared between governmental and nongovernmental employees, and (iii) have not predominant state or local governmental employer. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2016 (fiscal year 2017), although early adoption is encouraged. This Statement is not expected to have a material effect on the Town's financial statements.

In January 2016, the GASB issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*. The provisions of GASB 80 apply to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. Such component units should be included in the reporting entity financial statements using the blending method. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2016 (fiscal year 2017), although early adoption is encouraged. The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2016, the GASB issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of the Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2016 (fiscal year 2018) and should be applied retroactively. The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2016, the GASB issued GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of GASB 73 was to address issues raised with respect to previously issued statements related to pensions. Specifically, the Statement addressed issues regarding (i) the presentation of payroll-related measures in required supplementary information, (ii) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting and (iii) the classification

of payments made by employers to satisfy employee (plan member) contributions requirements. The requirements for this Statement are effective for reporting periods beginning after June 15, 2016 (fiscal year 2017), except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017; earlier application is encouraged. The Town is currently evaluating whether adoption will have a material impact on the financial statements.

IV. Restatement

In fiscal year 2016, the Town adopted GASB 68 in its Electric Light Enterprise Fund and also made corrections to prior year balances. As a result of the adoption of this accounting standard, and the corrections to prior year balances the total net positions and fund balances were restated as follows:

	Governmental Activities	Business-type Activities	Electric Light
Prior year as presented	\$ 31,735,737	\$ 21,432,781	\$ 21,432,781
Reclassify private purpose trusts	(596,782)	-	-
Record net pension liability	-	(3,287,657)	(3,287,657)
As restated	<u><u>\$ 31,138,955</u></u>	<u><u>\$ 18,145,124</u></u>	<u><u>\$ 18,145,124</u></u>
			Private
	Capital Projects	Nonmajor Governmental	Purpose Trusts
Prior year as presented	\$ -	\$ 4,849,802	\$ -
Reclassify capital projects	(178,106)	178,106	-
Reclassify private purpose trusts	-	(596,782)	596,782
As restated	<u><u>\$ (178,106)</u></u>	<u><u>\$ 4,431,126</u></u>	<u><u>\$ 596,782</u></u>

TOWN OF MIDDLETON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2016

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(*dollar amounts are in thousands*)

	Year Ended June 30,	
	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	4.93%	4.91%
Town's proportionate share of the net pension liability (asset)	* \$ 17,900	\$ 16,641
Town's covered-employee payroll	\$ 6,129	\$ 6,045
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	292.1%	275.3%
Plan fiduciary net position as a percentage of the total pension liability	51.0%	47.9%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO PENSION PLAN
(*dollar amounts are in thousands*)

	Year Ended June 30,	
	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,353	\$ 1,258
Contributions in relation to the actuarially determined contribution	<u>1,355</u>	<u>1,258</u>
Contribution deficiency (excess)	<u>\$ (2)</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 6,129	\$ 6,045
Contributions as a percentage of covered-employee payroll	22.1%	20.8%

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, 2016

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,	
	<u>2015</u>	<u>2014</u>
Commonwealth's proportion of the collective net pension liability (asset)	100.0%	100.0%
Town's proportion of the collective net pension liability (asset)	0.0%	0.0%
Commonwealth's proportionate share of the net pension liability (asset)	\$20,489,643	\$15,896,354
Commonwealth's actuarially determined contribution	\$ 1,021,930	\$ 937,379

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 - OPEB
YEAR ENDED JUNE 30, 2016

SCHEDULE OF FUNDING PROGRESS

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
7/1/2014	\$ -	\$13,216,570	\$13,216,570	0.00%	\$11,367,278	116.3%
7/1/2012	-	13,926,650	13,926,650	0.00%	10,264,357	135.7%

SCHEDULE OF CONTRIBUTION FUNDING

Other Postemployment Benefits

Year Ended June 30,	Annual OPEB Cost	Actual Contributions	Percentage Contributed
2016	\$ 1,474,302	\$ 406,325	28%
2015	1,414,127	993,112	70%
2014	1,536,746	430,000	28%
2013	1,467,050	396,000	27%

N/A - Information not currently available.

See accompanying 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, 2016

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances and continuing appropriations	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
REVENUES						
Real estate and personal property taxes, net	\$ 24,391,920	\$ 24,391,920	\$ 24,742,632		\$ 24,742,632	\$ 350,712
Intergovernmental	2,200,111	2,200,111	2,181,247		2,181,247	(18,864)
Motor vehicle and other excises	1,718,400	1,718,400	2,088,715		2,088,715	370,315
Payments in lieu of taxes	128,500	128,500	143,637		143,637	15,137
License and permits	449,000	449,000	538,903		538,903	89,903
Departmental and other revenue	281,500	281,500	312,622		312,622	31,122
Penalties and interest on taxes	111,000	111,000	250,281		250,281	139,281
Fines and forfeitures	21,000	21,000	19,640		19,640	(1,360)
Investment income	25,300	25,300	34,555		34,555	9,255
Total Revenues	<u>29,326,731</u>	<u>29,326,731</u>	<u>30,312,232</u>	<u>\$ -</u>	<u>30,312,232</u>	<u>985,501</u>
EXPENDITURES						
General government	1,864,848	1,820,848	1,658,152	46,711	1,704,863	115,985
Public safety	4,312,057	4,327,057	3,947,643	330,828	4,278,471	48,586
Education	20,078,469	20,484,253	19,978,597	491,284	20,469,881	14,372
Public works	1,898,927	1,898,927	1,598,506	185,596	1,784,102	114,825
Health and human services	425,917	460,917	447,154	89	447,243	13,674
Culture and recreation	529,670	531,170	517,538	606	518,144	13,026
Fringe Benefits	1,964,361	1,964,361	1,898,245	-	1,898,245	66,116
State and county tax assessments	420,875	420,875	422,014	-	422,014	(1,139)
Debt service	<u>1,583,260</u>	<u>1,583,260</u>	<u>1,583,260</u>	<u>-</u>	<u>1,583,260</u>	<u>-</u>
Total Expenditures	<u>33,078,384</u>	<u>33,491,668</u>	<u>32,051,109</u>	<u>1,055,114</u>	<u>33,106,223</u>	<u>385,445</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	663,000	663,000	656,000	-	656,000	(7,000)
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>613,000</u>	<u>613,000</u>	<u>606,000</u>	<u>-</u>	<u>606,000</u>	<u>(7,000)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/USE OF PRIOR YEAR BUDGETARY FUND BALANCE						
	<u>(3,138,653)</u>	<u>(3,551,937)</u>	<u>\$ (1,132,877)</u>	<u>\$ (1,055,114)</u>	<u>\$ (2,187,991)</u>	<u>\$ 593,056</u>
Other Budgetary Items:						
Undesignated surplus (free cash)	1,197,000	1,610,284				
Overlay surplus	188,700	188,700				
Prior year encumbrances	<u>1,752,953</u>	<u>1,752,953</u>				
Net Budget	<u>\$ -</u>	<u>\$ -</u>				

See accompanying independent auditors' report.

See accompanying notes to required supplementary information.

TOWN OF MIDDLETON, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

I. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the general fund. Financial orders are initiated by department heads, recommended by the Finance Committee and approved by the Town Meeting at the Town's annual meeting in May. Expenditures may not legally exceed appropriations at the department level. Department heads may transfer, without Town meeting approval, appropriation balances from one expenditure account to another within each department. The Town Meeting, however, must approve any transfer of unencumbered appropriation balances between departments. At the close of each fiscal year, unencumbered appropriation balances lapse or reverts to unreserved fund balance.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The Town Accountant has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted at Town Meeting. Budgetary control is exercised through the Town's accounting system.

Budgetary-to-GAAP Reconciliation – The Town's general fund is prepared on a basis other than GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2016, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 30,312,232
Stabilization revenue	\$ -	\$ 4,323	4,323
Change in accruing tax revenues	(122,516)	-	(122,516)
On behalf payments	1,466,623	-	1,466,623
Revenues on a GAAP basis	<u>\$ 1,344,107</u>	<u>\$ 4,323</u>	<u>\$ 31,660,662</u>
Expenditures on a budgetary basis			\$ 32,051,109
Change in expenditure recognition	\$ (24,126)	\$ -	(24,126)
On behalf payments	1,466,623	-	1,466,623
Expenditures on a GAAP basis	<u>\$ 1,442,497</u>	<u>\$ -</u>	<u>\$ 33,493,606</u>
Other financing sources (uses) on a budgetary basis			\$ 606,000
Stabilization transfers	\$ -	\$ 50,000	50,000
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 656,000</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, 2016, 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, 2015) and have issued our report thereon January 31, 2017.

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

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

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

Petition to [action]

Petition summary and background	Petition that Masi Meadow Lane be an article for street acceptance on the Annual Town Warrant in May of 2017
Action petitioned for	We, the undersigned, are resident/owners who urge our appropriate Boards to take such actions resulting in an article on the Annual Town Warrant in May 2017 with a positive recommendation that Masi Meadow Lane be accepted as a Town Street.

Printed Name	Signature	Address
FRANK FERRERALD	Frank Ferrerald	10-13 Masi Meadow Lane
PATRICIA FERRERALD	Patricia Ferrerald	10-17 Masi Meadow Lane
MARION M. LORDE	Marion M. Lorde	5-13 Masi Meadow Lane
WILLIAM MULLER	William Muller	7A Masi Meadow Lane
MARY MULLER	Mary Muller	7A Masi Meadow Lane
CAROL SHIBILIA	Carol Shibilia	6A Masi Meadow Lane
FRANK SHIBILIA	Frank Shibilia	6A Masi Meadow Lane
JOHN GOODARLIE	John W. Goodarlie	1C Masi Meadow Lane
Alice Ticeyng	Alice P. Ticeyng	9D Masi Meadow Lane
Douglas BRYANT	Douglas Bryant	5D Masi Meadow Lane
PATTY Novello	Patty Novello	1B Masi Meadow Lane
Richard Devoye	Richard Devoye	8B Masi Meadow Lane
Roger Williams	Roger Williams	9B Masi Meadow Lane
James Cahill	James Cahill	10B Masi Meadow Lane

Printed Name	Signature	Address
Dennis Callan	Quinn Callan	3A Masi Meadow Lane
Dolores Grant	Dolores Grant	10C Masi Meadow Lane
CHARLES COLLURA		10A Masi Meadow Lane
WILLIAM L. OLIVER	William L. Oliver	6B Masi Meadow Lane
Julian Wierzbicki	Julian Wierzbicki	6D Masi Meadow Lane
Carole O'Keefe	Carole O'Keefe	1-D Masi Meadow Lane
Dorothy Sahn		3-A Masi Meadow Lane
Patricia Williams	Patricia Williams	9B Masi Meadow Lane
Sharon Goodale		1C Masi Meadow Lane
Andrea Marilyn De Filippis		9A Masi Meadow Lane
LAWRENCE GRANT	Lawrence Grant	10C Masi Meadow Lane
MARY MAGGIACOMO	Mary Maggiacomo	6B Masi Meadow Lane
MICHAEL O'KEEFE	Michael O'Keefe	8A Masi Meadow Lane
Mary Howland	Mary Howland	3D Masi Meadow Lane
SHIRLEY KELLEY	Shirley Kelley	1A Masi Meadow Lane
Carol Berlin	Carol Berlin	7B Masi Meadow Lane
Sara Dondero	Sara Dondero	7-D Masi Meadow Lane
		Masi Meadow Lane
		Masi Meadow Lane
		Masi Meadow Lane

Masi Meadow Condominium Trust

The Village at Masi Meadow

Middleton MA 01949-1529

DATE: June 27, 2016

Trustees:

William Oliver,
Chairman

Alice Tierney,
Secretary

Frank FitzGerald,
Treasurer

Richard DeNoyer

Sara Dondero, Co-
Secretary

TO: Middleton Board of Selectmen
Middleton Planning Board
Middleton Board of Appeals

On March 8, 2005, the Trustees of the Masi Meadow Condominium Trust were positioned on the Board of Selectmen's agenda to petition for a warrant article to provide for Masi Meadow Lane's acceptance by the Town. Our preparations were incomplete and we withdrew from further discussions at the time.

It has come to our attention from discussions with neighbors who recall that there was a site overseer hired by the Town to actually be present during the construction of the roadway. Recollections from residents who spoke with the person so employed recall that his job was to observe that the road was correctly installed. Although there is some sentiment among the Board of Trustees to dig several test pits to determine the substrata of the road, our first recourse is to rely on the reports which must be available in the files of the Building/Road archives.

Some residents opine that in the past fourteen years, tax revenue generated by the thirty units in the Village at Masi Meadow may have been in excess of \$1,250,000 and note that we are responsible for our own trash removal which lessens the burden on the transfer station, and have caused few incidents requiring Fire or Police attention.

Attached is a petition from the residents/owners for your consideration and action. It is our hope that by beginning this process early, all details will have been worked out by the time of the Annual Town Meeting in May of 2017.

Sincerely submitted by the Board of Trustees

William Oliver, Chairman Alice Tierney, Secretary Frank FitzGerald, Treasurer
Sara Dondero Richard DeNoyer

AN ACT AUTHORIZING THE CITY OF SALEM TO GRANT AN ADDITIONAL LIQUOR LICENSE FOR THE SALE OF WINES AND MALT BEVERAGES NOT TO BE DRUNK ON THE PREMISES

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same as follows:

SECTION 1. Notwithstanding section 17 of chapter 138 of the General Laws, the licensing authority of the city of Salem may grant an additional license for the sale of wines and malt beverages not to be drunk on the premises pursuant to section 15 of said chapter 138 to OTGS LLC d/b/a The Cheese Shop of Salem, located at 45 Lafayette street. The license shall be subject to all of said chapter 138, except said section 17.

The licensing authority of the city of Salem shall not approve the transfer of the license to any other location but the license may be granted to a new applicant at the same location if the applicant for the license files with the licensing authority a letter from the department of revenue and from the department of unemployment assistance indicating that the license is in good standing with those departments and that all applicable taxes, fees and contributions have been paid.

If the license granted pursuant to this section is cancelled, revoked or no longer in use, it shall be returned physically, with all of the legal rights, privileges and restrictions pertaining thereto, to the alcohol licensing authority and the licensing authority may then grant the license to a new applicant at the same location under the same conditions as specified in this act.

SECTION 2. The fee charged by the city of Salem for the license issued pursuant to this act shall be paid by the licensee to the city in full at the time of issuance unless the licensing authority agrees to enter into an arrangement with the licensee which would enable the fee to be divided into multiple payments or prorated over multiple periods of time.

If the city of Salem charges a fee for the new license pursuant to this act which is greater than the amount of the fee charged for an annual renewal of similar licenses issued by the city, then the city shall deposit the fee into the economic development account it established for the deposit of revenue from additional alcoholic beverage licenses issued pursuant to special acts and the fee charged shall be expended by the city in a manner consistent with the purposes of the account.

SECTION 3. This act shall take effect upon its passage.

Approved, December 19, 2014.

**AN ACT AUTHORIZING THE TOWN OF DANVERS TO GRANT 6 ADDITIONAL LICENSES FOR THE
SALE OF ALCOHOLIC BEVERAGES TO BE DRUNK ON THE PREMISES**

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same as follows:

SECTION 1. (a) Notwithstanding section 17 of chapter 138 of the General Laws, the licensing authority of the town of Danvers may grant up to 6 additional licenses for the sale of all alcoholic beverages or wines and malt beverages to be drunk on the premises pursuant to section 12 of said chapter 138. Any license issued pursuant to this act shall be subject to all of said chapter 138, except said section 17.

(b) A license granted under this act shall not be transferrable to any other person, corporation or organization for a period of 3 years from the date of original issuance.

(c) The licensing authority shall not approve the transfer of a license granted under this act to any other location but it may grant the license to a new applicant at the same location if the applicant files with the licensing authority a letter from the department of revenue and a letter from the department of unemployment assistance indicating that the license is in good standing with those entities and that all applicable taxes, fees and contributions have been paid.

(d) If a license granted under this act is cancelled, revoked or no longer in use, it shall be returned physically, with all of the legal rights, privileges and restrictions pertaining thereto, to the licensing authority which may then grant the license to a new applicant under the same conditions as specified in this act.

SECTION 2. This act shall take effect upon its passage.

Approved, June 12, 2014

PROSPECTIVE DRAFT MIDDLETON HOME RULE PROPOSAL

AN ACT AUTHORIZING THE TOWN OF MIDDLETON TO GRANT AN ADDITIONAL ALL ALCOHOL LIQUOR LICENSE NOT TO BE DRUNK ON THE PREMISES

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same as follows:

SECTION 1. (a) Notwithstanding section 17 of chapter 138 of the General Laws, the licensing authority of the town of Middleton may grant an additional license for the sale of all alcoholic beverages not to be drunk on the premises pursuant to section 15 of said chapter 138. The license shall be subject to all of said chapter 138, except said section 17.

(b) The licensing authority shall not approve the transfer of a license granted pursuant to this act to any other person, corporation or organization for a period of 3 years from the date of original issuance or to any other location; provided, however, that after the expiration of such period the licensing authority may grant the license to a new applicant at the same location if the applicant files with the licensing authority a letter from the department of revenue and a letter from the department of unemployment assistance indicating that the license is in good standing with those entities and that all applicable taxes, fees and contributions have been paid.

(c) If a license granted pursuant to this act is cancelled, revoked or no longer in use, it shall be returned physically, with all of the legal rights, privileges and restrictions pertaining thereto, to the licensing authority which may then grant the license to a new applicant under the same conditions as specified in this act.

SECTION 2. This act shall take effect upon its passage.

Town of Middleton Massachusetts



Annual & Special Town Meeting

Tuesday, May 9, 2017, 7:30 P.M.

Warrant for Fiscal Year 2018

Meeting to be held at Howe Manning School Gymnasium
26 Central Street, Middleton, MA

Dedication to Retired Fire Chief Frank Twiss

[To be inserted]

DRAFT

Congratulations to the following recent retirees from Town service

Mark Kelly

Sue Tilton

Claudia Johnson

??Others??

We thank you for your outstanding dedication and service to the residents of Middleton.

Middleton Board of Selectmen

Timothy P. Houten, Chairperson

Rick Kassiotis, Secretary

Kosta E. Prentakis

Brian M. Cresta

Todd Moreschi

Andrew J. Sheehan, Town Administrator

Ryan Ferrara, Assistant Town Administrator

[To be updated]
COMMUNITY PRESERVATION PLAN
TOWN OF MIDDLETON
MARCH 28, 2016

The voters of Middleton adopted the Community Preservation Act (CPA) with a 1% surcharge at Town Meeting in May 2004 and at the ballot on November 2, 2004.

The Community Preservation Committee (CPC) was authorized by the Annual Town Meeting in May 2004 with the Town Moderator as the appointing authority. The members are:

Timothy Houten, Board of Selectmen, 2016
Robert Murphy, Master Plan Committee, 2018
Steven Cocciaardi, Finance Committee, 2016
Chris Lindberg, Planning Board, 2018
Ilene Twiss, Housing Authority, 2017
Thomas Skinner, Conservation Commission, 2016
Mary Tragert, Historical Commission, 2017
Mary Ann Erickson, Citizen-at-large, 2018
Kosta Prentakis, Citizen-at-large, 2017

The CPA requires at least 10% of each year's funds be spent or reserved for open space, historic preservation and affordable housing. CPA funds that are not expended in one year may be carried over to subsequent years. However, once CPA funds are reserved for a specific purpose, they must ultimately be used for that purpose. The remaining 70% of CPA funds in each fiscal year are available to be appropriated or reserved, according to the Town's discretion, for open space, historic preservation, affordable housing and recreation. Also 5% of annual CPA funds may be appropriated and used for administrative activities of the Community Preservation Committee.

The CPC is primarily a source of funding, rather than an initiator of projects. Town Boards, Departments and citizens may bring proposals for funding to the CPC. The CPC will give favorable consideration to those proposals that best meet our guidelines and goals. While the CPC does not have the power to appropriate funds for particular projects, Town Meeting may use CPA funds only with the recommendation of the CPC.

Goals:

Open Space:

1. Preserve Middleton's small town image
2. Protect valuable water resources and unique wildlife habitat areas

- 3. Increase and connect existing protected areas
- 4. Protect large tracts of undeveloped land

Recreation:

- 1. Provide for better recreational utilization of currently town owned land and facilities
- 2. Decentralize appropriate activities to neighborhood locations

Historic Preservation:

- 1. Preservation and enhancement of municipally owned properties of historical, archeological, architectural or cultural significance
- 2. Acquisition of threatened properties of particular historical, archeological, architectural or cultural significance
- 3. Encouraging the private sector to preserve assets of historical, archeological, architectural or cultural or cultural significance
- 4. Cataloguing resources of historical, archeological, architectural or cultural or cultural significance

Affordable Housing:

- 1. Meet local housing needs along the full range of incomes, while promoting diversity and stability of individuals and families in Middleton
- 2. Ensure that new affordable housing is harmonious with the community and its neighborhood
- 3. Leverage other public and private resources to the greatest extent possible.

Selection Criteria:

- 1. Consistency with Master Plan, Open Space and Recreation Plan and other planning documents that have or will receive wide community scrutiny and input
- 2. Preservation of currently owned Town assets
- 3. Affordability and provision for cost/funding that is compatible with the Town's financial plan
- 4. Preservation of a resource or opportunity that would otherwise be lost
- 5. Feasibility
- 6. Involvement of multiple CPA purposes
- 7. Involvement of multiple sources of funding
- 8. Compliance with Middleton Zoning By-laws

Adopted by the Community Preservation Committee on March 28, 2016

**TOWN OF MIDDLETON
SPECIAL TOWN MEETING
THE COMMONWEALTH OF MASSACHUSETTS
MAY 9, 2017**

ESSEX s.s.

To the Constable of the Town of Middleton in the County of Essex.

GREETINGS:

In the name of the Commonwealth of Massachusetts, you are hereby directed to notify and warn the inhabitants of said Town qualified to vote in Elections and Town Affairs, to meet at the Howe Manning School Gymnasium at 26 Central Street in said Middleton on Tuesday, May 9th, 2017, at 7:30 p.m., then and there to act on the following articles:

To transact any other business that may lawfully come before this meeting.

SPECIAL TOWN MEETING WARRANT ARTICLES

1. 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 the sum of \$_____ to be used to fund the deficit incurred in the Department of Public Works (snow removal and winter road maintenance) Budget; or take any other action relative thereto.

Purpose: This article will transfer funds to close the deficit in winter operations.

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 the sum of \$12,000 to restore funds to the Council on Aging revolving fund; or take any other action relative thereto.

Purpose: This article restores funds transferred from the Council on Aging revolving fund to meet the requirements of the Department of Revenue during completion of the FY17 recapitulation.

3. On petition of the Finance Committee and Board of Selectmen, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds the sum of \$10,000 to supplement the Veterans' Benefits budget; or take any other action relative thereto.

Purpose: This article provides supplemental funds to fulfill obligations to eligible veterans.

End of Special Town Meeting Warrant.

DRAFT

**TOWN OF MIDDLETON
ANNUAL TOWN MEETING
THE COMMONWEALTH OF MASSACHUSETTS
MAY 9, 2017**

ESSEX s.s.

To the Constable of the Town of Middleton in the County of Essex:

GREETINGS:

In the name of the Commonwealth of Massachusetts, you are hereby directed to notify and warn the inhabitants of said Town qualified to vote in Elections and Town Affairs, to meet at the Howe Manning School Gymnasium, 26 Central Street in said Middleton on Tuesday, May 9th, 2017 next, at 7:45 p.m., then and there to act on the following articles:

To transact any other business that may lawfully come before this meeting.

ANNUAL TOWN MEETING WARRANT ARTICLES

1. To hear and act on Committee Reports:
School Committee
Finance Committee
Master Plan Committee
??Public Facilities Planning & Building Committee??
Other Committees
2. On petition of the Treasurer, to see if the Town will vote to authorize the Town Treasurer with the approval of the Selectmen to borrow money from time-to-time in anticipation of the revenue of the financial year beginning July 1, 2017 in accordance with the provisions of Massachusetts General Laws, Chapter 44, Section 17; or take any other action relative thereto.
3. 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 and amend the Town Consolidated Personnel Plan SECTION 7.08 as follows; or take any other action relative thereto:
4. On petition of the Finance Committee and Board of Selectmen, see if the Town will approve of the Omnibus Budget for Fiscal Year 2018; or take any other action relative thereto.

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

5. 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 2018 with each item to be considered a separate appropriation; or take any other action relative thereto.

Proposed Fiscal Year 2018 Community Preservation Budget

The Community Preservation Committee recommends that the following amounts be appropriated or reserved from Fiscal Year 2018 Community Preservation Fund Revenues, unless otherwise specified for Fiscal Year 2018 Community Preservation Purposes with each item considered to be a separate appropriation:

Purpose	Recommended Amount	Funding Source
A) Reserves: Open Space	\$25,411	FY 2018 Estimated CPA Receipts
Reserves: Historic Resources	\$25,411	FY 2018 Estimated CPA Receipts
Reserves: Community Housing	\$25,411	FY 2018 Estimated CPA Receipts
B) Flint Library Debt Service	\$52,686	\$25,733 from Historic Resources Reserve and \$ 26,953 from Fund Balance
C) 11 South Main St. Debt Service	\$43,475	\$25,733 from Open Space Reserve and \$17,742 from Fund Balance
D) CPA Committee Admin. Expenses	\$1,100	from Fund Balance
Community Preservation Total	\$173,494	

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 2018 are estimated at \$184,000 and is composed of the estimated receipts from the local surcharge of \$26,745 and monies from the State Trust Fund, which will make its eleventh payment in October of 2017 providing an additional estimated \$210,745 in matching funds based upon the local share raised in FY 2018.

6. On petition of the Board of Selectmen to see if the Town will vote to re-authorize the following revolving funds under Massachusetts General Laws Chapter 44, Section 53E ½:

- A. The Firearms License and Permit Revolving Fund for firearm permit issuance expenses, and the purchase of equipment and technology associated with the implementation of Chapter 180 of the Acts of 1998 and to further authorize the expenditure of not more than \$15,000 of such fees.
- B. The Council on Aging Revolving Fund into which monies collected for programs, activities and trips shall be deposited for use by the Council on Aging to pay any costs related to such programs, activities and trips and further to authorize the expenditure of not more than \$35,000 for said purposes.
- C. The Recreation Revolving Fund into which monies collected for programs, activities and trips shall be deposited for use by the Recreation Commission to pay any costs related to such programs, activities and trips and further to authorize the expenditure of not more than \$55,000 for said purposes.
- D. The Recreation Field Use Revolving Fund into which monies collected for field use permits shall be deposited for use by the Superintendent of Public Works to pay costs related to field maintenance and improvements, and further to authorize the expenditure of not more than \$25,000 for said purposes.
- E. The Stormwater Management Revolving Fund into which monies collected for permits, fees, fines, and contributions shall be deposited for use by the Superintendent of Public Works under the direction of the Town Administrator for the design and construction of storm water improvement projects, and further to authorize the expenditure of not more than \$25,000 for said purposes.

Or take any other action relative thereto.

7. To see if the Town will vote to appropriate a sum of money from Sewer Enterprise receipts to pay expenses and contractual services required to operate the Sewer Enterprise fund; or taken any other action relative thereto.

Vote: That the following sums be appropriated for the sewer enterprise.

Direct Costs

SESD Assessment	\$100,000
Expenses	100
Extra/Unforeseen	2,500
Total Direct Costs:	\$102,600

Indirect Costs *

Salaries and Wages	\$4,320
Insurance & Benefits	1,022
Total Indirect Costs:	\$5,342

Total FY2018 Budget \$107,942

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

and that in order to meet such appropriation, Town shall raise the sum of \$102,600 or any other sum from the Sewer Enterprise Revenues.

8. On petition of the Board of Assessors and Board of Selectmen, to see if the Town will vote to adopt Section 5 of Chapter 184 of the Acts of 2002 and to increase the amount of the exemptions set forth in Section 5 of taxable valuation to \$8,000 or the sum of \$1,000.00, whichever would amount in an exemption of the greater amount of taxes due, said acceptance to take effect in Fiscal Year 2017; or to take any other action thereon.

Purpose: On October 29, 2002, at the Special Town Meeting, there were three different articles presented on changes with the Clause 41C exemption program for older taxpayers with limited income and assets. At that time two of the three options were passed. The qualifying age was lowered to 65 and the asset and income limits were raised. The Board of Assessors did not support increasing the exemption amount in FY 2003 until the impact was known from the other changes in eligibility requirements.

On May 11, 2004, at the Annual Town Meeting, an article was presented and passed that increased the amount of the exemption to \$6,000 of taxable valuation or the sum of \$750.00 beginning in Fiscal Year 2005.

The proposed increased exemption will have a minimal impact on the town levy as demonstrated below by the past three years actual 41C exemption totals and the additional amount that would have been exempted with the passing of this proposed article.

Year	# of Exemptions	Total Exempted	Add'l Exemption Amount
FY 2014	16	\$12,000	\$4,000

FY 2015	15	\$11,250	\$3,750
FY 2016	14	\$10,500	\$3,500
FY 2017	12*	\$9,000	\$3,000

*applications received and granted as of March 7, 2017

There is no increase in state re-imbursement available for these potential exemption increases.

9. On petition of the Treasurer, to see if the Town will vote to authorize the Town Treasurer with the approval of the Selectmen, to rescind previously authorized but issued debt; or take any other action relative thereto.

Purpose: Town Meeting authorizes the Treasurer to issue debt for various purposes. In certain cases, the amount borrowed is greater than the amount needed for the particular purpose. This article authorizes the Treasurer to rescind this unneeded borrowing authority.

10. On petition of the Board of Selectmen, Town Moderator, and Town Clerk, to see if the Town will vote to authorize the Board of Selectmen to petition the General Court of the Commonwealth of Massachusetts for special legislation in the form set forth below amending the Town Charter to change the term of the Moderator from one year to three years and to hold the annual town election on the Tuesday following the second Tuesday in May, as follows:

Notwithstanding any general or special law to the contrary and in accordance with Article LXXXIX, Article II, Section 8 (M.G.L.A. Const. Amend. Art. 2, Section 8) of the Articles of Amendment to the Constitution of the Commonwealth, that the Town of Middleton authorize, but not require, its Board of Selectmen to petition the General Court of Massachusetts for a special act to modify the following sections of the Town Charter by deleting the language shown in ~~strikethrough~~ and inserting the words in **underline and bold**:

- A. 2-5-1 A Moderator shall be elected for a ~~one~~ **three** year term at the regular election of Town officials. He shall not hold any other office or accept Town employment during the term for which he is elected.
- B. 3-1-1 The regular election for all Town offices shall be by official ballot held on the ~~Monday~~ **Tuesday** following the second Tuesday in May of each year.

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

Purpose: This article proposes two amendments to the Town Charter. Item A authorizes the Board of Selectmen to petition the Legislature to change the term of the Moderator from one year to three years. Under the Middleton Charter, the Moderator is the only position with a one-year term. This requires that the Moderator stand for election annually. The Charter requires that the annual election be held on the Monday following the second Tuesday in May. Holding elections on a Monday presents some logistical issues. Moving the election from Monday to Tuesday would provide Monday for final preparation and for giving reminders to the public. The Town Clerk supports changing the day of the annual election to the Tuesday following the second Tuesday in May. Both changes require a Home Rule Petition of the Legislature.

11. On petition of the Board of Selectmen and Town Clerk, to see if the Town will vote to amend Chapter 56, Meetings, by deleting the words shown in ~~strikethrough~~ and inserting the words in **underline and bold**; or take any other action relative thereto.

56-2 Appropriations and other business.

That part of the Annual Town Meeting for the purpose of taking action on appropriations and all other business of the Town (except elections) such as may legally come before such meeting shall be held on the Tuesday next preceding the Annual Town Meeting for the election of officers at ~~7:30 p.m.~~ **7:00 p.m.**

56-3 Hours for Special Town Meetings.

No Special Town Meeting shall be called to assemble earlier than ~~7:30 p.m.~~ **7:00 p.m.** nor later than 9:00 p.m.

Purpose: Currently, Town Meetings cannot begin earlier than 7:30PM. This article would authorize Annual or Special Town Meetings to begin at 7:00PM.

12. On petition of the Board of Selectmen, Assessors, Veterans Services Officer, and Council on Aging Director, to see if the Town will vote to accept the provisions of Massachusetts General Law Chapter 59, Section 5N, the so called Valor Act, which in part reads:

"In any town which accepts this section, the Board of Selectmen may establish a program to allow veterans, as defined in Clause forty-third of Section 7 of Chapter 4 to volunteer to provide services to that town. In exchange for such volunteer services, the town shall reduce the real property obligation of the veteran on the veteran's tax bill and that reduction shall be in addition to any exemption or reduction or abatement to which that person is otherwise entitled, provided, however, that the reduction of the real estate property tax bill shall not exceed \$1,000 in a given tax year";

And to authorize the Board of Assessors to approve abatements for a maximum of up to 50 participants in the Valor Act Program and/or the Senior Tax Work-Off Program;

Or take any other action relative thereto.

Purpose:

13. On petition of the Board of Selectmen, to see if the Town will vote to enter into a tax increment financing (TIF) agreement with _____; or take any other action relative thereto.

Purpose: This article would authorize the Board of Selectmen to execute an agreement with _____ that would reduce the tax on property located at _____ in return for in kind contributions consisting of _____ that would be equal in value to the amount of the taxes deferred.

14. On petition of the Board of Selectmen, to see if the Town will vote to authorize the Board of Selectmen to acquire by gift, purchase, grant or otherwise, a parcel of land associated with the Curtis Mill, so called, located on/off _____, shown as Lot _____ on the [date] Plan of Land in Middleton, Mass. Prepared by [_____] owned by the Town of Danvers; or take any other action relative thereto. [Insert parcel ID from Katrina]

Master Plan Committee Recommendation: The Master Plan Committee _____.

15. On petition of the Board of Selectmen, to see if the Town will vote to authorize the Board of Selectmen to dispose of real property on Locust Street shown as lots 0020-0016C, 0020-0027Z, 0014-0052, and 0014-003Z at terms and conditions determined by the Board of Selectmen to be in the best interests of the Town; or take any other action relative thereto.

Master Plan Committee Recommendation: The Master Plan Committee _____.

16. On petition of the Board of Selectmen and the Master Plan Committee, to see if the Town will vote to: [Insert bond counsel's recommended language]

1. Authorize the permanent dedication to active recreational purposes of the Natsue Way Recreation Area, map __, parcels __, consisting of __ acres, more or less, as shown on a plan entitled "____", made by __, dated, __ in accordance with Massachusetts General Law Chapter 45, Section 3;
2. Authorize the Board of Selectmen to act as Park Commissioners pursuant to Massachusetts General Law Chapter 45, Section 2;

3. Appropriate and authorize the Treasurer with the approval of the Board of Selectmen to raise, transfer from available funds, and/or borrow the sum of \$3,579,000, for the purpose of improving for recreational purposes said land; subject to the reimbursement of up to \$400,000 (56%) of project costs from the proceeds of the PARC (Parkland Acquisitions and Renovations for Communities) grant;
4. Authorize the Board of Selectmen to file, on behalf of the Town of Middleton, any and all applications deemed necessary for grants and/or reimbursements from the Commonwealth of Massachusetts under the PARC (Parkland Acquisitions and Renovations for Communities) grant; and further
5. To authorize the Board of Selectmen to enter into all agreements and contracts and execute any and all instruments as may be necessary or convenient on behalf of the Town of Middleton to effectuate said project; or take any other action relative thereto.

17. On petition of ten or more registered voters, to see if the Town will vote to accept Masi Meadow Lane as a Town Street as laid out by the Board of Selectmen under Massachusetts General Laws, Chapter 82, Section 22, and in compliance with the Planning Board's Subdivision Rules and Regulations for new streets; or take any other action relative thereto.

Planning Board Recommendation:

Purpose: This article seeks acceptance of Masi Meadow Lane as a public way. Masi Meadow Lane was approved and constructed as part of a condominium project.

18. On petition of the Board of Selectmen, to see if the Town will vote to amend the Middleton Zoning Bylaw by adding a new Section 6.8 to read as follows:

6.8 Marijuana Establishment Temporary Moratorium

6.8.1 Definition

"Marijuana", "Marijuana Establishment", "Marijuana Product", "Marijuana Retailer" shall have the meaning as set forth in the "Regulation of the Use and Distribution of Marijuana Not Medically Prescribed Act of 2016."

6.8.2 Purpose

By vote at the State election on November 8, 2016, the voters of the Commonwealth approved a law entitled the Regulation and Taxation of Marijuana Act (the "Act"), regulating the control and production and distribution of marijuana under a system of licenses and regulations. This Act was revised by Chapter 351 of the Acts of 2016, which added 6 months to the timeline

for implementation of legalized retail marijuana. Currently under the Zoning Bylaw, a Marijuana Retailer or Establishment is not a permitted use in the Town and any regulations promulgated by the Cannabis Control Commission are expected to provide guidance to the Town in regulating marijuana sales and distribution. The regulation of marijuana raises novel and complex legal, planning, and public safety issues and the Town needs time to study and consider the regulation of Marijuana Retail or Distribution centers and address such novel and complex issues, as well as to address the potential impact of the State regulations on local zoning and to undertake a planning process to consider amending the Zoning Bylaw regarding regulation of Marijuana Retail sales and distribution and other uses related to the regulation of marijuana. The deadline for the Cannabis Control Commission to adopt initial regulations is March 15, 2018, according to the new deadlines contained in Chapter 351 of the Acts of 2016. The Town intends to adopt a temporary moratorium on the use of land and structures in the Town for Marijuana Retail and Distribution so as to allow the Town sufficient time to engage in a planning process to address the effects of such structures and uses in the Town and to enact bylaws in a manner consistent with sound land use planning goals and objectives.

6.8.3 Temporary Moratorium

1. For the reasons set forth above and notwithstanding any other provision of the Zoning Bylaw to the contrary, the Town of Middleton hereby adopts a temporary moratorium on the use of land or structures for "Marijuana", "Marijuana Establishment", "Marijuana Product", and "Marijuana Retailer". The moratorium shall be in effect through June 30, 2018. During the moratorium period, the Town shall undertake a planning process to address the potential impacts of marijuana in the Town, consider the Cannabis Control Commission regulations regarding "Marijuana", "Marijuana Establishment", "Marijuana Product", and "Marijuana Retailer" and related uses, and shall consider adopting new Zoning Bylaws to address the impact and operation of Marijuana Establishments and Marijuana Retailers and related uses.
2. In the event that the Cannabis Control commission has not issued initial regulations by January 1, 2018, the moratorium period shall be extended to June 30, 2019 to ensure the careful review of the issues outlined above.

Or take any other action relative thereto.

Explanation: The Board of Selectmen is requesting that the Zoning Bylaw be amended to allow for a temporary moratorium on sellers of recreational marijuana. As laid out in the initiative passed on November 8, 2016, and revised by Chapter 351 of the Acts of 2016, the Cannabis Control Commission must set forth regulations on the sale and use of recreational

marijuana by March 15, 2018 and licenses for selling marijuana will not be issued until July 1, 2018. However, the use of recreational marijuana became legal December 15, 2016. Due to this lag time, the Town is seeking a temporary moratorium on the sale of recreational marijuana so that appropriate officials can await guidance from the state on the various rules and regulations that will eventually be determined by the Cannabis Advisory Board. This moratorium will expire on June 30, 2018, but will be extended to June 30, 2019 if the Cannabis Control Commission does not issue initial regulations by January 1, 2018. It is anticipated that the Town will repeal the temporary moratorium and replace it with an applicable zoning bylaw that reflects the future regulations once they are issued.

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

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

21. On petition of the Superintendent of Public Works to see if the Town will vote to raise and appropriate such sums of monies as may be received from the Commonwealth of Massachusetts for the fiscal year commencing July 1, 2017 to install drainage, widen, pave, and otherwise improve any public way in accordance with the provisions of Section 34 of Chapter 90 of the Massachusetts General Laws; or take any other action relative thereto.

22. On petition of the Superintendent of Public Works and Board of Selectmen, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds the sum of \$319,500 to pay for the following Public Works capital improvements; or take any other action relative thereto:

- \$11,000 to replace a 61" riding mower;
- \$8,500 to replace a flail mower;

- \$9,000 for building and deck repairs at the transfer station;
- \$7,000 to replace roll-off containers at the transfer station;
- \$73,000 to replace a 1-ton dump truck;
- \$46,000 to replace a Bobcat skid steer loader and bucket;
- \$100,000 for paving and road improvements;
- \$65,000 for studies and upgrades to improve water pressure on Lakeview Avenue.

23. On petition of the Police Chief and Board of Selectmen, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds the sum of \$74,200 to pay for the following Police Department capital improvements; or take any other action relative thereto:

- \$8,000 to purchase cruiser radios;
- \$3,900 to purchase radar guns;
- \$33,000 for portable radio upgrades;
- \$12,000 to replace cruiser laptop computers;
- \$1,400 to purchase patrol rifles;
- \$15,900 to upgrade pistols.

24. On petition of the Fire Chief and Board of Selectmen, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds the sum of \$157,000 to pay for the following Fire Department capital improvements; or take any other action relative thereto:

- \$8,000 to replace fire hoses;
- \$16,000 to purchase Car 1 command post equipment;
- \$11,000 to purchase an intravenous pump;
- \$10,000 to replace the garage door on the Fire Station;
- \$20,000 for building repairs and interior and exterior painting;
- \$17,000 to purchase a turnout gear washer/dryer;
- \$40,000 to replace Car 2;
- \$35,000 to outfit the E6 forestry truck.

25. On petition of the Middleton School Committee and School Superintendent, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds the sum of \$317,792 to pay for the following elementary school capital improvements; or take any other action relative thereto:

Fuller Meadow School;

- \$25,000 to purchase a digital projector, speaker system, and screen;
- \$23,100 to purchase 70 Chromebooks with licenses and service;
- \$4,980 to purchase 4 Chromebook carts;
- \$10,991 to purchase 29 iPads;

- \$138 to purchase 2 document cameras;
- \$13,000 to purchase library furniture;
- \$36,750 to purchase new science curriculum;
- \$101,358 to purchase a camera system.

Howe Manning School:

- \$29,700 to purchase 90 Chromebooks with licenses and service;
- \$6,225 to purchase 5 Chromebook carts;
- \$66,550 to purchase new science curriculum.

26. On petition of the Middleton School Committee and School Superintendent, to see if the Town will vote to repurpose the sum of \$22,000 approved under Article 28 of the May 10, 2016 Annual Town Meeting and to use said funds to purchase student information management software; or take any other action relative thereto.

Purpose: Article 28 of the May 10, 2016 Annual Town Meeting appropriated \$22,000 to fund Middleton's share of the purchase of accounting/human resources software. The district used grant funds to purchase the accounting/human resources software. This article would repurpose the previously appropriated funds.

27. On petition of the Masconomet School Committee and School Superintendent, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds the sum of \$183,483 to pay for Middleton's share of regional school capital improvements consisting of a VOIP phone and paging system; upgrade of fire suppression systems; installation of interior emergency signage; replacement and upgrade of solar powered traffic speed zone signs; and interim replacement and upgrade of security system; or take any other action relative thereto.

28. On petition of the Essex North Shore Agricultural & Technical School Committee and School Superintendent, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds the sum of \$10,907 to pay for Middleton's share of regional school capital improvements; or take any other action relative thereto.

29. On petition of the Town Administrator and Board of Selectmen, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds the sum of \$239,600 to pay for the following capital improvements at Memorial Hall and the Council on Aging/Old Town Hall; or take any other action relative thereto:

- \$113,000 to rehabilitate the front of the Old Town Hall;
- \$5,000 for post-construction landscaping at the Old Town Hall;
- \$4,600 to refinish wood floors at Old Town Hall;

- \$1,000 for a security system at Old Town Hall;
- \$62,000 to replace a van for the Council on Aging;
- \$44,000 to complete parking lot repaving at Memorial Hall;
- \$10,000 to replace first floor windows at Memorial Hall.

30. On petition of the Town Administrator and Board of Selectmen, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds the sum of \$116,450 to pay for the following capital improvements; or take any other action relative thereto:

- \$34,450 for information technology improvements;
- \$55,000 for an update to the Master Plan;
- \$10,000 to pay for training, seminars, and professional development activities of Town employees;
- \$17,000 to replace voting tabulators in the Town Clerk's Office.

31. On petition of the Historical Commission and Board of Selectmen, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds the sum of \$6,900 to pay for the following Historical Commission capital improvements; or take any other action relative thereto:

- \$4,900 for Curtis Saw Mill improvements;
- \$2,000 for a historical marker at Mill Pond Dam.

32. On petition of the Board of Selectmen to see if the Town will vote to transfer a sum of money from Free Cash to apply to and reduce the Fiscal Year 2018 Tax Rate; or take any other action relative thereto.

33. On petition of the Board of Selectmen and Finance Committee to see if the Town will vote to appropriate \$100,000 to the Stabilization Fund, and to see if such funds will be raised by taxation, by transfer from available funds, by borrowing, or by any combination thereof; or take any other action relative thereto.

Purpose: The Stabilization Fund is a fund used to set aside funds to be expended at a later date for capital acquisitions and payment of debt service on borrowing. The Stabilization Fund will be separate and distinct from other stabilization funds. From time to time the Administration will ask Town Meeting to transfer funds to the Special Education Stabilization Fund from Free Cash or other reserves.

34. On petition of the Board of Selectmen to see if the Town will vote to accept the provisions of Chapter 40, Section 5B of the Massachusetts General Laws establishing a Rainy

Day Stabilization Fund and to appropriate a certain sum to said fund; or taken any action relative thereto.

Purpose: The Rainy Day Stabilization Fund will be established as a reserve fund to hold funds for use in an emergency. The Rainy Day Stabilization Fund will be separate and distinct from other stabilization funds. From time to time the Administration will ask Town Meeting to transfer funds to the Special Education Stabilization Fund from Free Cash or other reserves.

35. On petition of the Board of Selectmen to see if the Town will vote to accept the provisions of Chapter 40, Section 5B of the Massachusetts General Laws establishing a Retirement Stabilization Fund and to appropriate a certain sum to said fund; or taken any action relative thereto.

Purpose: The Retirement Stabilization Fund will be established as a reserve fund to hold funds to make county retirement assessments that are higher than projected. The Retirement Stabilization Fund will be separate and distinct from other stabilization funds. From time to time, the Administration will ask Town Meeting to transfer funds to the Retirement Stabilization Fund from Free Cash or other reserves.

36. On petition of the Treasurer and Board of Selectmen, to see if the Town will vote to accept the provisions of Massachusetts General Law Chapter 111, Section ___ designating the Treasurer as the Trustee of the Other Post-Employment Benefits Liability Irrevocable Trust Fund; or take any other action relative thereto.

37. On petition of the Board of Selectmen to see if the Town will vote to appropriate \$100,000 to the Other Post-Employment Benefits Liability Irrevocable Trust Fund, and to see if such funds will be raised by taxation, by transfer from available funds, by borrowing, or by any combination thereof; or take any other action relative thereto.

38. On petition of the Board of Selectmen and Finance Committee, to see if the Town will vote to raise and appropriate, borrow, or transfer from available funds the sum of \$_____ to the Special Education Stabilization Fund, and to see if such funds will be raised by taxation, by transfer from available funds, by borrowing, or by any combination thereof; or take any other action relative thereto.

Purpose: The Special Education Stabilization Fund is a fund established on May 9, 2016 to be used to set aside funds to be expended at a later date to offset the impact of special education costs. The Special Education Stabilization Fund will be separate and distinct from other stabilization funds. From time to time the Administration will ask Town Meeting to transfer funds to the Special Education Stabilization Fund from Free Cash or other reserves.

End of Annual Town Meeting Warrant

DRAFT

To the Town Constable:

You are hereby ordered to notify and warn said qualified voters to meet at the Fuller Meadow School on Monday May 15, 2017, next for the following purposes, VIZ: To choose by ballot the following Town Officers for the ensuing year:

One Town Moderator for one year
One Town Clerk for three years
One Board of Selectmen member for three years
One Board of Assessors member for three years
One Elementary School Committee member for three years
One Elementary School Committee member for one year
Two Regional School Committee members for three years
One Planning Board member for five years
One Planning Board member for three years
Two Electric Light Commissioners for three years
Two Library Trustees for three years
One Housing Authority member for four years
One Housing Authority member for three years

The following question will appear on the ballot:

1. Shall the Town of Middleton be allowed to exempt from the provisions of Proposition two-and-one-half, so called, the amounts required to pay for bonds issued in order to improve for recreational purposes the Natsue Way Recreation Area?

Yes

No

The Polls open at 7:00 a.m. and close at 8:00 p.m.

And you are directed to service this Warrant by posting up attested copies thereof at Memorial Hall, Post Office, Flint Public Library, Store at Howe Station Market, Ferncroft Towers, and Fuller Pond Village in said Town fourteen days, at least, before the time of holding said meeting.

HEREOF FAIL NOT, and make due return of this Warrant, with your doings thereof, to the Town Clerk at time and place of meeting aforesaid.

Given under our hands this _____ day of _____ in the year of our Lord Two Thousand and Seventeen.

MIDDLETON BOARD OF SELECTMEN

S. _____

S. _____

S. _____

S. _____

S. _____

A true copy Attest:

S. _____
Constable of the Town of Middleton

Date Posted