

Town of Medway

BOARD OF SELECTMEN
155 Village Street, Medway MA 02053
(508) 533-3264 • FAX: (508) 321-4988

Glenn Trindade, Chairman
Dennis Crowley, Vice Chairman
Richard D'Innocenzo, Clerk
John Foresto, Member
Maryjane White, Member

Board of Selectmen's Meeting

January 21, 2014, 6:30 PM

Sanford Hall

155 Village Street

Agenda

6:30 PM

- Executive Session – Exemption 6: To consider the purchase, exchange, lease or value of real property if the chair declares that an open meeting may have a detrimental effect on the negotiating position of the public body [Brentwood Drainage]
- Call to order; Recitation of the Pledge of Allegiance
- Public Comments

Other Business

1. Net Metering Sales Credit Agreement – Enfinity SPV Holdings, Inc. – 20-year term
2. Presentation - FY13 Financial Statements – Melanson Heath
3. Authorization of Chairman to Execute Lease for DPS Garage Space – Julian, Inc., 305 Village St - \$18,000
4. Authorization of Chairman to Execute Contract for Zoning Bylaw Review – RKG Associates - \$7,500
5. Discussion – Energy Committee Composition – Requested by Energy Committee
6. Approval – Amendment to Veterans District Agreement
7. Approval – March 15 Shamrock Shuffle (5K) – Medway Elementary PTO
8. Action Items from Previous Meeting
9. Approval of Warrants
10. Town Administrator's Report
11. Selectmen's Reports

Upcoming Meetings, Agenda and Reminders

February 3, 2014 ---- Regular Meeting

February 18, 2014-----Regular Meeting (holiday week)

The listed matters are those reasonably anticipated by the Chair to be discussed at the meeting. Not all items may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by law.

AGENDA

ITEM #1

Net Metering Sales Credit Agreement – Enfinity SPV Holdings, Inc. – 20-year Term

Associated back up materials attached.

- Spreadsheet reflecting 20-year savings
- Contract

(Note: Awaiting three originally signed contracts from Enfinity, expected on Tuesday.)

Proposed Motion:

I move that the Board authorize the Chair to execute the net metering sales credit agreement with Enfinity SPV Holdings, Inc. for a twenty-year term, as presented.

Year	Projected Electricity Rate	PPA Rate	Production	Savings	Other	Total Annual Benefit
1	\$ 0.160	\$ 0.1000	3,000,000	\$ 180,000		\$ 180,000
2	\$ 0.163	\$ 0.1020	3,000,000	\$ 183,600		\$ 183,600
3	\$ 0.166	\$ 0.1040	3,000,000	\$ 187,272		\$ 187,272
4	\$ 0.170	\$ 0.1061	3,000,000	\$ 191,017		\$ 191,017
5	\$ 0.173	\$ 0.1082	3,000,000	\$ 194,838		\$ 194,838
6	\$ 0.177	\$ 0.1104	3,000,000	\$ 198,735		\$ 198,735
7	\$ 0.180	\$ 0.1126	3,000,000	\$ 202,709		\$ 202,709
8	\$ 0.184	\$ 0.1149	3,000,000	\$ 206,763		\$ 206,763
9	\$ 0.187	\$ 0.1172	3,000,000	\$ 210,899		\$ 210,899
10	\$ 0.191	\$ 0.1195	3,000,000	\$ 215,117		\$ 215,117
11	\$ 0.195	\$ 0.1219	3,000,000	\$ 219,419		\$ 219,419
12	\$ 0.199	\$ 0.1243	3,000,000	\$ 223,807		\$ 223,807
13	\$ 0.203	\$ 0.1268	3,000,000	\$ 228,284		\$ 228,284
14	\$ 0.207	\$ 0.1294	3,000,000	\$ 232,849		\$ 232,849
15	\$ 0.211	\$ 0.1319	3,000,000	\$ 237,506		\$ 237,506
16	\$ 0.215	\$ 0.1346	3,000,000	\$ 242,256		\$ 242,256
17	\$ 0.220	\$ 0.1373	3,000,000	\$ 247,101		\$ 247,101
18	\$ 0.224	\$ 0.1400	3,000,000	\$ 252,043		\$ 252,043
19	\$ 0.229	\$ 0.1428	3,000,000	\$ 257,084		\$ 257,084
20	\$ 0.233	\$ 0.1457	3,000,000	\$ 262,226		\$ 262,226
					Total	\$ 4,373,527

Retail Escalator	1.02
PPA Escalator	1.02
Discount Rate	2%

Project NPV	\$3,529,412
NPV per total MWh	\$58.82

NET METERING CREDIT SALES AGREEMENT

This Net Metering Credit Sales Agreement (“*Agreement*”) is entered into as of _____, 2014 (the “*Effective Date*”) and is by and between Enfinity SPV Holdings, Inc., a Delaware corporation as seller (“*Seller*”), and the Town of Medway, Massachusetts, as buyer (“*Buyer*”). In this Agreement, Seller and Buyer are sometimes referred to individually as a “*Party*” and collectively as the “*Parties*.”

RECITALS

WHEREAS, Seller is in the business of financing, developing, owning, operating and maintaining solar (PV) electric generation facilities;

WHEREAS, Seller proposes to finance, install, own, operate and maintain the Solar Energy Facility to be located on a site located in the SEMA ISO-NE load zone, and NSTAR utility service territory in Massachusetts;

WHEREAS, Seller desires to sell and deliver to Buyer, and Buyer desires to purchase and receive from Seller, a portion of the Net Metering Credits generated by the Solar Energy Facility during the Term, subject to the terms and conditions, and at the prices, set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises, representations, warranties, covenants, conditions herein contained, and the Exhibits attached hereto, Seller and Buyer agree as follows.

ARTICLE I DEFINITIONS

When used in this Agreement, the following terms shall have the meanings given below. Words defined in this Article 1 which are capitalized shall be given their common and ordinary meanings when they appear without capitalization in the text. Words not defined herein shall be given their common and ordinary meanings.

“*Accounts*” means Buyer’s accounts with NSTAR.

“*Applicable Legal Requirements*” means any law, act, rule, regulation, requirement, standard, order, by-law, ordinance, regulation, judgment, decree, or injunction of or by any Governmental Authority, and all licenses, permits, and other governmental consents, which are applicable to a Party’s rights and obligations hereunder, including, without limitation, the construction, operation, maintenance and ownership of the Solar Energy Facility, as well as the selling and purchasing of Net Metering Credits therefrom.

“*Billing Cycle*” has the meaning set forth in Section 4.1.

“*Business Day*” means a day on which Federal Reserve member banks in Boston are open for business; and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Prevailing Time.

“Buyer’s Percentage” has the meaning set forth in Section 4.1.

“Change in Applicable Legal Requirements” means, after the Effective Date, any passage, enactment, modification, revision, repeal, addendum, interpretation or other change in any Applicable Legal Requirement affecting the rights or obligations of Seller under this Agreement, including without limitation, implementation by the Massachusetts Department of Public Utilities, Massachusetts Department of Energy Resources or other Governmental Authority of any Applicable Legal Requirement relating to the Solar Energy Facility, the Tariff, the Net Metering Credits, Net Metering or otherwise affecting this Agreement.

“Commercial Operations” means that (i) the Solar Energy Facility has been constructed and installed to Seller’s satisfaction in accordance with Applicable Legal Requirements, and is ready and able to produce and deliver Energy, (ii) NSTAR has completed the tests required to be performed under the Tariff, NSTAR’s Standards for Interconnecting Distributed Generation and the Interconnection Agreements, (iii) if required under the Tariff, NSTAR’s Standards for Interconnecting Distributed Generation and the Interconnection Agreements, NSTAR has otherwise authorized and approved the interconnection of the Solar Energy Facility to the NSTAR system, and (iv) the Solar Energy Facility is eligible to receive Net Metering Credits pursuant to the Tariff.

“Credit Start Date” means the first date on which the Solar Energy Facility achieves Commercial Operations and generates Net Metering Credits, and such credits have begun to be allocated and credited to Buyer by NSTAR and are being reflected in invoices received by Buyer from NSTAR.

“Effective Date” has the meaning set forth in the preamble of this Agreement (above).

“Energy” means the amount of electricity either used or generated over a period of time, expressed in terms of a kilowatt hour (“kWh”) or a megawatt hour (“MWh”).

“Environmental Attributes” shall mean any and all credits, benefits, emissions reductions, offsets and allowances of any kind, howsoever entitled, attributable to an electric generating facility or the electric energy, capacity or other generator-based products produced therefrom, including (a) any avoided emissions of pollutants to the air, soil or water, such as sulfur oxides, nitrogen oxides and carbon monoxide, and any rights related thereto, (b) any avoided emissions of methane, carbon dioxide and other “greenhouse gases” that have been determined by the United Nations Intergovernmental Panel on Climate Change or any other governmental, quasi-governmental or non-governmental agency or body to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere, and any rights related thereto, (c) any reporting rights relating to the reduction of “greenhouse gases” under Section 1605(b) of the National Energy Policy Act of 1992 or under any other federal, state, local or foreign law, rule or regulation related to the reduction of air pollutants or “greenhouse gases” or the trading of emissions or emissions credits, including so-called “green tags” or “green certificates,” and (d) any credits, certificates or similar instruments issued pursuant to a federal or state renewable portfolio standard or analogous program including Renewable Energy Certificates (RECs) or Solar Renewable Energy Certificates (“SRECs”). Environmental Attributes shall not include the Net Metering Credits to be allocated to Buyer under this Agreement.

“Force Majeure” means any cause not within the reasonable control of the affected Party which precludes that Party from carrying out, in whole or in part, its obligations under this Agreement, including, but not limited to, acts of God; high winds, hurricanes or tornados (but not the lack of sunlight); fires; epidemics; landslides; earthquakes; floods; other natural catastrophes; acts of public enemies; acts, failures to act or orders of any kind of any Governmental Authority acting in its regulatory or judicial capacity, provided any such act, failure to act, or order is not due, in whole or in part, to some fault of the party claiming Force Majeure; insurrections; military action; war, whether or not it is declared; sabotage; riots; civil disturbances or explosions. A Party may not assert an event of *Force Majeure* to excuse it from performing due to any act, failure to act, or order of a Governmental Authority, where it was reasonably within such Party’s power to prevent such act, failure to act, or order of a Governmental Authority; provided, however, that the lawful acts, orders, rulings, decisions, etc. of a committee, board, official, commission or other governmental unit of the Buyer-municipality made in the good faith exercise of legislative, regulatory or judicial functions, shall not be deemed an “act, failure to act or order” with the Buyer’s “power to prevent” for the purpose of Force Majeure. Economic hardship of either Party shall not constitute an event of *Force Majeure*.

“Governmental Authority” means (i) any national, state or local government, or any other governmental, judicial, regulatory, public or statutory instrumentality, authority, body, agency, department, bureau, or entity, and (ii) any transmission or distribution entity providing net metering, distribution or transmission services to the Solar Energy Facility, including NSTAR.

“Governmental Charges” means all applicable federal, state and local taxes (other than taxes based on income or net worth, but including, without limitation, real property, personal property, sales, use, gross receipts or similar taxes), governmental charges, emission allowance costs, duties, tariffs, levies, licenses, fees, permits, assessments, adders or surcharges (including public purposes charges and low income bill payment assistance charges).

“Interconnection Agreement” means the Interconnection Service Agreement required for interconnection of the Solar Energy Facility, between Seller and NSTAR prepared June 3, 2013 for application at 134 Brook Street, Plympton MA.

“Interest Rate” means a fluctuating interest rate per annum equal to the sum of (i) the Prime Rate as stated in the “Bonds, Rates & Yields” section of The Wall Street Journal on the Effective Date and thereafter on the first day of every calendar month, plus (ii) two percentage points; provided that in the event that such rate is no longer published in The Wall Street Journal or such publication is no longer published, the Interest Rate shall be set using a comparable index or interest rate reasonably acceptable to Seller and Buyer. The Interest Rate hereunder shall change on the first day of every calendar month. Interest shall be calculated daily on the basis of a year of three hundred sixty five (365) days and the actual number of days for which such interest is due.

“Lender” means any individual or entity (a) providing direct or indirect senior or subordinated construction, interim or long-term debt or equity financing or refinancing to Seller (or to any permitted assignee of all or any portion of this Agreement, or to any affiliates of Seller) for or in connection with the development, construction, purchase, installation or

operation of the Solar Energy Facility, whether that financing or refinancing takes the form of private debt, public debt or any other form (including debt financing or refinancing), including any equity and tax investor directly or indirectly providing financing or refinancing for the Solar Energy Facility or purchasing equity ownership interests of Seller (or of any permitted assignee of all or any portion of this Agreement, or to any affiliates of Seller), or (b) participating directly or indirectly in a lease financing, including any sale leaseback or leveraged leasing structure, with respect to the Solar Energy Facility.

“**NSTAR**” shall mean NSTAR Electric and Gas, an operating company of Northeast Utilities, doing business as NSTAR, or any Person that is a successor local electric distribution company or affiliate that allocates Net Metering Credits generated by the Solar Energy Facility.

“**Net Metering Credits**” means the monetary value of the excess electricity generated by a Solar Net Metering Facility, as defined in accordance with 220 CMR 18.02, and calculated in accordance with 220 CMR 18.04 and Section 1.06 of the Tariff, as may be amended from time to time by a Governmental Authority.

“**Net Metering**” means the process of measuring the difference between electricity delivered by a local electric distribution company to a net metering facility and electricity generated by the same net metering facility and fed back to the local electric distribution company, as set forth under M.G.L. c. 164, §§138 – 140 and 220 C.M.R. §18.00, as may be amended from time to time by a Governmental Authority.

“**Net Metering Program Cancellation**” means a Change in Applicable Legal Requirements that results in (a) the inability of the Project to generate Net Metering Credits that can be allocated to Buyer, or (b) the ineligibility of Buyer to receive, use or have allocated to its Accounts Net Metering Credits.

“**Renewable Energy Incentives**” shall mean: (a) federal, state, or local tax credits or other tax benefits (such as accelerated depreciation) associated with the construction, ownership, or production of electricity from a Solar Energy Facility or any governmental payments made in lieu of such tax benefit (such as the ITC grant paid or payable in lieu of the federal investment tax credit arising under Sections 38, 46, and 48 of the Internal Revenue Code of 1986), (b) any federal, state or local grants, rebates, subsidized financing or any other subsidy relating to the renewable energy property of a Solar Energy Facility or the output thereof, and (c) any other form of incentive that is not an Environmental Attribute that is available with respect to a Solar Energy Facility. Renewable Energy Incentives shall not include the Net Metering Credits allocated to Buyer under this Agreement.

“**Solar Energy Facility**” means the solar photovoltaic (PV) power electrical generation facility planned to be constructed, owned, operated and maintained by Seller, with specifications for an estimated aggregate nameplate capacity of between 5 MW (DC) and 6 MW (DC), together with all appurtenant facilities required to interconnect each Solar Energy Facility to the local electric distribution system, all to be located in Plympton, Massachusetts.

“**Solar Net Metering Facility**” shall have the meaning set forth in 220 C.M.R. § 18.02 and Section 1.01 of the Tariff, as may be amended by time to time by a Governmental Authority.

“*Tariff*” means the applicable tariffs of the local electric distribution company for interconnection for distributed generation and net metering services, as approved by the Massachusetts Department of Public Utilities, together with any subsequent amendments and approvals thereto.

ARTICLE II TERM

2.1 Term. Subject to an affirmative vote of Buyer’s legislative and executive bodies, the term of this Agreement (the “*Term*”) shall commence on the Effective Date, and shall end at the earlier of (a) 11:59 PM on the day preceding the twentieth (20th) anniversary of the date on which Commercial Operations is achieved, (b) 11:59 PM on the day preceding the twentieth (20th) anniversary of the Effective Date, or (c) such date as of which this Agreement may be earlier terminated pursuant to the provisions hereof.

a. Extension of Term. No extension of the Term of this Agreement shall occur except pursuant to a mutual written agreement of the Parties.

b. Early Termination. Either Party may terminate this Agreement in the event that the Credit Start Date has not occurred by the last day of the eighteenth (18th) month after the Effective Date (the first month of such 18-month period shall be the month of the Effective Date). In the case of termination pursuant to this subsection, the terminating Party shall give the other Party thirty (30) days prior written notice of its intent to terminate. The terminating Party may so terminate this Agreement within sixty (60) days after the expiration of such 18-month period whether or not the Credit Start Date occurs within such 60-day period, and the non-terminating Party shall have no “right to cure” during the notice period. In the event that a Party fails to provide such notice within such 60-day period, if the Credit Start Date has still not occurred after expiration of such 60-day period, either Party may terminate this Agreement after such 60-day period provided its notice of termination is received by the non-terminating party before the Credit Start Date occurs; otherwise, the Party shall be deemed to have waived its right to terminate under the applicable subsection in question. Upon termination of this Agreement by either Party pursuant to this Section 2.1(b), (i) neither Party shall have any obligation or financial liability to the other Party as a result of such termination, and (ii) Seller shall be permitted to sell, free and clear of any claim by Buyer, any Net Metering Credits contemplated under this Agreement to any third party. The termination right under this paragraph shall also extend to either Party in the event that the Interconnection Agreement is not executed by June 30, 2014.

ARTICLE III FACILITY OWNERSHIP AND OPERATION

3.1 Title. Subject to Section 4.3, Buyer shall not be entitled to any ownership interest in, and as between Buyer and Seller, Seller shall have title to the Solar Energy Facility and the Energy generated by the Solar Energy Facility, along with any Environmental Attributes, generation capacity attributes and related credits, and Renewable Energy Incentives generated or associated with the Solar Energy Facility, or the Energy generated by the Solar Energy Facility.

3.2 Notice of Commercial Operations Date. Subject to the provisions of this Agreement, Seller shall notify Buyer in writing in accordance with Section 11.1 within ten (10) Business Days after the Solar Energy Facility has achieved Commercial Operations.

ARTICLE IV PURCHASE AND SALE OF NET METERING CREDITS

4.1 Sale and Purchase of Net Metering Credits. Commencing on the Credit Start Date and ending on the last day of the Term, Seller agrees to designate to Buyer, and Buyer agrees to accept and compensate Seller as set forth herein, for a total of three million (3,000,000) kilowatt hours (kWh) (the "**Buyer's Percentage**") of Net Metering Credits generated by such Solar Energy Facility, as measured on a billing cycle basis (as such billing cycle is established by NSTAR) (the "**Billing Cycle**"). In connection with the above, Seller shall request (through completion of the applicable "Schedule Z" to the Tariff) that NSTAR allocate such total kilowatt hours to the customer account(s) of Buyer, as further set forth in Exhibit A hereto.

4.2 Price. For each Billing Cycle, Buyer shall pay Seller an amount equal to ten cents per kilowatt hour (\$0.10/kWh) with an annual escalation rate of two percent (2.0%) over the rate in the preceding year for a period of twenty years (the "**Price**").

4.3 Title and Risk of Loss of Net Metering Credits. As between Seller and Buyer, title to and risk of loss of the Net Metering Credits will pass from Seller to Buyer upon allocation of the Net Metering Credits to Buyer's customer account(s) by NSTAR, as reflected in the invoices received by Buyer from NSTAR.

4.4 Governmental Charges.

a. Seller is responsible for any and all Governmental Charges attributable to the Solar Energy Facility, and is responsible for any and all Governmental Charges attributable to the allocation and sale of Net Metering Credits to Buyer that arise prior to the time such Net Metering Credits are allocated to Buyer's Accounts by NSTAR.

b. Both Parties shall use reasonable efforts to administer this Agreement and implement its provisions.

4.5 Energy and Environmental Attributes. The Agreement shall not include the sale, assignment or other transfer to Buyer by Seller of any right, title or interest in any Energy, or any Environmental Attributes or Renewable Energy Incentives, generation capacity credits, or environmental attributes, value or credits of any kind or nature (including solar renewable energy credits (SRECs) but excluding Net Metering Credits allocated to Buyer under this Agreement), earned by or attributable to (A) the Solar Energy Facility or (B) the Energy, including, without limitation, those resulting from or associated with the Federal Clean Air Act (including, but not limited to, Title IV of the Clean Air Act Amendments of 1990), renewable energy certificates, RECs, solar renewable energy certificates, SRECs, (or in either case any associated GIS Certificates), or any other state or federal acts, laws or regulations that provide offsets, allowances, or credits related to energy or emissions.

ARTICLE V PAYMENT

5.1 Payment. Subject to Applicable Legal Requirements, Buyer shall provide Seller access to Buyer's Accounts solely for purposes of verifying the amount of Net Metering Credits that are allocated to Buyer's Accounts. Buyer shall also provide Seller, upon request therefor, with any other information reasonably necessary to permit Seller to verify the amount of Net Metering Credits allocated to the Buyer's Accounts. Seller shall use all information to which it is provided access under this Section solely for the purposes stated in this Section and for no other purposes. Seller shall invoice Buyer on a monthly basis for the total Price due and payable to Seller during the Billing Cycle for Net Metering Credits allocated and credited to Buyer's Accounts for the month. All amounts owed to Seller shall be paid by wire transfer (or other mutually agreeable method in immediately available funds) to the account designated by Seller on Exhibit B attached hereto, which may be updated by Seller in writing from time to time within 45 days of receipt of the invoice.

5.2 Accounts Management. Buyer shall provide Seller with at least forty-five (45) days prior notice of Buyer's intention to close any of the Accounts to which Seller is allocating Net Metering Credits on behalf of Buyer, and concurrently with such notice Buyer shall designate one or more replacement accounts to which such Net Metering Credits should be allocated to by Seller on a going forward basis.

5.3 Records and Audits. Each Party shall keep, for the entire term of this Agreement as well as for a period of not less than two (2) years after the expiration or termination of this Agreement, records created or received relating to this Agreement sufficient to permit verification of the accuracy of billing statements, invoices, charges, computations and payments, and Energy produced by the Solar Energy Facility under this Agreement. During such period each Party may, at its sole cost and expense, and upon reasonable notice to the other Party, examine/audit the other Party's records pertaining to such transactions during the other Party's normal business hours; provided, however, that Seller may require Buyer to examine or audit, and not copy, proprietary business information at the premises of Seller in Massachusetts, and if no such premises exist in Massachusetts, at a location within fifty (50) miles of Buyer's principal offices to be mutually agreed upon by the Parties. In the event that Seller has reason to dispute the number of Net Metering Credits Buyer receives from NSTAR, Buyer shall, at Seller's sole cost, provide reasonable assistance to Seller in support of such dispute. At least ninety (90) days before either Party intends to discard records at the end of the aforesaid two-year period, it shall notify the other Party in writing of its intent so that such Party may, in its discretion, take possession of any or all such records.

5.4 Disputes with NSTAR and Between the Parties.

a. To the extent that Seller disputes that the amount of Net Metering Credits allocated by NSTAR to Buyer's Accounts in a Billing Cycle does not equal the amount of Net Metering Credits that Seller reasonably believes should have been allocated by NSTAR to Buyer's Accounts during such period, Seller may dispute such allocation with NSTAR, at Seller's sole cost, and upon resolution of such dispute, Buyer agrees to pay to Seller the Price related to any future Net Metering Credits allocated to Buyer's Accounts as a result of resolution of such dispute, as reflected in the invoices received by Buyer from NSTAR. Notwithstanding

anything to the contrary herein, under no circumstances will Buyer be required to pay Seller for Net Metering Credits that have not been allocated and credited to Buyer's Accounts by NSTAR.

b. If a Party, in good faith, disputes an amount owed or paid as provided in this Agreement, the disputing Party shall promptly notify the other Party in writing of the basis for the dispute and pay the undisputed portion, if any, of such invoice no later than the due date, and withhold the disputed amounts, and the Parties shall resolve such dispute in accordance with the provisions of Section 11.5. Upon resolution of the dispute, any required payment shall be made within thirty (30) days of such resolution. Any overpayments shall be returned by the receiving Party upon request or deducted from subsequent payments with interest accrued at the Interest Rate per annum. The Parties shall only be entitled to dispute an amount owed or paid within two (2) years from the date of issuance of such invoice, unless the disputing Party neither knew nor had reason to know of the reason(s) for the dispute. Any good faith failure of a Party to provide the written notice required under this Section 5.4(b) shall not operate as a waiver or release of such Party's right to dispute any amounts owed or paid under this Agreement.

ARTICLE VI OBLIGATIONS OF THE PARTIES

6.1 Net Metering.

a. Each Party's obligations under this Agreement are subject to the Solar Energy Facility qualifying for Net Metering as a Solar Net Metering Facility, subject to the provisions of M.G.L. c. 164, §§138 – 140 and 220 C.M.R. §18.00 and the Tariff as amended from time to time by a Governmental Authority.

b. Subject to the provisions of this Agreement, Seller shall take all reasonable measures with respect to which it has legal capacity to facilitate and expedite the review of all approvals necessary for the Solar Energy Facility to be eligible for and participate in Net Metering, and Buyer shall reasonably cooperate with Seller in connection therewith.

6.2 Seller's Obligations.

a. Seller shall maintain accurate operating, maintenance and other records and all other data for the purposes of proper administration of this Agreement, including such records as may be required of Seller (and in the form required) by any Governmental Authority, and all records necessary to allow Buyer to verify the Energy produced by the Solar Energy Facility, the Net Metering Credits allocated to Buyer under this Agreement, and any and all amounts paid, or requested by Seller to be paid, by Buyer to Seller under this Agreement, subject to the right of Seller in Section 5.3 to request Buyer to review proprietary information at Seller's premises in Massachusetts.

b. Seller shall perform its obligations under this Agreement in full compliance with the Applicable Legal Requirements.

6.3 Buyer's Obligations. Buyer shall perform its obligations under this Agreement in full compliance with the Applicable Legal Requirements. Buyer acknowledges that the Solar Facility will be a "Net Metering Facility of a Municipality or Other Governmental Entity" within the meaning of the Net Metering Rules, and agrees not to take any action inconsistent with the Solar Facility's status as such a facility (including, without limitation, terminating the Schedule Z or amending the Schedule Z in a manner inconsistent with such status) except insofar as such action is expressly authorized hereunder. For avoidance of doubt, the Parties acknowledge that, pursuant to the current Net Metering Rules, in order to obtain and preserve such status, no Schedule Z for the Solar Facility may allocate Net Metering Credits to the account of any individual, or of any entity that is not a city, town, federal agency or department, state agency or department, or of any entity that is not approved by DPU as an "Other Governmental Entity." Buyer covenants that it shall not serve as the Host Customer of Net Metering Facilities (inclusive of the Solar Facility) with an aggregate capacity more than the Public Net Metering Limit. Without limiting the foregoing, Buyer further covenants that, during the Term, except with the consent of Seller, which shall not be unreasonably withheld, delayed or conditioned, Buyer shall not serve as Host Customer of or otherwise acquire Net Metering Credits from other Net Metering Facilities if the output from such Net Metering Facilities interferes with or precludes the Buyer from receiving Net Metering Credits generated by the Solar Facility in accordance with this Agreement. Buyer's failure to maintain eligibility under the Net Metering Rules shall not excuse performance of its purchase obligations.

ARTICLE VII REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties. As of the Effective Date, each Party represents and warrants to the other Party as follows.

a. The Party is duly organized, validly existing, and in good standing under the laws of the state of its formation. The Party has full legal capacity to enter into and perform this Agreement. The execution of the Agreement has been duly authorized, and each person executing the Agreement on behalf of the Party has full authority to do so and to fully bind the Party.

b. This Agreement, and each document executed and delivered in accordance with this Agreement, constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any bankruptcy, insolvency, reorganization, and other laws affecting creditors' rights generally, and with regard to equitable remedies, the discretion of the applicable court.

c. All such persons as are required to be signatories to or otherwise execute this Agreement on its behalf under all applicable Laws have executed and are authorized to execute this Agreement in accordance with such Laws.

**ARTICLE VIII
TERMINATION/DEFAULT/REMEDIES**

8.1 Events of Default. The following shall each constitute an Event of Default by a Party.

a. The Party fails to make any payment due under this Agreement within thirty (30) days after such payment is due unless the specific amount of the payment not made is being contested.

b. The Party fails to perform or comply with any material covenant or agreement set forth in this Agreement (other than those specified in clauses (a), (c), (d), (e) and (f) of this Section 8.1) and such failure continues for a period of thirty (30) days after receipt of written notice thereof from the other Party; provided, however, if the defaulting Party proceeds with due diligence during such thirty (30) day period to cure such breach and is unable by reason of the nature of the work involved using commercially reasonable efforts to cure the same within the said thirty (30) days, the defaulting Party's time to do so shall be extended by the time reasonably necessary to cure the same; provided further, that if such breach cannot, due to its nature and despite diligent efforts, be cured within 90 days, the non-defaulting Party may terminate this Agreement under this Article 8.

c. Fraud or intentional misrepresentation by the Party with respect to any of the covenants or agreements of this Agreement.

d. The Party, except as otherwise specifically permitted pursuant to this Agreement: (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails (or admits in writing its inability) generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights, or a petition is presented for its winding-up, reorganization or liquidation, which proceeding or petition is not dismissed, stayed or vacated within forty-five (45) Business Days thereafter; (v) commences a voluntary proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights; (vi) seeks or consents to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets; (vii) has a secured party take possession of all or substantially all of its assets, or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets; (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (vii) inclusive; or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

e. Either Party assigns this Agreement in whole or in part in violation of Article X.

f. A representation or warranty made by either Party in Article VII is discovered to have been materially false or misleading.

8.2 Force Majeure. If by reason of Force Majeure, either Party is unable to carry out, either in whole or in part, any of its obligations contained herein, such Party shall not be deemed to be in default during the continuation of such inability, provided that: (i) the non-performing Party promptly gives the other Party hereto written notice describing the particulars of the occurrence and the anticipated period of delay; (ii) the suspension of performance be of no greater scope and of no longer duration than is required by the Force Majeure event; (iii) no obligations of the Party which were to be performed prior to the occurrence causing the suspension of performance shall be excused as a result of the occurrence; and (iv) the non-performing Party shall use commercially reasonable efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its obligations. Notwithstanding anything to the contrary in this Agreement, in the event a Force Majeure event continues for a period of 180 consecutive days or more, either Party may terminate this Agreement. Upon termination of this Agreement by either Party pursuant to this Section 8.2, (i) neither Party shall have any obligation or financial liability to the other Party as a result of such termination, and (ii) Seller shall be permitted to sell, free and clear of any claim by Buyer, any Net Metering Credits contemplated under this Agreement to any third party.

8.3 Termination for Default.

a. Upon the occurrence of an Event of Default, the non-defaulting Party may (unless such Event of Default was fully cured by the defaulting Party before receipt of written notice of default hereunder) give written notice to the defaulting Party specifying such Event of Default and such notice may state that this Agreement and the Term shall expire and terminate on a date specified in such notice, which shall be at least five (5) Business Days after the giving of such notice, and upon any termination date specified in such notice, this Agreement shall terminate as though such date were the date originally set forth herein for the termination hereof without penalty or liability to the terminating Party.

b. In the event this Agreement is terminated as a result of an Event of Default, Seller shall have no further obligation to deliver, and Buyer shall have no further obligation to purchase, any Net Metering Credits from Seller; provided, however, that Buyer shall continue to pay Seller for any Net Metering Credits that have or may continue to be allocated to Buyer by NSTAR until NSTAR revises the allocation designation pursuant to the provisions of the applicable Tariff, and provided further that Seller notifies NSTAR promptly (but in no event more than fourteen (14) days) of such termination and takes all steps necessary and appropriate to notify NSTAR to cease the allocation of Net Metering Credits to Buyer, including the filing of a Schedule Z with NSTAR within such fourteen (14) day period.

ARTICLE IX REMEDIES AND LIMITATION OF LIABILITY

9.1 Remedies.

(a) Subject to the limitations set forth in this Agreement, Buyer and Seller each reserve and shall have all rights and remedies available to it at law or in equity with respect to the performance or non-performance of the other Party hereto under this Agreement. Each Party agrees that it has a duty, under law, to mitigate damages that it may incur as a result of the other Party's non-performance under this Agreement. Seller understands and agrees that, in the event of any Event of Default by Buyer that permits Seller to terminate the Agreement pursuant to Section 8.3, then Seller's duty to mitigate damages will require Seller to all commercially reasonable and reasonably diligent efforts to sell to other buyers offering the best price, subject to creditworthiness and other commercially reasonable considerations, any Net Metering Credits that have not been allocated to Buyer and, unless otherwise prohibited by NSTAR, the Tariff or Applicable Law, allocated to but not paid for by Buyer.

(b) If Seller terminates this Agreement pursuant to Section 8.3, Seller shall deliver to Buyer a good faith estimate of the present value of the revenues that would have been provided by Buyer to Seller over the remainder of the Term (the "Lost Revenues"). The Lost Revenues shall be derived by calculating the sum of the following amounts, each discounted to present value using an annual discount rate of 9.5%: for each calendar year (or pro-rated portion thereof) remaining in the Term, the product of (i) the projected output of the Facility during such period (including a loss for expected solar degradation) and (ii) the applicable Electricity Price for such calendar year according to the schedule set forth per Section 4.2. Buyer shall pay Seller within sixty (60) days following the Termination Date (or, if later, the date of delivery of such good faith estimate) all amounts owed to Seller as of the Termination Date plus the Lost Revenues. The Parties acknowledge and agree that any termination payment hereunder constitutes a reasonable approximation of harm or loss and is not a penalty or punitive in any respect. The damages under this paragraph shall be the sole and exclusive damages available to Seller and payable by Buyer in the event of termination by Seller pursuant to Section 8.3.

9.2 Limitation of Liability. Neither party shall be liable to the other for any special, indirect, incidental, consequential, or punitive damages of any character, resulting from a breach of the provisions of this agreement.

9.3 Waivers.

a. No Implied Waivers – Remedies Cumulative. No covenant or agreement under this Agreement shall be deemed to have been waived by Seller or Buyer, unless such waiver shall be in writing and signed by the Party against whom it is to be enforced or such Party's agent. Consent or approval of Seller or Buyer to any act or matter must be in writing, shall apply only with respect to the particular act or matter in which such consent or approval is given, and shall not relieve the other Party from the obligation wherever required under this Agreement to obtain consent or approval for any other act or matter. The failure of Seller or Buyer to insist upon the strict performance of any one of the covenants or agreements of this Agreement or to

exercise any right, remedy or election herein contained or permitted by law shall not constitute or be construed as a waiver or relinquishment for the future of such covenant or agreement, right, remedy or election, but the same shall continue and remain in full force and effect. Any right or remedy of Seller or Buyer herein specified or any other right or remedy that Seller or Buyer may have at law, in equity or otherwise upon breach of any covenant or agreement herein contained shall be a distinct, separate and cumulative right or remedy and no one of them, whether exercised or not, shall be deemed to be in exclusion of any other.

b. Acceptance of Payment. Neither receipt nor acceptance by Seller or Buyer of any payment due herein, nor payment of same by Buyer or Seller, shall be deemed to be a waiver of any default under the covenants or agreements of this Agreement, or of any right or defense that Seller or Buyer may be entitled to exercise hereunder.

9.4 Estimated Annual Production and Production Guarantee. Exhibit C sets forth the estimated annual production of the Solar Facility during each year of the Term. Subject to the provisions in this Section 9.4, if the actual annual production amount for a given year is less than eighty percent (80%) (adjusted for any loss of production attributable to the fault or negligence of Buyer, an event of Force Majeure, or abnormal weather conditions) of the annual production estimate for a given year, then in such event Seller shall pay to Buyer, within 60 days of the end of such year, the amount of any replacement energy cost to Buyer (calculated as the cost to Buyer for purchases of substitute energy minus the amount Buyer would have paid Seller for equivalent energy under this Agreement) for that year. *Provided, however,* that Seller shall be able to offset against any such underperformance in a given year the amount (if any) by which Seller overperformed (actual annual production exceeded estimated annual production) for the previous two (2) years.

ARTICLE X ASSIGNMENT

10.1 Prior Written Consent.

a. Except as set forth in Section 10.2, neither Party shall assign or in any manner transfer this Agreement, any rights or obligations included herein, or any part thereof without the prior written consent of the other Party, which consent may not be unreasonably conditioned, withheld or delayed, except that the following Seller assignments are permitted under this Agreement without the need to obtain the prior written consent of Buyer, but pursuant to advance written notice to Buyer, in connection therewith: (i) any assignment or transfer of this Agreement (or any rights or obligations hereunder) by Seller to a parent or subsidiary of Seller or to a Person that purchases or will own (directly or indirectly) after such assignment the Solar Energy Facility, provided that no such assignment shall be made before the Commercial Operations Date without Buyer's consent; and (ii) any direct or collateral assignment by Seller of this Agreement to any Lender.

b. As a condition of any assignment (other than an assignment permitted pursuant to Section 10.1(a)(ii) or Section 10.2), the assignor and proposed assignee shall represent and warrant to the non-assigning Party in a signed writing that the assignee is capable of performing,

and will perform, all of the obligations required of the assigning Party under this Agreement and shall provide evidence reasonably satisfactory to the non-assigning Party (in the form of financial statements or otherwise) that the assignee possesses the creditworthiness and experience necessary to operate and maintain the Solar Energy Facility.

c. Upon any assignment pursuant to Section 10.1(a)(ii) or Section 10.2 herein, the assignee shall confirm in writing to the non-assigning Party that such assignee is bound by this Agreement and is subject to all of the obligations required of the assigning Party, and any subsequent assignment of this Agreement by such assignee (other than an assignment permitted pursuant to Section 10.1(a)(ii) or Section 10.2) shall be subject to the provisions of Section 10.1(b).

10.2 Lender Accommodations.

a. Limited Grant to Lender. Seller, without the approval of Buyer, may grant an interest in its rights and obligations under this Agreement to any Lender. Promptly after granting such interest, Seller shall notify Buyer in writing of the name, address, and telephone and facsimile numbers of any Lender to which Seller's interest under this Agreement has been assigned, though, notwithstanding anything to the contrary in this Section or this Agreement, Buyer shall have no obligation to provide to any such Lender any notices issued or required to be issued to Seller pursuant to this Agreement unless and until Lender has assumed the rights and obligations of Seller through a permitted assignment under the terms of this Agreement or as a result of a foreclosure by Lender on its security interest, and an assignment agreement has been executed by and between Seller and Lender, and a copy of such agreement has been provided to Buyer.

b. If Seller encumbers its interest under this Agreement as permitted by Section 10.1, the following provisions shall apply:

i. Lender shall have the right, but not the obligation, to perform any act required to be performed by Seller under this Agreement to prevent or cure a default by Seller in accordance with Article VIII, and Buyer shall accept a cure performed by any Lender provided the same is performed in accordance with the terms of this Agreement.

ii. Buyer agrees that no Lender shall be obligated to perform any obligation or be deemed to incur any liability or obligation provided in this Agreement on the part of Seller or shall have any obligation or liability to Buyer with respect to this Agreement except to the extent this Agreement has been assigned to the Lender, or any Lender has otherwise assumed obligations of Seller hereunder; *provided that* Buyer shall nevertheless be entitled to exercise all of its rights hereunder in the event that Seller or Lender fails to perform Seller's obligations under this Agreement.

iii. Upon the receipt of a written request from Seller, Buyer shall execute or arrange for the delivery of such documents as may be reasonably requested by Seller to consummate any financing or refinancing, and which may provide that Buyer and Seller recognize the right of such Lender to assume the rights and obligations of Seller under this Agreement upon foreclosure of Lender's security interest; provided, however, that this provision shall not require Buyer to execute any documents or instruments which are contrary to

Applicable Legal Requirements or which may increase Buyer's risk or obligations under the Agreement.

**ARTICLE XI
MISCELLANEOUS**

11.1 Notices. All notices and other formal communications which either Party may give to the other under or in connection with this Agreement shall be in writing (except where expressly provided for otherwise), shall be effective upon delivery, and shall be sent by any of the following methods: hand delivery; reputable overnight courier; certified mail, return receipt requested; or facsimile transmission.

The communications shall be sent to the following addresses:

If to Seller: Enfinity SPV Holdings, Inc.
 Care of: Enfinity America Corporation
 5901-C Peachtree Dunwoody
 Atlanta, Georgia 30328
 President

If to Buyer: Board of Selectmen
 Town of Medway
 155 Village Street
 Medway, MA 02053

Any Party may change its address and contact person for the purposes of this Section by giving notice thereof in the manner required herein.

11.2 Severability. If any article, section, phrase or portion of this Agreement is, for any reason, held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such article, section, phrase, or portion so adjudged will be deemed separate, severable and independent and the remainder of this Agreement will be and remain in full force and effect and will not be invalidated or rendered illegal or unenforceable or otherwise affected by such adjudication, provided the basic purpose of this Agreement and the benefits to the Parties are not substantially impaired.

11.3 Governing Law. This Agreement shall be governed by and shall be construed, enforced and performed in accordance with the laws of the Commonwealth of Massachusetts without regard to principles of conflicts of law.

11.4 Dispute Resolution. The Parties agree to use reasonable efforts to resolve any dispute(s) that may arise regarding this Agreement.

a. Any dispute that arises under or with respect to this Agreement that cannot be resolved shall in the first instance be the subject of formal negotiations between respective

executive officers of each Party. The dispute shall be considered to have arisen when one Party sends the other Party a written notice of dispute. The period for formal negotiations shall be thirty (30) days from receipt of the written notice of dispute unless such time period is modified by written agreement of the Parties.

b. In the event that the Parties cannot timely resolve a dispute by formal negotiations, either Party may bring a suit seeking legal or equitable relief in any federal or state court in Massachusetts.

c. Notwithstanding the foregoing, injunctive relief from such court may be sought without resorting to the dispute resolution process set forth in this Section to prevent irreparable harm that would be caused by a breach of this Agreement.

11.5 Entire Agreement. This Agreement, together with its exhibits, contains the entire agreement between Seller and Buyer with respect to the subject matter hereof, and supersedes all other understandings or agreements, both written and oral, between the Parties relating to the subject matter hereof.

11.6 No Joint Venture. Each Party will perform all obligations under this Agreement as an independent contractor. Nothing herein contained shall be deemed to constitute any Party a partner, agent or legal representative of the other Party or to create a joint venture, partnership, agency or any relationship between the Parties. The obligations of Seller and Buyer hereunder are individual and neither collective nor joint in nature.

11.7 Amendments; Binding Effect. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by both of the Parties to this Agreement or their successor in interest. This Agreement inures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

11.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

11.9 Further Assurances. From time to time and at any time at and after the execution of this Agreement, each Party shall execute, acknowledge and deliver such documents, reasonably requested by the other and consistent with the terms of the Agreement for the purpose of effecting or confirming any of the transactions contemplated by this Agreement. The Party making a request under this Section shall pay all reasonable costs and expenses incurred by the other Party in complying with any such request. Neither Party shall unreasonably withhold, condition or delay its compliance with any reasonable request made pursuant to this Section. In the event of a termination of this Agreement for any reason, Buyer agrees to execute any documents as may be required by NSTAR to cease its receipt of Net Metering Credits from Seller so that Seller shall then be the recipient of such Net Metering Credits. No Party shall be required to execute, acknowledge and deliver any document which such Party reasonably believes is contrary to Applicable Legal Requirements.

11.10 Good Faith. All rights, duties and obligations established by this Agreement shall be exercised in good faith and in a commercially reasonable manner.

11.11 Survival. The provisions of Article I, Sections 3.1(Title), 4.5 (Energy and Environmental Attributes), 5.3 (Records and Audits), 5.4 (Dispute), 8.3(b) (Termination for Default), 9.1(Remedies), 9.2 (Limitation of Liability), and 9.3 (Waivers), and Article 11 (Miscellaneous), shall survive the expiration or earlier termination of this Agreement.

11.12 Change in Law.

a. Upon any Change in Applicable Legal Requirements that materially and adversely affects Seller's ownership, operation or maintenance of the Project, or the value (or Buyer's ability to make use of) the Net Metering Credits, the Parties shall negotiate in good faith for a period of up to ninety (90) days to explore the possibility of amending this Agreement in order to mitigate if not avoid such material and adverse effects. If at the end of such ninety (90) day period the Parties are unable to do so, the affected Party shall have the right to terminate this Agreement. Upon termination of this Agreement pursuant to this Section 11.2, (i) neither Party shall have any obligation or financial liability to the other Party as a result of such termination, and (ii) Seller shall be permitted to sell, free and clear of any claim by Buyer, any Net Metering Credits contemplated under this Agreement to any third party.

11.13 Net Metering Program Cancellation. In addition to any other termination rights in this Agreement, upon a Net Metering Program Cancellation that invalidates this Agreement going forward, either Party shall have the right to terminate this Agreement upon seven days prior notice to the other Party, in which event:

- i. Seller shall have no further obligation to allocate Net Metering Credits to Buyer;
- ii. Buyer shall have no further obligation to accept the allocation of Net Metering Credits from Seller; and
- iii. neither Party shall be obligated to make any payment to other Party under this Agreement, except for payments for obligations arising or accruing prior to the effective date of termination (which shall include the obligation to pay the Price for all Net Metering Credits that are allocated to Buyer).

11.14 No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the Parties hereto. Notwithstanding anything to the contrary in this Agreement, there are no third party beneficiaries to this Agreement.

11.15 Obligations of Buyer. Notwithstanding anything to the contrary in the Agreement, any requirement that Buyer execute documents or instruments subsequent to the execution of the Agreement shall not require Buyer to execute any document or instruments which are contrary to Applicable Legal Requirements or which may increase Buyer's risk or obligations under the Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement under seal as of the Effective Date.

SELLER:

ENFINITY SPV HOLDINGS, INC.

By: _____

Name: _____

Title: _____

BUYER:

Town of Medway by its
Board of Selectmen

Date: _____

Approved as to availability of funds:

Town Accountant

Approved as to form:


Town Counsel

List of Exhibits to Agreement

Exhibit A – Buyer’s Designation of Customer Accounts

Exhibit B – Seller’s Payment Account Information

Exhibit C – Seller’s Estimated Annual Production

Exhibit A

BUYER'S DESIGNATION OF CUSTOMER ACCOUNTS

[To be provided by Buyer prior to date of Commercial Operations]

Exhibit B

SELLER'S PAYMENT ACCOUNT INFORMATION

[To be provided by Seller prior to date of Commercial Operations]

Exhibit C

SELLER'S ESTIMATED ANNUAL PRODUCTION

[To be provided by Seller prior to date of Commercial Operations]

AGENDA

ITEM #2

**Presentation – FY13 Financial
Statements – Melanson and
Heath**

Associated back up materials attached.

- Audit report

TOWN OF MEDWAY, MASSACHUSETTS

Annual Financial Statements

For the Year Ended June 30, 2013

Town of Medway, Massachusetts

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MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Medway, 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 Medway, Massachusetts, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and

fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 of Medway, Massachusetts, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Melanson, Heath + Company P.C.

Andover, Massachusetts
November 15, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Medway, we offer readers this narrative overview and analysis of the financial activities of the Town of Medway for the fiscal year ended June 30, 2013.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to 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 our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets and liabilities, 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 is improving or deteriorating.

The Statement of Activities presents information showing how the Town'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 vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (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 include general government, public safety, education, public works, health and human services, and culture and recreation. The business-type activities include water, ambulance service, sewer, and solid waste collection activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for water, ambulance, sewer, and solid waste collection operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, ambulance, sewer and solid waste funds, which are considered to be major funds.

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 statements 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 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary infor-

mation which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$117,129,863 (i.e., net position), a change of \$5,800,784 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$22,095,590, a change of \$5,582,802 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,601,844, a change of \$(84,837) in comparison to the prior year.
- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$41,072,106, a change of \$8,281,980 in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	<u>NET POSITION</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 28,715	\$ 27,586	\$ 5,724	\$ 6,031	\$ 34,439	\$ 33,617
Capital assets	<u>109,832</u>	<u>99,842</u>	<u>35,566</u>	<u>34,020</u>	<u>145,398</u>	<u>133,862</u>
Total assets	138,547	127,428	41,290	40,051	179,837	167,479
Long-term liabilities outstanding	44,203	33,238	9,144	9,760	53,347	42,998
Other liabilities	<u>7,863</u>	<u>12,112</u>	<u>1,497</u>	<u>1,040</u>	<u>9,360</u>	<u>13,152</u>
Total liabilities	52,066	45,350	10,641	10,800	62,707	56,150
Net position:						
Net investment in capital assets	82,005	76,306	26,336	26,110	108,341	102,416
Restricted	6,833	7,098	-	-	6,833	7,098
Unrestricted	<u>(2,357)</u>	<u>(1,326)</u>	<u>4,313</u>	<u>3,141</u>	<u>1,956</u>	<u>1,815</u>
Total net position	<u>\$ 86,481</u>	<u>\$ 82,078</u>	<u>\$ 30,649</u>	<u>\$ 29,251</u>	<u>\$ 117,130</u>	<u>\$ 111,329</u>

CHANGES IN NET ASSETS

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,515	\$ 2,495	\$ 5,934	\$ 4,520	\$ 8,449	\$ 7,015
Operating grants and contributions	18,298	17,713	-	-	18,298	17,713
Capital grants and contributions	5,945	3,641	-	-	5,945	3,641
General revenues:						
Property taxes	30,384	28,755	-	-	30,384	28,755
Excises	1,616	1,506	-	-	1,616	1,506
Penalties and interest on taxes	218	308	-	-	218	308
Grants and contributions not restricted to specific programs	1,120	1,038	-	-	1,120	1,038
Investment income	153	99	22	20	175	119
Other	207	494	6	34	213	528
	<u>60,456</u>	<u>56,049</u>	<u>5,962</u>	<u>4,574</u>	<u>66,418</u>	<u>60,623</u>
Total revenues						
Expenses:						
General government	2,729	2,739	-	-	2,729	2,739
Public safety	3,302	3,035	-	-	3,302	3,035
Education	37,723	36,309	-	-	37,723	36,309
Public works	3,332	2,491	-	-	3,332	2,491
Human services	421	437	-	-	421	437
Culture and recreation	1,065	470	-	-	1,065	470
Employee benefits	6,226	6,449	-	-	6,226	6,449
Interest on long-term debt	890	790	-	-	890	790
Intergovernmental	732	657	-	-	732	657
Water	-	-	1,616	2,364	1,616	2,364
Ambulance	-	-	197	258	197	258
Sewer operations	-	-	1,051	843	1,051	843
Solid waste	-	-	1,323	1,205	1,323	1,205
	<u>56,420</u>	<u>53,377</u>	<u>4,187</u>	<u>4,670</u>	<u>60,607</u>	<u>58,047</u>
Total expenses						
Change in net position before transfers	4,036	2,672	1,775	(96)	5,811	2,576
Transfers in (out)	367	244	(377)	(307)	(10)	(63)
Change in net position	4,403	2,916	1,398	(403)	5,801	2,513
Net position - beginning of year (as restated)	82,078	79,162	29,251	29,654	111,329	108,816
Net position - end of year	<u>\$ 86,481</u>	<u>\$ 82,078</u>	<u>\$ 30,649</u>	<u>\$ 29,251</u>	<u>\$ 117,130</u>	<u>\$ 111,329</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$117,129,863, a change of \$5,800,784 from the prior year.

The largest portion of net position \$108,341,167 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that 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 portion of net position \$6,832,909 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$1,955,787 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities for the year resulted in a change in net position of \$4,402,801. Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ 679,920
Community preservation surplus - operating results	656,796
Middle school renovation - accrual basis	5,944,947
Nonmajor funds - accrual basis	(156,794)
Depreciation expense in excess of principal debt service	(917,372)
Other post employment benefits liability	(2,318,054)
Other GAAP accruals	<u>513,358</u>
Total	<u>\$ 4,402,801</u>

Business-type activities. Business-type activities for the year resulted in a change in net position of \$1,397,983. Key elements of this change are as follows:

Water operations	\$ 83,431
Ambulance operations	216,067
Sewer operations	1,027,663 *
Solid waste operations	<u>70,822</u>
Total	<u>\$ 1,397,983</u>

*Increase in net position due to addition of West Street betterment of \$1,357,566.

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Such information is useful in assessing 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 end of the current fiscal year, governmental funds reported combined ending fund balances of \$22,095,590, a change of \$5,582,802 in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$ 679,920
Community preservation	656,796
Middle school renovation	2,400,464
Nonmajor funds	<u>1,845,622</u>
Total	<u>\$ 5,582,802</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,601,844 while total fund balance was \$11,533,524. 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 general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/13</u>	<u>6/30/12</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 5,601,844	\$ 5,686,681 ¹	\$ (84,837)	11.6%
Total fund balance	\$ 11,533,524	\$ 10,853,604	\$ 679,920	23.8%

¹ The prior year unassigned fund balance has been adjusted to include general stabilization funds

The total fund balance of the general fund changed by \$679,920 during the current fiscal year. Key factors in this change are as follows:

Excess revenues over budget	\$ 522,807
Budgetary appropriation surplus	958,122
Shortfall of tax collections over budget	529,574
Excess of current year encumbered appropriations to be spent in the subsequent year over prior year encumbrances spent in the current year	473,409
Change in stabilization/fiscal stability	198,422
Use of free cash	(2,016,316)
Other timing issue	<u>13,902</u>
Total	<u>\$ 679,920</u>

Included in the total general fund balance are the Town's stabilization and fiscal stability accounts with the following balances:

	<u>6/30/13</u>	<u>6/30/12</u>	<u>Change</u>
General trust stabilization	\$ 1,917,715	\$ 1,912,830	\$ 4,885
General operating stabilization	833,931	1,158,876	(324,945)
Stabilization storm reserve	210,903	210,076	827
Stabilization health insurance	52,331	52,118	213
Stabilization ESCO	225,584	201,977	23,607
Stabilization OPEB	50,489	24,958	25,531
Stabilization capital improvements	450,004	-	450,004
Fiscal stability	<u>750,310</u>	<u>732,010</u>	<u>18,300</u>
Total	<u>\$ 4,491,267</u>	<u>\$ 4,292,845</u>	<u>\$ 198,422</u>

Proprietary funds. Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$4,312,909, a change of \$953,695 in comparison to the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

There were no differences between the original budget and final amended budget.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$145,397,976 (net of accumulated depreciation), a change of \$11,535,927 from the prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- \$11,044,483 – Middle school renovation construction in progress

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$41,072,106, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Medway's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Town Accountant
Town of Medway, Massachusetts
155 Village Street
Medway, Massachusetts 02053

TOWN OF MEDWAY, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Current:			
Cash and short-term investments	\$ 26,668,308	\$ 3,650,093	\$ 30,318,401
Receivables, net of allowance for uncollectibles:			
Property taxes	393,862	-	393,862
Excises	287,666	-	287,666
User fees	-	1,613,729	1,613,729
Departmental and other	25,333	-	25,333
Intergovernmental	224,000	460,086	684,086
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	1,115,538	-	1,115,538
Capital Assets:			
Land and construction in progress	42,447,947	733,791	43,181,738
Other capital assets, net of accumulated depreciation	<u>67,384,068</u>	<u>34,832,170</u>	<u>102,216,238</u>
TOTAL ASSETS	138,546,722	41,289,869	179,836,591
LIABILITIES			
Current:			
Warrants payable	496,084	42,499	538,583
Accrued liabilities	3,521,486	113,316	3,634,802
Notes payable	200,000	500,000	700,000
Notes payable - deficit financing	350,000	-	350,000
Tax refunds payable	201,000	-	201,000
Other current liabilities	348,474	17,318	365,792
Current portion of long-term liabilities:			
Bonds payable	2,675,441	819,100	3,494,541
Compensated absence	70,926	3,729	74,655
Noncurrent:			
Bonds payable, net of current portion	28,775,465	8,802,100	37,577,565
Compensated absence, net of current portion	638,331	33,567	671,898
Accrued other post-employment benefits	<u>14,789,038</u>	<u>308,854</u>	<u>15,097,892</u>
TOTAL LIABILITIES	52,066,245	10,640,483	62,706,728
NET POSITION			
Net investment in capital assets	82,004,690	26,336,477	108,341,167
Restricted for:			
Grants and other statutory restrictions	6,264,314	-	6,264,314
Permanent funds:			
Nonexpendable	110,869	-	110,869
Expendable	457,726	-	457,726
Unrestricted	<u>(2,357,122)</u>	<u>4,312,909</u>	<u>1,955,787</u>
TOTAL NET POSITION	\$ 86,480,477	\$ 30,649,386	\$ 117,129,863

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS
GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2013

	<u>General</u>	<u>Community Preservation</u>	<u>Middle School Renovation Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and short-term investments	\$ 15,769,283	\$ 4,312,277	\$ 1,079,261	\$ 5,507,487	\$ 26,668,308
Receivables:					
Property taxes	1,745,532	-	-	-	1,745,532
Excises	399,624	-	-	-	399,624
Departmental and other	678	13,363	-	30,155	44,196
Intergovernmental	24,000	-	-	200,000	224,000
TOTAL ASSETS	<u>\$ 17,939,117</u>	<u>\$ 4,325,640</u>	<u>\$ 1,079,261</u>	<u>\$ 5,737,642</u>	<u>\$ 29,081,660</u>
LIABILITIES					
Warrants payable	\$ 379,743	-	-	\$ 116,341	\$ 496,084
Accrued liabilities	3,211,499	484	-	123,962	3,335,945
Notes payable	-	-	-	200,000	200,000
Notes payable- deficit financing	350,000	-	-	-	350,000
Tax refunds payable	201,000	-	-	-	201,000
Other liabilities	252,302	-	84,119	12,053	348,474
TOTAL LIABILITIES	<u>4,394,544</u>	<u>484</u>	<u>84,119</u>	<u>452,356</u>	<u>4,931,503</u>
DEFERRED INFLOWS OF RESOURCES	2,011,049	13,363	-	30,155	2,054,567
FUND BALANCES					
Nonspendable	-	-	-	110,869	110,869
Restricted	-	4,311,793	995,142	5,489,503	10,796,438
Committed	2,768,316	-	-	-	2,768,316
Assigned	3,163,364	-	-	-	3,163,364
Unassigned	5,601,844	-	-	(345,241)	5,256,603
TOTAL FUND BALANCES	<u>11,533,524</u>	<u>4,311,793</u>	<u>995,142</u>	<u>5,255,131</u>	<u>22,095,590</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 17,939,117</u>	<u>\$ 4,325,640</u>	<u>\$ 1,079,261</u>	<u>\$ 5,737,642</u>	<u>\$ 29,081,660</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2013

Total governmental fund balances	\$ 22,095,590
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	109,832,015
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,687,612
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(185,539)
• Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(46,949,201)</u>
Net position of governmental activities	<u>\$ 86,480,477</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Community Preservation</u>	<u>Middle School Renovation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 29,787,042	\$ 587,861	\$ -	\$ -	\$ 30,374,903
Excises	1,415,995	-	-	-	1,415,995
Penalties, interest and other taxes	216,970	-	-	-	216,970
Charges for services	-	-	-	2,121,468	2,121,468
Intergovernmental	16,689,610	216,039	5,944,947	2,322,471	25,173,067
Licenses and permits	368,842	-	-	-	368,842
Fines and forfeitures	18,137	-	-	-	18,137
Investment income	80,657	71,452	-	2,185	154,294
Miscellaneous	27,827	-	-	200,579	228,406
Total Revenues	<u>48,605,080</u>	<u>875,352</u>	<u>5,944,947</u>	<u>4,646,703</u>	<u>60,072,082</u>
Expenditures:					
Current:					
General government	2,617,947	-	-	259,896	2,877,843
Public safety	3,040,789	-	-	1,066,158	4,106,947
Education	29,999,985	-	11,044,483	4,001,519	45,045,987
Public works	2,595,344	-	-	588,439	3,183,783
Health and human services	294,718	-	-	119,124	413,842
Culture and recreation	352,180	-	-	435,525	976,261
Employee benefits	5,716,725	188,556	-	-	5,716,725
Debt service	3,109,679	-	-	10,420	3,120,099
Intergovernmental	731,635	-	-	-	731,635
Total Expenditures	<u>48,459,002</u>	<u>188,556</u>	<u>11,044,483</u>	<u>6,481,081</u>	<u>66,173,122</u>
Excess (deficiency) of revenues over expenditures	146,078	686,796	(5,099,536)	(1,834,378)	(6,101,040)
Other Financing Sources (Uses):					
Bond proceeds	-	-	7,500,000	3,650,000	11,150,000
Bond premium	166,588	-	-	-	166,588
Transfers in	463,230	-	-	30,000	493,230
Transfers out	(95,976)	(30,000)	-	-	(125,976)
Total Other Financing Sources (Uses)	<u>533,842</u>	<u>(30,000)</u>	<u>7,500,000</u>	<u>3,680,000</u>	<u>11,683,842</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	679,920	656,796	2,400,464	1,845,622	5,582,802
Fund Equity, at Beginning of Year	<u>10,853,604</u>	<u>3,654,997</u>	<u>(1,405,322)</u>	<u>3,409,509</u>	<u>16,512,788</u>
Fund Equity, at End of Year	<u>\$ 11,533,524</u>	<u>\$ 4,311,793</u>	<u>\$ 985,142</u>	<u>\$ 5,255,131</u>	<u>\$ 22,095,590</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 5,582,802
<ul style="list-style-type: none"> • 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: 	
Capital outlay purchases	13,167,900
Depreciation	(3,177,792)
<ul style="list-style-type: none"> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. 	
	217,313
<ul style="list-style-type: none"> • The issuance of long-term debt (e.g., bonds and leases) 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 transaction, however, has any effect on net position: 	
Repayments of debt	2,260,420
Issuance of new debt	(11,150,000)
<ul style="list-style-type: none"> • In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 	
	(30,715)
<ul style="list-style-type: none"> • Some expenses reported in the Statement of Activities, such as compensated absences and other post-employment benefits, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. 	
	<u>(2,467,127)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>4,402,801</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Amounts	Final Budget Positive (Negative)
Revenues and Other Sources:				
Taxes	\$ 29,257,468	\$ 29,257,468	\$ 29,257,468	\$ -
Excises	1,309,692	1,309,692	1,415,995	106,303
Penalties, interest and other taxes	99,000	99,000	216,970	117,970
Intergovernmental	11,154,467	11,154,467	11,275,003	120,536
Licenses and permits	262,000	262,000	368,842	106,842
Fines and forfeits	20,000	20,000	18,137	(1,863)
Investment income	140,000	140,000	68,604	(71,396)
Miscellaneous	50,000	50,000	27,827	(22,173)
Transfer in	543,230	543,230	543,230	-
Use of free cash	2,016,316	2,016,316	2,016,316	-
Bond premium	-	-	166,588	166,588
Total Revenues and Other Sources	44,852,173	44,852,173	45,374,980	522,807
Expenditures and Other Uses:				
General government	2,979,189	2,979,189	2,802,878	176,311
Public safety	3,153,684	3,153,684	3,085,398	68,286
Education	24,715,460	24,715,460	24,706,162	9,298
Public works	2,655,038	2,655,038	2,649,621	5,417
Health and human services	304,066	304,066	294,718	9,348
Culture and recreation	431,927	431,927	427,401	4,526
Debt service	3,256,571	3,256,571	3,155,655	100,916
Intergovernmental	699,055	699,055	731,635	(32,580)
Employee benefits	6,330,793	6,330,793	5,714,193	616,600
Transfers out	316,369	316,369	316,369	-
Tax title	10,000	10,000	10,000	-
Other uses	21	21	21	-
Total Expenditures and Other Uses	44,852,173	44,852,173	43,894,051	958,122
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 1,480,929	\$ 1,480,929

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2013

	Business-Type Activities Enterprise Fund				Total
	Water Fund	Ambulance Fund	Sewer Fund	Solid Waste Fund	
ASSETS					
Current:					
Cash and short-term investments	\$ 1,394,365	\$ 288,676	\$ 879,205	\$ 1,087,847	\$ 3,650,093
User fees, net of allowance for uncollectibles	350,019	79,043	942,989	241,678	1,613,729
Intergovernmental	460,086	-	-	-	460,086
Total current assets	2,204,470	367,719	1,822,194	1,329,525	5,723,908
Noncurrent:					
Capital assets					
Land and construction in progress	651,109	-	82,682	-	733,791
Other capital assets, net of accumulated depreciation	21,617,575	264,257	12,950,338	-	34,832,170
Total noncurrent assets	22,268,684	264,257	13,033,020	-	35,565,961
TOTAL ASSETS	24,473,154	631,976	14,855,214	1,329,525	41,289,869
LIABILITIES					
Current:					
Warrants payable	27,215	12,014	708	2,562	42,499
Accrued liabilities	65,654	11,586	23,833	12,243	113,316
Notes payable	500,000	-	-	-	500,000
Other liabilities	17,318	-	-	-	17,318
Current portion of long-term liabilities:					
Bonds payable	565,000	30,000	224,100	-	819,100
Compensated absences	2,761	559	-	409	3,729
Total current liabilities	1,177,948	54,159	248,641	15,214	1,495,962
Noncurrent:					
Bonds payable, net of current portion	6,305,000	150,000	2,347,100	-	8,802,100
Compensated absences, net of current portion	24,851	5,035	-	3,681	33,567
Accrued other post-employment benefits	213,680	-	-	95,174	308,854
Total noncurrent liabilities	6,543,531	155,035	2,347,100	98,855	9,144,521
TOTAL LIABILITIES	7,721,479	209,194	2,595,741	114,069	10,640,483
NET POSITION					
Net investment in capital assets	15,556,859	84,257	10,695,361	-	26,336,477
Unrestricted	1,194,816	338,525	1,564,112	1,215,456	4,312,909
TOTAL NET POSITION	<u>\$ 16,751,675</u>	<u>\$ 422,782</u>	<u>\$ 12,259,473</u>	<u>\$ 1,215,456</u>	<u>\$ 30,649,386</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities Enterprise Fund				Total
	Water Fund	Ambulance Fund	Sewer Fund	Solid Waste Fund	
Operating Revenues:					
Charges for services	\$ 1,900,197	\$ 440,030	\$ 2,100,537	\$ 1,493,562	\$ 5,934,326
Other	<u>5,945</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>6,070</u>
Total Operating Revenues	1,906,142	440,030	2,100,537	1,493,687	5,940,396
Operating Expenses:					
Operating expenses	780,301	163,189	613,113	1,323,207	2,879,810
Depreciation	<u>614,679</u>	<u>27,115</u>	<u>351,525</u>	<u>-</u>	<u>993,319</u>
Total Operating Expenses	<u>1,394,980</u>	<u>190,304</u>	<u>964,638</u>	<u>1,323,207</u>	<u>3,873,129</u>
Operating Income (Loss)	511,162	249,726	1,135,899	170,480	2,067,267
Nonoperating Revenues (Expenses):					
Investment income	18,103	-	3,768	-	21,871
Interest expense	<u>(220,767)</u>	<u>(6,460)</u>	<u>(86,674)</u>	<u>-</u>	<u>(313,901)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(202,664)</u>	<u>(6,460)</u>	<u>(82,906)</u>	<u>-</u>	<u>(292,030)</u>
Income (Loss) Before Transfers	308,498	243,266	1,052,993	170,480	1,775,237
Transfers:					
Transfers in	-	40,000	45,976	-	85,976
Transfers out	<u>(225,067)</u>	<u>(67,199)</u>	<u>(71,306)</u>	<u>(99,658)</u>	<u>(463,230)</u>
Change in Net Position	83,431	216,067	1,027,663	70,822	1,397,983
Net Position at Beginning of Year, as restated	<u>16,668,244</u>	<u>206,715</u>	<u>11,231,810</u>	<u>1,144,634</u>	<u>29,251,403</u>
Net Position at End of Year	<u>\$ 16,751,675</u>	<u>\$ 422,782</u>	<u>\$ 12,259,473</u>	<u>\$ 1,215,456</u>	<u>\$ 30,649,386</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Ambulance Fund	Sewer Fund	Solid Waste Fund	
<u>Cash Flows From Operating Activities:</u>					
Receipts from customers and users	\$ 1,501,395	\$ 430,177	\$ 1,301,805	\$ 1,488,524	\$ 4,721,901
Payments to vendors and employees	<u>(831,661)</u>	<u>(164,308)</u>	<u>(613,754)</u>	<u>(1,321,556)</u>	<u>(2,931,279)</u>
Net Cash Provided By Operating Activities	669,734	265,869	688,051	166,968	1,790,622
<u>Cash Flows From Noncapital Financing Activities:</u>					
Transfers in	-	40,000	45,976	-	85,976
Transfers out	<u>(225,067)</u>	<u>(67,199)</u>	<u>(71,306)</u>	<u>(99,658)</u>	<u>(463,230)</u>
Net Cash (Used For) Noncapital Financing Activities	(225,067)	(27,199)	(25,330)	(99,658)	(377,254)
<u>Cash Flows From Capital and Related Financing Activities:</u>					
Acquisition and construction of capital assets	(2,327,015)	(198,331)	(13,792)	-	(2,539,138)
Principal payments on bonds and notes	(565,000)	(38,000)	(4,600)	-	(607,600)
Proceeds of notes payable	500,000	-	-	-	500,000
Interest expense	<u>(220,766)</u>	<u>(6,460)</u>	<u>(86,674)</u>	<u>-</u>	<u>(313,900)</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	(2,612,781)	(242,791)	(105,066)	-	(2,960,638)
<u>Cash Flows From Investing Activities:</u>					
Investment income	<u>18,102</u>	<u>-</u>	<u>3,768</u>	<u>-</u>	<u>21,870</u>
Net Cash Provided By Investing Activities	<u>18,102</u>	<u>-</u>	<u>3,768</u>	<u>-</u>	<u>21,870</u>
Net Change in Cash and Short-Term Investments	(2,150,012)	(4,121)	561,423	67,310	(1,525,400)
Cash and Short-Term Investments, Beginning of Year	<u>3,544,377</u>	<u>292,797</u>	<u>317,782</u>	<u>1,020,537</u>	<u>5,175,493</u>
Cash and Short-Term Investments, End of Year	<u>\$ 1,394,365</u>	<u>\$ 288,676</u>	<u>\$ 879,205</u>	<u>\$ 1,087,847</u>	<u>\$ 3,650,093</u>
<u>Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:</u>					
Operating income (loss)	\$ 511,162	\$ 249,726	\$ 1,135,899	\$ 170,480	\$ 2,067,267
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	614,679	27,115	351,525	-	993,319
Changes in assets and liabilities:					
Receivables	55,339	(9,853)	(798,732)	(5,163)	(758,409)
Due from other governments	(460,086)	-	-	-	(460,086)
Warrants and accounts payable	(33,022)	(5,074)	515	(3,604)	(41,185)
Other liabilities	(10,613)	-	(1,156)	5,255	(6,514)
Accrued liabilities	<u>(7,725)</u>	<u>3,955</u>	<u>-</u>	<u>-</u>	<u>(3,770)</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 669,734</u>	<u>\$ 265,869</u>	<u>\$ 688,051</u>	<u>\$ 166,968</u>	<u>\$ 1,790,622</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2013

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and short-term investments	\$ 875,305	\$ 814,261
Receivable	-	21,225
Other Assets	-	<u>20,000</u>
Total Assets	875,305	855,486
 <u>LIABILITIES AND NET POSITION</u>		
Accounts payable	-	61,285
Escrow deposits	-	778,142
Other liabilities	-	<u>16,059</u>
Total Liabilities	<u>-</u>	<u>855,486</u>
 <u>NET POSITION</u>		
Total net position held in trust	\$ <u>875,305</u>	\$ <u>-</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Private Purpose Trust Funds</u>
Additions:	
Contributions	\$ 1,096
Investment income	4,031
Miscellaneous	<u>48,427</u>
Total additions	53,554
Deductions:	
Education	<u>71,100</u>
Total deductions	<u>71,100</u>
Net increase	(17,546)
Net position:	
Beginning of year	<u>892,851</u>
End of year	<u>\$ 875,305</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Medway (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectman. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2013, it was determined that no entities met the required GASB 39 criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide 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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental

funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both 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. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *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.
- The *Community Preservation Fund* accounts for funds used for the acquisition, creation, and preservation of open space, historic resources, and community housing.

- The *Middle School Renovation Fund* accounts for funds used in the renovation of the Middle School.

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 of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The government reports the following major proprietary funds:

- Water operations
- Ambulance services
- Sewer operations
- Solid waste collection fund

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

E. Property Tax Limitations

Legislation known as "Proposition 2½" has limited the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override is voted. The actual fiscal year 2013 tax levy reflected an excess capacity of \$57,564.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Roads and improvements	20
Infrastructure	30-75
Vehicles	5
Office equipment	5
Computer equipment	5

G. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

H. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

I. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Town's fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e., inventory or prepaid items) or can never be spent (i.e., perpetual care).
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., Town Meeting).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance (free cash) voted to be used in the subsequent fiscal year.
- 5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

J. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

2. **Stewardship, Compliance, and Accountability**

A. Budgetary Information

At the annual town meeting, the Finance Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Proprietary Funds.

Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

B. Budgetary Basis

The general fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the general and proprietary funds is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 48,605,080	\$ 48,459,002
Other financing sources/uses (GAAP basis)	<u>629,818</u>	<u>95,976</u>
Subtotal (GAAP Basis)	49,234,898	48,554,978
Adjust tax revenue to accrual basis	(529,574)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(782,252)
Add end-of-year appropriation carryforwards from expenditures	-	1,255,661
To record use of free cash	2,016,316	-
To reverse the effect of non-budgeted State contributions for teachers retirement	(5,414,607)	(5,414,607)
To remove stabilization fund	67,947	266,369
Other timing issue	<u>-</u>	<u>13,902</u>
Budgetary basis	<u>\$ 45,374,980</u>	<u>\$ 43,894,051</u>

D. Deficit Fund Equity

The following funds had deficits as of June 30, 2013:

Title I	\$ (1,564)
SPED 94-142	(30,207)
Title II teacher quality	(3,344)
SPED program improvement	(1,078)
MA DEP watershed	(55,401)
State 911 support incentive grant	(30,781)
COA transportation	(3,020)
Rt 109 earmark	(167,782)
Water conservation	(9,458)
Green communities	(39,613)
Academic support	(706)
HS Construction A1 & A2	(2,287)
	<u>\$ (345,241)</u>

The Town's special revenue and capital project funds reflect various individual deficit fund balance accounts which will be funded by future departmental revenues, bond proceeds, and transfers from other funds.

3. Cash and Short-Term Investments

The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town does not have a deposit policy for custodial credit risk.

The Town did not have any bank balances that were exposed to custodial credit risk as uninsured, uncollateralized, and collateral held by pledging bank's trust department not in the Town's name.

4. Taxes Receivable

Real estate and personal property taxes are levied and based on values assessed on January 1 of every year. Assessed values are established by the

Board of Assessor's for 100% of the estimated fair market value. Taxes are due on a quarterly basis and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to.

Fourteen days after the due date for the final tax bill for real estate taxes, a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent, the tax collector may proceed to file a lien against the delinquent taxpayers' property. The Town has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

Taxes receivable at June 30, 2013 consist of the following (in thousands):

Real Estate		
2013	\$ 330	
2012	24	
2011	27	
2010	1	
2009	1	
Prior	<u>(2)</u>	
		381
Personal Property		
2013	4	
2012	3	
2011	2	
2010	3	
2009	2	
Prior	<u>13</u>	
		27
Tax Liens		1,239
Deferred Taxes		<u>98</u>
Total		<u>\$ 1,745</u>

5. Allowance for Doubtful Accounts

The receivables reported in the accompanying entity-wide financial statements reflect the following estimated allowances for doubtful accounts (in thousands):

	<u>Governmental</u>	<u>Business-Type</u>
Property taxes	\$ 236	\$ -
Excises	\$ 112	\$ -
Utilities	\$ -	\$ 577
Other	\$ 19	\$ -

6. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2013.

7. Interfund Fund Receivables/Payables

Transfers between Governmental and Business-Type Activities do not offset by \$10,000. This is due to a transfer between the Agency funds and Governmental funds.

8. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 84,098	\$ 475	\$ -	\$ 84,573
Machinery, equipment, and furnishings	8,507	1,272	-	9,779
Infrastructure	<u>28,191</u>	<u>57</u>	<u>-</u>	<u>28,248</u>
Total capital assets, being depreciated	120,796	1,804	-	122,600
Less accumulated depreciation for:				
Buildings and improvements	(24,995)	(2,014)	-	(27,009)
Machinery, equipment, and furnishings	(6,610)	(463)	-	(7,073)
Infrastructure	<u>(20,433)</u>	<u>(701)</u>	<u>-</u>	<u>(21,134)</u>
Total accumulated depreciation	<u>(52,038)</u>	<u>(3,178)</u>	<u>-</u>	<u>(55,216)</u>
Total capital assets, being depreciated, net	68,758	(1,374)	-	67,384
Capital assets, not being depreciated:				
Land	21,228	-	-	21,228
Construction in progress	<u>9,856</u>	<u>11,364</u>	<u>-</u>	<u>21,220</u>
Total capital assets, not being depreciated	<u>31,084</u>	<u>11,364</u>	<u>-</u>	<u>42,448</u>
Governmental activities capital assets, net	<u>\$ 99,842</u>	<u>\$ 9,990</u>	<u>\$ -</u>	<u>\$ 109,832</u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 14	\$ -	\$ -	\$ 14
Machinery, equipment, and furnishings	1,926	239	-	2,165
Infrastructure	<u>49,445</u>	<u>5,109</u>	-	<u>54,554</u>
Total capital assets, being depreciated	51,385	5,348	-	56,733
Less accumulated depreciation for:				
Buildings and improvements	(14)	-	-	(14)
Machinery, equipment, and furnishings	(748)	(124)	-	(872)
Infrastructure	<u>(20,146)</u>	<u>(869)</u>	-	<u>(21,015)</u>
Total accumulated depreciation	<u>(20,908)</u>	<u>(993)</u>	-	<u>(21,901)</u>
Total capital assets, being depreciated, net	<u>30,477</u>	<u>4,355</u>	-	<u>34,832</u>
Capital assets, not being depreciated:				
Land	615	-	-	615
Construction in progress	<u>2,928</u>	<u>14</u>	<u>(2,823)</u>	<u>119</u>
Total capital assets, not being depreciated	<u>3,543</u>	<u>14</u>	<u>(2,823)</u>	<u>734</u>
Business-type activities capital assets, net	<u>\$ 34,020</u>	<u>\$ 4,369</u>	<u>\$ (2,823)</u>	<u>\$ 35,566</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

Governmental Activities:	
General government	\$ 146
Public safety	209
Education	1,874
Public works	857
Culture and recreation	<u>92</u>
Total depreciation expense - governmental activities	<u>\$ 3,178</u>
Business-Type Activities:	
Water	\$ 615
Ambulance	27
Sewer	<u>351</u>
Total depreciation expense - business-type activities	<u>\$ 993</u>

9. Warrants and Accounts Payable

Warrants payable represent 2013 expenditures paid by July 15, 2013. Accounts payable represent additional 2013 expenditures paid after July 15, 2013.

10. Anticipation Notes Payable

The Town had the following notes outstanding at June 30, 2013:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/13</u>
State qualified note	0.60%	06/01/13	06/01/14	\$ 350,000
MWPAT CW11-20	0.15%	04/15/12	04/15/13	500,000
MWPAT T5 97-1086-C	0.00%	12/12/12	12/12/15	<u>200,000</u>
Total				<u>\$ 1,050,000</u>

The following summarizes activity in notes payable during fiscal year 2013:

	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
Middle school	\$ 4,000,000	\$ -	\$ (4,000,000)	\$ -
State qualified - deficit financing	700,000	-	(350,000)	350,000
MWPAT CW11-20	500,000	-	-	500,000
MWPAT T5 97-1086-C	-	<u>200,000</u>	-	<u>200,000</u>
Total	<u>\$ 5,200,000</u>	<u>\$ 200,000</u>	<u>\$ (4,350,000)</u>	<u>\$ 1,050,000</u>

11. Long-Term Debt

A. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/13</u>
MWPAT (Title V Septic Mgmt.)	08/01/18	0.00%	\$ 39,932
Multipurpose	03/01/16	4.28%	465,000
Multipurpose	04/15/22	3.73%	1,550,000
MWPAT (Title V Septic Mgmt.)	08/01/23	0.00%	40,974
Multipurpose	11/15/25	4.00%	7,805,000
Multipurpose	10/15/29	2.92%	865,000
FY2011 refunding	06/15/16	1.29%	485,000
Surface refunding	08/15/23	2.54%	110,000
Town hall remodeling	08/15/20	2.28%	120,000
Energy conservation	08/15/29	3.00%	3,380,000
Public way	08/15/15	2.07%	360,000
Police communication	08/15/15	2.07%	165,000
Architectural services	08/15/15	2.07%	150,000
General obligation	02/15/32	2.02%	4,765,000
General obligation	09/15/32	1.98%	4,900,000
Multipurpose	05/15/33	2.22%	<u>6,250,000</u>
Total Governmental Activities:			\$ <u>31,450,906</u>

<u>Business-Type Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/13</u>
Water corrosion control	03/01/16	4.28%	\$ 180,000
Water well	10/15/29	3.18%	1,470,000
Water well	10/15/29	3.15%	465,000
Water equipment	10/15/17	2.18%	125,000
Meters	10/16/19	2.45%	740,000
Water storage tank	08/15/29	2.99%	670,000
Well	08/15/29	2.97%	490,000
Water meters	08/15/15	2.07%	30,000
Water	02/15/32	2.02%	2,700,000
Sewer projects	01/30/14	5.00%	34,000
Sewer projects	10/07/14	5.00%	48,200
Sewer projects	04/21/17	5.00%	24,000
Sewer projects	10/15/29	3.17%	1,410,000
Sewer projects	08/15/29	3.01%	850,000
Sewer engineering services	02/15/32	2.02%	5,000
General Obligation	09/15/33	1.98%	200,000
General Obligation	09/15/33	1.98%	<u>180,000</u>
Total Business-Type Activities:			\$ <u>9,621,200</u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2013 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,675,441	\$ 941,048	\$ 3,616,489
2015	2,570,494	856,735	3,427,229
2016	2,465,494	769,806	3,235,300
2017	1,955,494	691,783	2,647,277
2018	1,950,494	634,010	2,584,504
2019 - 2023	9,254,890	2,246,639	11,501,529
2024 - 2028	6,633,599	1,013,705	7,647,304
2029 - 2033	3,945,000	285,301	4,230,301
Total	\$ 31,450,906	\$ 7,439,027	\$ 38,889,933

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 819,100	\$ 295,039	\$ 1,114,139
2015	775,100	268,534	1,043,634
2016	746,000	244,235	990,235
2017	671,000	222,401	893,401
2018	655,000	203,551	858,551
2019 - 2023	2,645,000	736,179	3,381,179
2024 - 2028	2,190,000	371,134	2,561,134
2029 - 2032	1,120,000	57,157	1,177,157
Total	\$ 9,621,200	\$ 2,398,230	\$ 12,019,430

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2013, the following changes occurred in long-term liabilities (in thousands):

	<u>Total</u>			<u>Total</u>			<u>Equals</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Less</u>	<u>Long-Term</u>	
	<u>7/1/12</u>			<u>6/30/13</u>	<u>Current</u>	<u>Portion</u>	<u>6/30/13</u>
<u>Governmental Activities</u>							
Bonds payable	\$ 22,561	\$ 11,150	\$ (2,260)	\$ 31,451	\$ (2,675)	\$	\$ 28,776
Other:							
Compensated absences	560	149	-	709	(71)		638
Accrued other post-employment benefits	12,471	2,318	-	14,789	-		14,789
Totals	\$ 35,592	\$ 13,617	\$ (2,260)	\$ 46,949	\$ (2,746)	\$	\$ 44,203
<u>Business-Type Activities</u>							
Bonds payable	\$ 10,229	\$ 200	\$ (808)	\$ 9,621	\$ (819)	\$	\$ 8,802
Other:							
Compensated absences	29	-	8	37	(4)		33
Accrued other post-employment benefits	275	34	-	309	-		309
Totals	\$ 10,533	\$ 234	\$ (800)	\$ 9,967	\$ (823)	\$	\$ 9,144

12. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflow of resources balances as of June 30, 2013:

	<u>General Fund</u>	<u>Community Preservation</u>	<u>Nonmajor Governmental Funds</u>
Deferred Revenues	\$ 2,011,049	\$ 13,363	\$ 30,155

13. Restricted Net Position

The accompanying entity-wide financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.

Permanent fund restricted net position is segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

14. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2013:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes

general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

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. This fund balance classification includes special article appropriations approved at Town Meeting and various special revenue funds.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned - Represents amounts that are available to be spent in future periods.

Following is a breakdown of the Town's fund balances at June 30, 2013:

	General Fund	Community Preservation	Middle School Renovation Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Nonexpendable permanent funds	\$ -	\$ -	\$ -	\$ 110,869	\$ 110,869
Total Nonspendable	-	-	-	110,869	110,869
Restricted					
Bonded projects	-	-	995,142	2,630,726	3,625,868
Special revenue funds	-	4,311,793	-	2,295,475	6,607,268
Expendable permanent funds	-	-	-	563,302	563,302
Total Restricted	-	4,311,793	995,142	5,489,503	10,796,438
Committed					
Reserve for continuing appropriations	1,028,695	-	-	-	1,028,695
Stabilization storm reserve	210,903	-	-	-	210,903
Stabilization health insurance	52,331	-	-	-	52,331
Stabilization ESCO	225,584	-	-	-	225,584
Stabilization OPEB	50,489	-	-	-	50,489
Stabilization capital improvements	450,004	-	-	-	450,004
Fiscal stability	750,310	-	-	-	750,310
Total Committed	2,768,316	-	-	-	2,768,316
Assigned					
Encumbrances	227,966	-	-	-	227,966
Reserve for excluded debt	497,134	-	-	-	497,134
Reserve for debt service	937,625	-	-	-	937,625
Reserved for expenditures	1,500,639	-	-	-	1,500,639
Total Assigned	3,163,364	-	-	-	3,163,364
Unassigned					
Special revenue	-	-	-	(342,954)	(342,954)
Capital projects	-	-	-	(2,287)	(2,287)
General trust stabilization	1,917,715	-	-	-	1,917,715
General operating stabilization	833,931	-	-	-	833,931
General fund	2,850,198	-	-	-	2,850,198
Total Unassigned	5,601,844	-	-	(345,241)	5,256,603
Total Fund Balance	\$ 11,533,524	\$ 4,311,793	\$ 995,142	\$ 5,255,131	\$ 22,095,590

15. General Fund Unassigned Fund Balance

The unassigned general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in certain respects from the Massachusetts Uniform Municipal Accounting System (UMAS). The following paragraphs summarize the major differences.

The accompanying financial statements include an estimate for future potential tax refunds, which is not recognized under UMAS.

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting the general fund unassigned fund balance:

GAAP basis balance	\$ 5,601,844
Stabilization fund	(2,751,646)
Tax refund estimate	<u>201,000</u>
Statutory (UMAS) Balance	<u>\$ 3,051,198</u>

16. Subsequent Events

Debt

Subsequent to June 30, 2013, the Town has incurred the following additional debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Capital lease	\$ 132,948	3.25%	07/24/13	07/01/17

17. Commitments and Contingencies

Outstanding Legal Issues - There are several pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

18. Post-Employment Healthcare and Life Insurance Benefits

Other Post-Employment Benefits

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

A. Plan Description

In addition to providing the pension benefits described, the Town provides post-employment healthcare and life insurance benefits for retired employees through the Town's plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of June 30, 2011, the actuarial valuation date, approximately 198 retirees and 302 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Town provides medical, prescription drug, mental health/substance abuse, and life insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

C. Funding Policy

Retirees contribute 50% of the cost of the health plan, as determined by the Town. The Town contributes the remainder of the health plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2013 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2013, the amount actually contributed to the

plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of June 30, 2011.

Annual Required Contribution (ARC)	\$ 3,443,571
Interest on net OPEB obligation	573,551
Adjustment to ARC	<u>(765,538)</u>
Annual OPEB cost	3,251,584
Contributions made	<u>(899,177)</u>
Increase in net OPEB obligation	2,352,407
Net OPEB obligation - beginning of year	<u>12,745,485</u>
Net OPEB obligation - end of year	<u><u>\$ 15,097,892</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 3,251,584	0%	\$ 15,097,892
2012	\$ 3,097,609	26%	\$ 12,745,485
2011	\$ 2,747,805	32%	\$ 10,446,200

The Town's net OPEB obligation as of June 30, 2013 is recorded as a component of the "other long-term liabilities" line item.

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 31,351,424
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 31,351,424</u></u>
Funded ratio (actuarial value of plan assets/AAL)	<u><u>0%</u></u>
Covered payroll (active plan members)	<u><u>\$ N/A</u></u>
UAAL as a percentage of covered payroll	<u><u>N/A</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future

employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the Town has not advanced funded its obligation. The actuarial assumptions included a 4.5% investment rate of return and an initial annual healthcare cost trend rate of 9%, which decreases to a 5% long-term rate for all healthcare benefits after ten years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis.

19. Pension Plan

The Town follows the provisions of GASB Statement No. 27, (as amended by GASB 50) *Accounting for Pensions for State and Local Government Employees*, with respect to the employees' retirement funds. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan, and the State legislature has the authority to grant cost-of-living increases. The System issues a publicly available financial report which can be obtained through the Norfolk County Retirement System at 480 Neponset Street, Building 15, Canton, Massachusetts 02021.

A. Plan Description

The Town contributes to the Norfolk County Retirement System (the System), a cost-sharing multiple-employer, defined benefit pension plan administered by a county retirement board. The System provides retirement, disability, and death benefits to plan members and beneficiaries.

Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan and grant cost-of-living increases. The System issues a publicly available financial report that can be obtained through the Norfolk County Retirement System at 480 Neponset Street, Building 15, Canton, Massachusetts 02021.

B. Funding Policy

Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the remaining system-wide actuarially determined contribution plus administration costs which are apportioned among the employers based on active covered payroll. The contributions of plan members and the Town are governed by Chapter 32 of the Massachusetts General Laws. The Town's contributions to the System for the years ended June 30, 2013, 2012, and 2011 were \$1,284,822, \$1,224,201, and \$1,184,901, respectively, which were equal to its annual required contributions for each of these years.

C. Massachusetts Teacher Retirement System (MTRS) - Plan Description

As required by State Statutes, teachers of the Town are covered by the Massachusetts Teachers Retirement System (MTRS). The MTRS is funded by contributions from covered employees and the Commonwealth of Massachusetts. The MTRS was established under Chapter 15, Section 16 of the Massachusetts General Laws, however, Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan, and the State legislature has the authority to grant cost-of-living increases. The Town is not required to contribute.

All persons employed on at least a half-time basis, who are covered under a contractual agreement requiring certification by the Board of Education are eligible and must participate in the MTRS.

Based on the Commonwealth of Massachusetts' retirement laws, employees covered by the pension plan must contribute a percentage of gross earnings into the pension fund. The percentage is determined by the participant's date of entry into the system and gross earnings, up to \$30,000, as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
July 1, 1996 - June 30, 2001	9%
Beginning July 1, 2001	11%

*Effective January 1, 1990, all participants hired after January 1, 1979, who have not elected to increase to 11%, contribute an additional 2% of salary in excess of \$30,000.

In fiscal year 2013, the Commonwealth of Massachusetts contributed \$5,414,607 to the MTRS on behalf of the Town. This is included in the education expenditures and intergovernmental revenues in the general fund.

20. Risk Management

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. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

21. Beginning Fund Balance Reclassification

The Town's major governmental funds for fiscal year 2013, as defined by GASB Statement 34, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

	Fund Equity 6/30/12 (as previously reported)	Reclassification <u>Debt Service</u>	Fund Equity 6/30/12 (as restated)
Governmental	\$ 81,859,676	\$ 218,000	\$ 82,077,676
Business-Type (Ambulance)	<u>29,469,403</u>	<u>(218,000)</u>	<u>29,251,403</u>
As restated	<u>\$ 111,329,079</u>	<u>\$ -</u>	<u>\$ 111,329,079</u>

22. Implementation of New GASB Standards

The GASB has issued Statement 68 Accounting and Financial Reporting for Pensions, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the Town's basic financial statements by recognizing as a liability and expense, the Town's applicable portion of the Norfolk County Retirement System's actuarially accrued liability.

**TOWN OF MEDWAY, MASSACHUSETTS
SCHEDULE OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2013
(Unaudited)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
6/30/2007	\$ -	\$ 37,604,481	\$ 37,604,481	0%	N/A	N/A
6/30/2009	\$ -	\$ 29,616,372	\$ 29,616,372	0%	N/A	N/A
6/30/2011	\$ -	\$ 31,351,424	\$ 31,351,424	0%	N/A	N/A

**NORFOLK COUNTY RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)**

**Employees' Retirement System
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
01/01/08	\$ 596,157,147	\$ 907,719,124	\$ 311,561,977	65.7%	\$ 223,814,977	139.2%
01/01/10	\$ 600,790,835	\$ 1,001,881,055	\$ 401,090,220	60.0%	\$ 223,332,595	179.6%

See Independent Auditors' Report.

AGENDA

ITEM #3

**Authorization of Chairman to
Execute Lease for DPS Garage
Space – Julian, Inc., 305 Village
St - \$18,000**

Associated back up materials attached.

- Lease agreement

Proposed Motion: I move that the Board approve a one-year lease with Julian, Inc. in an amount not to exceed \$18,000.

LICENSE AGREEMENT

This is a LICENSE AGREEMENT by and between Julian Inc.(Julian) and THE TOWN OF MEDWAY, (the Town) DEPARTMENT OF PUBLIC SERVICES, made this day of 2014.

Now therefore this agreement witnesses, that for good and valuable consideration of the mutual covenants and agreements contained herein, the receipt and adequacy of which is hereby acknowledged, Julian and the Town hereto covenant and agree as follows:

1. The Town will rent from Julian and Julian will rent to the Town the Premises municipally known as 305 Village St., Medway, MA upon the terms and conditions of this Agreement. Upon paying the rent and observing the other obligations of Town hereunder, Town may peaceably occupy the Premises during the term of this Agreement, without disturbance by Julian or persons claiming through or under the Corporation.
2. The Town will commence rental of the Premises on the 1st day of February, 2014, and will terminate, in any event, not later than twelve months after commencement, and may be renewed for two additional twelve month periods with the mutual consent of both parties. The obligations of the Town hereunder shall be subject to appropriation on a fiscal year basis. In the absence of appropriation, this agreement shall be terminated immediately without liability of the Town for damages, lost profits, penalties, or other charges arising from early termination.
3. The Town will pay to Julian on the first (1st) day of each and every month the sum of fifteen hundred (\$1500.00) Dollars for the rental of the Premises. The Town will supply to Julian on the first (1st) day of each and every month, a check in the amount of the Rent to be delivered to Julian
4. In the event the Town's check for the Rent is returned due to insufficient funds, Julian shall charge the Town the sum of thirty (\$30.00) Dollars in addition to the monthly Rent due and owing.
5. This Agreement may be terminated by either party by written notice delivered to the other party by certified mail or in hand at any time provided, however, that in the event of any breach by the Town of this Agreement, Julian will be entitled to pursue any and all remedies provided by the laws of the applicable jurisdiction. Upon termination of this Agreement by either party, the Town shall deliver all keys to the Premises directly to Julian. In addition, the Town shall have the right to terminate this Agreement if funds are

not appropriated or otherwise made available to support the continuation of this Agreement.

6. The Town is not permitted to paint or otherwise alter the Premises without the prior written consent of Julian.

7. The Town will at all times keep and maintain the Premises in a clean condition and a good state of repair free and clear of debris.

8. The Town shall prior to commencing the use of the Premises, obtain and maintain content insurance on the Town's personal items and effects and shall furnish to Julian a copy of such insurance coverage. Julian shall, at its own expense, obtain and maintain general liability and motor vehicle liability insurance policies protecting the Town in connection with this Agreement, and shall have the Town as an additional insured on the policies. General liability coverage shall be in the amount of at least \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury liability and property damage liability.

9. The Town shall promptly pay and any all utility bills, including but not limited to, bills for electricity, and oil, as they become due.

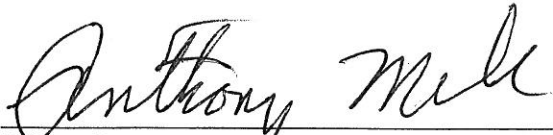
10. Julian agrees that the Town shall have access at all times to the Premises, and shall supply the Town with a key to gain access to the yard, as well as a key to gain access to the Premises. The Trust agrees that it shall repair or replace any damaged or defective locks on the Premises following receipt of a notice from the Town that locks are in need of repair. The Town shall not at any time, change, replace or alter the existing locks on the Premises without the prior written consent of the Trust. In the event Julian grants permission to the Town to change, replace or alter the existing locks on the Premises, the Town shall provide to Julian a key for such new locks within two (2) days of the Town changing, replacing or altering same. In the event Julian changes, replaces or repairs the locks on the Premises, Julian shall provide to the Town a key for such new locks immediately.

11. To the extent permitted by law, the Town hereby agrees to indemnify and save Julian harmless from and against all liability, loss and damage which may arise as a result of any nuisance made or suffered on the Premises by the Town.

12. The Town is responsible for any hazardous waste spillage and/or disposal caused by the Town under this Agreement.


13. The Town, upon acceptance of this agreement, shall pay to Julian first month's rent plus amount equal to one month rent as a security deposit.

This agreement is accepted and approved by both parties on this _____ day of 2014.



Julian, Inc.
Anthony Mele

Town of Medway, by its Board of Selectmen



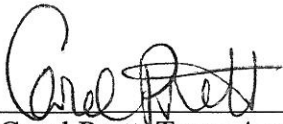
Town of Medway Department of Public Services (Town)
Thomas Holder

Approved as to form:



~~Barbara J. Saint-André, Town Counsel~~
Chris Brown

Approved as to availability of funds



Carol Pratt, Town Accountant

11/17/14

01192022 5270
6404312 5270
66004802 5270
68004402 5270

AGENDA

ITEM #4

**Authorization of Chairman to
Execute Contract for Zoning Bylaw
Review – RKG Assoc. - \$7,500**

Associated back up materials attached:

- Contract

Proposed motion: I move that the Board of Selectmen authorize the Chair to execute the agreement with RKG Associates as presented.

CONTRACT BETWEEN THE TOWN OF MEDWAY
and
RKG ASSOCIATES, INC.

This Agreement is made on this _____ day of _____, 201____, between the Town of Medway, acting by and through its duly elected Board of Selectmen (hereinafter, the "Town") and RKG Associates, Inc. (hereinafter, "Contractor") whereby the Town and Contractor contract for *services* under the terms and conditions set forth herein.

I. SERVICES

Contractor shall provide a Zoning Bylaw review and assessment, focusing on matters such as structure, format, organization, clarity, consistency, and permitting procedures. Contractor's report shall include recommendations to address issues identified during the review. The Contract Documents consist of the following, and in the event of conflicts or discrepancies among them, they shall be interpreted on the basis of the following priorities:

- 1) This agreement between the Town and Contractor
- 2) Contractor's bid or proposal
- 3) Invitation for bids, bid specifications, request for proposals or purchase description
- 4) Copies of all required certificates of insurance required under the contract,

EACH OF WHICH IS ATTACHED HERETO. These documents form the entire Agreement between the parties and there are no other agreements between the parties. Any amendment or modification to this Agreement must be in writing and signed by an official with the authority to bind the Town.

II. COMPENSATION

The Town agrees to pay the Contractor \$7,500 for the *services* delivered pursuant to this contract. Upon delivery of the *services* contained in paragraph one, the Contractor shall submit an invoice to the Town with any reasonable supporting documentation requested by the Town. Upon satisfactory review of said *services*, invoice and documentation, the Town shall remit payment to the Contractor within forty-five days after receipt by the Town as stamped in by the appropriate Town office.

III. TIME FOR PERFORMANCE

All *services* pursuant to this contract shall be delivered by the Contractor no later than _____.

IV. INDEMNIFICATION

The Contractor hereby indemnifies and agrees to hold harmless and defend the Town and its employees, officials and agents from and against all claims and liability, including all claims for bodily injury or property damage that may arise out of the Contractor's performance of its obligations under this contract. The Contractor hereby

releases the Town from any claim for liability by itself or a subcontractor, officer, agent or employee.

V. INSURANCE

(a) The Contractor shall, at its own expense, obtain and maintain general liability and motor vehicle liability insurance policies protecting the Town in connection with any operations included in this Contract, and shall have the Town as an additional insured on the policies. General liability coverage shall be in the amount of at least \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury liability and property damage liability.

(b) The Contractor shall, before commencing performance of this Contract, provide by insurance for the payment of compensation and the furnishing of other benefits in accordance with Mass. Gen. L. Ch. 152, as amended, to all employed under the Contract and shall continue such insurance in full force and effect during the term of the Contract.

(c) All insurance coverage shall be in force from the time of the contract to the date when all work under the Contract is completed and accepted by the Town. Certificates and any and all renewals substantiating that required insurance coverage is in effect shall be filed with the Town and shall list the Town as additional insured for each policy. Any cancellation of insurance required by this contract, whether by the insurers or the insured, shall not be valid unless written notice thereof is given by the party proposing cancellation to the other party and to the Town at least fifteen days prior to the intended effective date thereof, which date should be expressed in said notice. The Contractor shall provide a copy of additional insured endorsements for all policies that require the Town to be listed as an additional insured.

V. TERMINATION

This contract may be terminated by the Town upon ten days advance written notice by certified mail to Contractor.

VI. NOTICES

All notices required to be given under this Agreement shall be in writing and shall be effective upon receipt by hand delivery or certified mail to:

Town of Medway:
Town Administrator
Town of Medway
155 Village Street
Medway, MA 02053

Contractor:

RKG Associates, Inc.
Craig R. Seymour, President
634 Central Avenue
Dover, NH 03820

VII. GOVERNING LAW

This Agreement and performance thereunder are governed by the laws of the Commonwealth of Massachusetts and all other applicable by-laws and administrative rules, regulations and orders.

VIII. BINDING AGREEMENT AND ASSIGNMENT OF INTEREST

This Agreement shall be binding upon the Town and the Contractor and the partners, successors, heirs, executors, administrators, assigns and legal representatives of the Town and the Contractor. Neither the Town nor the Contractor shall assign, sublet or transfer any interest in this Agreement without the written consent of each other, and such consent shall not be unreasonably withheld.



For
By its duly authorized representative

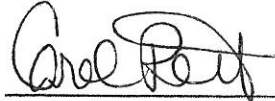
Town of Medway by its
Board of Selectmen

Date: _____

Date: _____

Approved as to availability of funds:

Approved as to form:


Town Accountant


Town Counsel

0217600) 5305

January 3, 2014

Ms. Suzanne Kennedy
Town Administrator
Town of Medway
155 Village Street
Medway, MA 02053

Dear Ms. Kennedy:


RKG Associates, Inc., is pleased to assist you with a review and assessment of the Town of Medway Zoning Bylaw. Our proposed scope of work includes the following tasks:

- 1) Review the Zoning Bylaw for structure and organization, ease of use, clarity, consistency, application and decision procedures, and potential duplication with other bylaws and regulations, e.g., the Medway Wetlands Bylaw.
- 2) Interview the Planning Coordinator, Building Inspector, and the Planning and Economic Development's planning consultant (Gino Carlucci). Other staff or consultant interviews may be conducted if necessary. The purpose will be to identify Zoning Bylaw issues from the perspective of staff and agents of the boards.
- 3) Conduct one or two small-group interviews with local developers, engineers/architects, attorneys, and others in order to identify Zoning Bylaw issues (if any) from the perspective of user groups.
- 4) Provide a draft zoning diagnostic memorandum for review by the Town Administrator and others as determined by the Town.
- 5) Meet with the Planning and Economic Development Commission, Town Counsel, and the Town Administrator to discuss issues identified with the Zoning Bylaw and options to address them.
- 6) Provide a final zoning diagnostic memorandum, with recommendations for the Town.

For these services, we will charge a not-to-exceed fee of \$7,500, which we will bill once a month on an hourly basis at \$150/hour. Per our normal billing policies, we will also invoice the Town for out-of-pocket expenses, e.g., mileage.

Our fee proposal assumes that the Town will assist with logistical tasks such as scheduling interviews for us. It has been most helpful to work with your office to schedule interviews for our present engagement with the Town. As always, we will work with you to arrive at the best possible arrangements for all concerned.

Pursuant to General Laws Chapter 62C Section 49A, the undersigned certifies under the pains and penalties of perjury that **RKG Associates, Inc.** is in compliance with the laws of the Commonwealth relating to taxes, reporting of employees and contractors, and withholding and remitting child support.



For RKG Associates, Inc.
By their duly authorized representative

Social Security number or Tax Identification number: 02-0357082

General Contract for Goods-Services

CERTIFICATE OF AUTHORITY

At a duly authorized meeting of the Board of Directors of the

RKG Associates, Inc. held on 1/2/18 it
(Name of Corporation) (Date)

Was voted that:

Craig R. Seymour President
(Name) (Officer)

Of this company, be and he/she hereby is authorized to execute contracts and bonds in the name and on behalf of said company, and affix its corporate seal hereto; and such execution of any contract or obligation in this company's name on its behalf by such President under seal of the company,
(Officer)

Shall be valid and binding upon this company.

A true copy,

ATTEST: Russell Archambault

TITLE: Vice President

PLACE OF BUSINESS: Dover NH

DATE OF THIS CONTRACT: _____

I hereby certify that I am the clerk of the RKG Associates, Inc.
(Name of Corporation)

And that Craig Seymour is duly elected President
(NAME) (POSITION)

Of said company, and that the above vote has not been amended or rescinded and remains in full force and effect as of the date of this contract.


(CLERK)

CORPORATE SEAL:

CERTIFICATE OF COMPLIANCE WITH
MASSACHUSETTS TAX LAWS

Pursuant to Massachusetts General Law Chapter 62C, Section 49A, the undersigned acting on behalf of the Contractor*, certify under penalties of perjury that to the best knowledge and belief, the Contractor* is in compliance with all laws of the Commonwealth relating to taxes, reporting of employee and contractors, and withholding and remitting child support.

Individual

Signature Date

Name (please print or type) Social Security Number

Corporate

RKG Associates, Inc.

Corporate Name (please print or type)

[Signature] *1/2/19*

Signature of Corporate Officer Date

Craig R Seymour *President*

Name of Corporate Officer (please print or type) Title

02-0357052

Taxpayer Identification Number

- As used in this certification, the word "Contractor" shall mean any natural person, business, partnership, corporation, union, committee, club, or other organization, entity, or group of individuals.



Town of Medway, Massachusetts 02053

CERTIFICATE OF NON-COLLUSION

REVENUE ENFORCEMENT AND PROTECTION ACT

Massachusetts General Laws, Chapter 701 of the Acts of 1983, requires that each bidder must certify as follows:

CERTIFICATE OF NON-COLLUSION

The undersigned certifies under penalties of perjury that this bid or proposal has been made and submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word "person" shall mean any natural person, business, partnership, corporation, union, committee, club, or other organization, entity, or group of individuals.

Signature of individual submitting bid or proposal

RKC Associates, Inc.

Name of Business (please type or print)

AGENDA

ITEM #5

Discussion – Energy Committee Composition – Requested by Energy Committee

Associated back up materials attached:

- Correspondence from the Energy Committee
- March 19, 2012 vote by Selectmen on Energy Committee Composition and current membership
- Description of Energy Committee composition presented at March 19, 2012 meeting

Allison Potter

From: Shelley Wieler <shelleywieler@gmail.com>
Sent: Sunday, December 22, 2013 11:02 AM
To: Suzanne Kennedy
Cc: Allison Potter
Subject: MEC Letter to Board of Selectmen
Attachments: MEC Chair to BoS letter reorg.pdf

Suzanne:

I've attached a letter to the Bd of Selectmen requesting that they re-format the Energy Committee to have our membership not include the liaison members for voting/quorum purposes. Of the past 5 meetings, only 1 has met quorum.

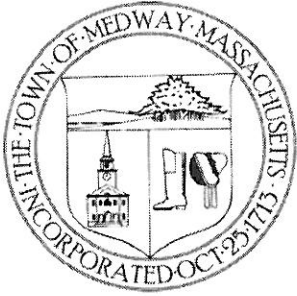
While we need our liaison members and value their input, we recognize that they are already booked for multiple meetings. Our at-large members are the regular attendees, and we feel ham-strung to not reach quorum due to the large membership number of 9.

I don't know the official terms to call them: "liaison members" or "Representatives", or "non-voting members"? I'll rely on you to determine that.

Please present this request to the Board and let me know the outcome.

Thank you!

Shelley



Medway Energy Committee

Town of Medway
155 Village Street, Medway MA 02053

Tel: (508) 533-3264
Fax: (508) 533-3281

Shelley Wieler, Chair
Carole Bernstein, Sch Comm
David Brownell, Member
Peter Cooper, Member
John Foresto, Bd Sctmn
Charles Myers, Member
Robert Tucker, PEDB
Carey Bergeron, Member
Lawrence Ellsworth, Member

December 19, 2013

To the Board of Selectmen:

As Chair of the Medway Energy Committee, I need to ask the Board of Selectmen to consider the immediate reorganization of our committee.

The committee currently consists of 9 members: 3 liaisons from key town committees (Board of Selectmen, School Committee, and Planning and Economic Development), and 6 volunteers from the community at large.

We meet monthly and are struggling to reach quorum under our current mandate wherein all representatives hold full membership.

I am asking to change the liaison members' status to liaison representative, with access to all information, mailing and contact lists and equal membership treatment in all matters except those which pertain to quorum and voting. Full membership would consist of 6 Community Volunteers, and 3 Committee Liaisons. The Committee Liaisons would have voting rights only when required to break a deadlock vote from the members.

In the interest of responding to requests for input on grant applications and other time-sensitive matters, I'm asking for a response before the end of 2013. Thank you.

Respectfully yours,

SSWieler

Shelley W. Wieler, Chair

March 19, 2012 Selectmen's Meeting

(Excerpted)

Approval – Energy Committee Composition (revised):

The Board reviewed the following information: (1) Email, dated March 13, 2012, from Frank Faist, Committee Chair; and (2) Email, dated February 14, 2012, from Allison Potter, Assistant to the Town Administrator.

Ms. Kennedy stated the Chair of the Energy Committee concurs with the revised composition and staggered terms of membership.

Selectman Trindade moved that the Board approve a revision to the previously voted Energy Committee composition to allow for a nine-member committee consisting of six at-large members appointed by the Board of Selectmen for staggered terms as well as a representative from the School Committee, Planning and Economic Development Board and Board of Selectmen, each appointed by its respective board or committee as outlined in the February 14, 2012 email proposal; Selectman Espinosa seconded. No discussion. VOTE: 4-0-0.

Current committee composition

Bergeron	Carey	6/30/2015	
Brownell	David	6/30/2016	
Cooper	Peter	6/30/2016	
Ellsworth	Lawrence	6/30/2015	
Myers	Charles	6/30/2014	
Wieler	Shelley	6/30/2014	
Foresto	John	6/30/2014	BOS Rep
Tucker	Robert	6/30/2014	PEDB Rep
Borgatti	Diane	6/30/2013	School Rep

Energy Committee Composition

The Town-Wide Energy Committee, established by the Board of Selectmen, shall consist of nine registered voters of the Town. The Board of Selectmen shall appoint six at-large members of the Committee. One member of the Committee shall be a member of the School Committee, appointed by the School Committee; one member shall be a member of the Planning and Economic Development Board, appointed by the Planning and Economic Development Board, and one member shall be a member of the Board of Selectmen, appointed by the Board of Selectmen. The Board of Selectmen shall appoint two members for a term of four years, two members for a term of three years, and two members for a term of two years. Thereafter, upon the expiration of each term, the Board of Selectmen shall appoint or re-appoint members for a four year term. The School Committee, Planning and Economic Development Board, and Board of Selectmen shall appoint their respective representatives, each for a one year term. Whenever a vacancy occurs on the Committee, it shall be filled by the appointing authority. Any person appointed to fill a vacancy shall hold office for the unexpired term of the person succeeded.

AGENDA

ITEM #6

Approval – Amendment to Veterans District Agreement

Associated back up materials attached:

- Signature page for amendment to agreement
- Attachment A –Amendment to agreement
(Section VIII Director - changed from one-year to up to two years.)
- Attachment B – Amendment agreement
(FY14 district budget)

Proposed motion: I move that the Board of Selectmen approve the amendments to the agreement as proposed.

**FY2014 AMENDMENT TO AGREEMENT BY AND AMONG THE TOWNS OF ASHLAND, HOLLISTON,
HOPKINTON AND MEDWAY FOR VETERANS' DISTRICT AND APPORTIONMENT OF EXPENSES**

The Agreement dated November 10, 2011 by and among the Towns of Ashland, Holliston, Hopkinton and Medway to formalize the creation of the MetroWest Veterans' District is hereby amended as follows:

1. Replace District bylaws attached as Attachment A to the November 10, 2011 Agreement with the District's current bylaws, attached to this Amendment as Attachment A.
2. Replace the District budget attached as Attachment B to the November 10, 2011 Agreement with the District's budget for FY2014, which is attached to this Amendment as Attachment B.

Effective as of the last date listed below.

Chair, Ashland Board of Selectmen

Dated

Chair, Holliston Board of Selectmen

Dated

Chair, Hopkinton Board of Selectmen

Dated

Chair, Medway Board of Selectmen

Dated

shall be sent to the Director within twenty (20) days of meeting. The Director will send out copies to all Board members.

TREASURER: Treasurer shall be responsible for the receipts and custody of all monies and for the disbursement thereof as authorized. The Treasurer shall issue financial statements and reports to the Board and Director.

Article VIII: DIRECTOR

At the time of appointment, the Director of the Veterans' Services Department shall be appointed by the District for a term of not less than one year but not more than two years and the appointee shall be a veteran.

Article IX: MISCELLANEOUS

Fiscal Year – The fiscal year shall be July 1 through June 30.

Depositories – All funds shall be deposited to the credit of the District under such conditions and in such banks as shall be designated by the Board.

Approved Signatures – Approvals for signatures necessary on contracts, checks and orders for payment, receipts or deposits of money shall be by resolution of the Board.

Bonding – All persons having access to or a major responsibility for handling of monies shall be bonded.

Legal Counsel – Legal Counsel shall be provided by the town of residence of said client from which a dispute with the District arises.

Financial Reports – A summary report of the financial operations of the District shall be made annually to the Board of Directors.

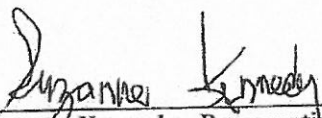
Article X: PARLIAMENTARY AUTHORITY


Robert's Rules of Order shall be the parliamentary authority governing the meetings of the Board.

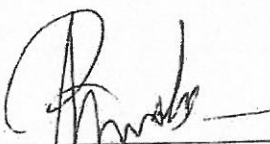
Article XI: AMENDMENTS


These Bylaws may be amended by a majority of the members present and voting at any meeting provided that proposed amendment shall have been included in the notice of the meeting.

Approved by the MetroWest District Board of Directors on November 18, 2013.


Suzanne Kennedy – Representing Medway


Paul LeBeu – Representing Holliston


Norman Khanalo – Representing Hopkinton


Anthony Schavi – Representing Ashland

Attachment A to First Amendment in FY 2014 To Agreement

VETERANS SERVICES METROWEST DISTRICT	DISTRICT BY LAWS
---	-------------------------

Revision: 1

<i>Date:</i> November 18, 2013	<i>Approval Authority:</i> District Board of Directors
--------------------------------	--

Article I: PURPOSE

(As outlined in MGL Chap. 115, §10) To establish and maintain a department for the purpose of furnishing such information, advice and assistance to veterans and their families as may be necessary to enable them to procure the benefits to which they are or may be entitled relative to employment, vocational or other educational opportunities, hospitalization, medical care, pensions and other veterans' benefits.

Article II: THE DISTRICT

The Towns of Ashland, Holliston, Hopkinton, and Medway shall comprise the MetroWest Veterans' Services District, hereinafter referred to as "the District".

Article III: MEMBERSHIP

The members of the District Board of Directors shall be the Chairman of the Board of Selectmen or its designee of each town, hereinafter referred to as "the Board".

Article IV: MEETINGS

The Board shall meet regularly at such time and place as may be determined by them and the office. Each meeting shall conform to the Open Meeting Law and be posted in each Town Hall at least 48 hours prior to the meeting time.

Article V: QUORUM

Three members shall constitute a quorum for the transaction of business.

Article VI: VOTING

Each member is entitled to one vote and all matters shall be determined by a majority vote. The Director and assistant shall not have a vote at the meeting.

Article VII: OFFICERS

There shall be a chairman and a secretary from among the Board members. A Treasurer, who is not a member, but who serves as the treasurer of one of the participating towns, shall be appointed by the Board (MGL c.115, §10).

Duties:

CHAIRMAN: The Chairman shall preside at all meetings of the Board and shall be responsible for overseeing the conduct and management of the affairs of the District.

SECRETARY: The Secretary shall be responsible for seeing that notices are issued for all meetings and that the minutes of such meetings are kept. A copy of the minutes of each meeting

VETERANS SERVICES

METROWEST DISTRICT

101 Main Street Ashland, MA 01721

Phone: 508-881-0100 ext 673

Fax: 508-231-1503

E-mail: info@metrowestvets.com

Web Site: www.metrowestveteranservices.com

May 20, 2013

ADMINISTRATIVE BUDGET APPROVAL

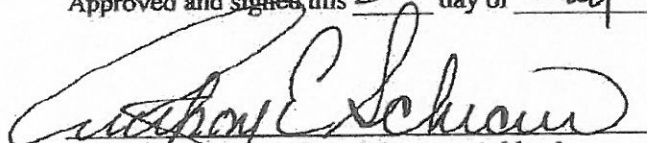
Re: Fiscal Year 2014


This FY2014 administrative budget for the Metrowest Veteran's Services District has been reviewed at a public meeting and agreed upon by the Board of Directors, representing each district community. The signed budget document represents the approval of line item expenditures as shown. The FY14 assessments for each town are as follows:

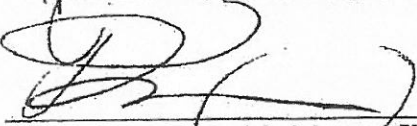
Ashland	28.70%	\$24,395.00
Hopkinton	25.81%	\$21,938.50
Holliston	23.43%	\$19,915.50
<u>Medway</u>	<u>22.06%</u>	<u>\$18,751.00</u>
TOTAL	100%	\$85,000.00

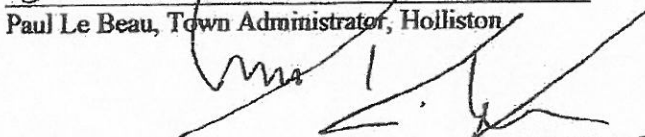
Assessment to the four(4) member towns have been predicated on forecasts of needed revenue to meet anticipated Fiscal Year 2014 expenditures.

Approved and signed this 20th day of May 2013


Anthony E. Schiavi, Town Manager, Ashland


Norman Khumalo, Town Manager, Hopkinton


Paul Le Beau, Town Administrator, Holliston


Suzanne Kennedy, Town Administrator, Medway and Board Chairman

Agreement By and Among the Towns of Ashland, Holliston, Hopkinton and Medway for Veterans' District and Apportionment of Expenses

Agreement made this 10th day of November 2011 by and among the Towns of Ashland, Holliston, Hopkinton and Medway to formalize the creation of the MetroWest Veterans' District, acceptance of its bylaws attached herewith as Attachment A and to apportion expenses for the fulfillment of veterans' services to member towns according to the District budget, the fiscal year 2012 budget is incorporated herewith as Attachment B.

The Boards of Selectmen from the District's participating communities will appoint a Board of Directors pursuant to statute (MGL c.115, §11).

The District agrees to appoint a Veterans' Services Director, a part-time Veterans' Agent to support the Director's fulfillment of his duties and to act in his absence and part-time clerical staff. Staff will have a presence in each of the communities to ensure a proper level of service to the District's constituents.

The District Board of Directors will set the compensation of the above positions, determine the expenses of the department and said positions and apportion the expenses among the municipalities as determined by the population of each municipality based on the most recent federal census.

The member communities will pay the annual assessment as determined by the Board of Directors to the District Treasurer on a quarterly basis. These payments will represent compensation for the administrative, clerical and other costs incurred by the District's Veterans' Services Department.

The District Board of Directors will appoint a District Treasurer from among the Town Treasurers of the member communities.

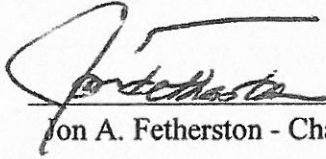
The District Board of Directors will direct the appointed Director of Veterans' Services to perform the duties of his office in each of the municipalities comprising the District.

The duties of the Veterans' Director and staff will be performed principally during regularly scheduled business hours in the designated central office located in Ashland Town Hall, during set hours in satellite offices in the remaining three participating towns, and by appointment. Hours of operation will be duly posted at each office location.

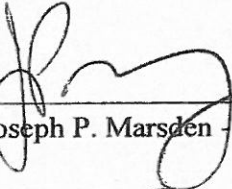
Distribution of benefits payable under Massachusetts General Law chapter 115 to veterans of each community will be paid by the Treasurer of the community in which the veteran resides.

The seventy-five percent (75%) reimbursement of veterans' benefits from the state will be credited to that community which issued such benefits.

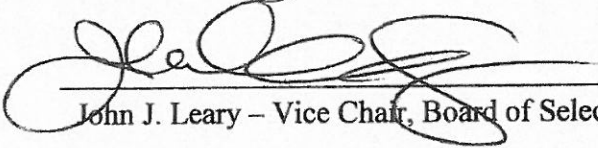
This agreement will be subject to renewal on an annual basis. The member communities may terminate participation by providing sixty (60) days notice to the District Board of Directors.



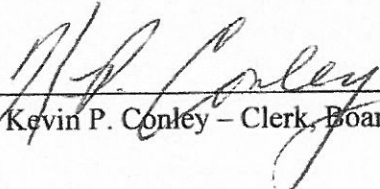
Jon A. Fetherston - Chair, Board of Selectmen Ashland



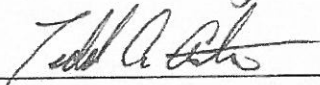
Joseph P. Marsden - Chair, Board of Selectmen Holliston



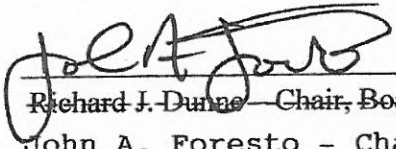
John J. Leary - Vice Chair, Board of Selectmen Holliston



Kevin P. Conley - Clerk, Board of Selectmen Holliston



Todd A. Cestari - Chair, Board of Selectmen Hopkinton



~~Richard J. Dunne - Chair, Board of Selectmen Medway~~
John A. Foresto - Chair, Board of Selectmen

AGENDA

ITEM #7

Approval – Medway Elementary PTO Shamrock Shuffle – March 15

Associated back up materials attached:

- Request
- Police Dept recommendation

Proposed motion: I move that the Board of Selectmen approve the PTO's Shamrock Shuffle to be held on March 15, 2014 subject to the hiring of three detail officers for the event to be paid for by the Medway Elementary PTO.

From: andreawhite44@verizon.net [mailto:andreawhite44@verizon.net]
Sent: Monday, January 06, 2014 12:06 PM
To: Allison Potter; andreawhite44@verizon.net
Cc: glenntrindade@verizon.net
Subject: Re: Shamrock Shuffle

Dear Allison,

Happy New Year! This e-mail is to request approval from the town of Medway to hold the 3rd Annual Shamrock Shuffle 5K (3.1 mile) road race on Saturday, March 15th, 2014.

The initial goal of the race organizers was to establish and continue a community tradition in the town of Medway for generations of residents and to provide needed funding for the Medway Elementary PTO which supports learning initiatives for children and families Pre K- Grade 4. The first two events have been very successful. A recap of last years' race follows:

- Nearly 550 runners and volunteers participated, over 50% of which were from Medway
- The race began promptly at 9am, and the premises were vacated by 10:30 am.
- Parking lot was well staffed with volunteers and traffic flow was good beginning and end.

Other background and details are as follows:

- The sponsoring organization, Medway Elementary PTO, is a "Community Organization" and has 501 (c) 3 status. The organization members are listed below.
- The next race will be held Saturday, March 15th, 2014. Start time is 9 am, and time allotted including set-up and cleanup will be 7 am to approximately 10:30 am.
- The race will begin and end on Adams Street behind Medway High School. The parking lot will be utilized for runner and volunteer parking, and registration will be held outside the school cafeteria. Runners will access the course through the Adams Street access road.
- The course will be the same. Runners will begin on Adams and proceed to Winthrop, go left to Lovering, left onto Longmeadow, left onto Summer and left on Adams back to the HS access road. All turns were manned by police detail and/or volunteers and the course was well marked with temporary signage.
- In addition to morning of registration, we will hold pre-race registration and number pick up the weekend prior to the race at the High School.
- Participation will be weather dependent, but expectations are for a range of 300-600 participants including volunteers.

Our insurance certificate is attached. It will be renewed in February. Please let me know if you need any other information! Thank you for your assistance and your consideration.

Respectfully Submitted,

Andrea White

(508)533.6955

Laura Gould

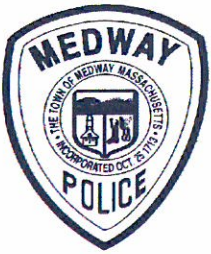
Jennifer McKweon

Beth McHallam

Yvonne Carpentar

Meredith Luzietti

Susan Alessandri



Medway Police Department

315 Village Street
Medway, MA 02053

Phone: 508-533-3212
FAX: 508-533-3216
Emergency: 911

Allen M. Tingley
Chief of Police

January 13, 2014

To: Suzanne Kennedy
Town Administrator

From: Allen M. Tingley
Chief of Police

Re: Shamrock Shuffle

I have reviewed the running route, mapped out for the 3rd annual Shamrock Shuffle road race scheduled for March 15, 2014. I would approve of the issuing of the permit with the stipulation that three detail officers be hired by the organization, to assure the safety of the runners and the movement of traffic during the race. The three detail officers would be used to control the traffic in front of the runners and behind the runners during the race.

Respectfully Submitted,

Allen M. Tingley
Chief of Police

AGENDA

ITEM #8

Action Items from Previous Meetings

Associated materials attached.

- Action Item List

	DATE	ACTION ITEMS BOS	WHO	COMPLETED
1	7/6/2010	Street acceptance progress	S. Affleck-Childs	Ongoing
2	9/20/2010	Route 109 Project	T. Holder/S. Kennedy	Ongoing
3	2/4/2013	Brentwood Project	DPS	Ongoing
4	4/1/2013	Speak with owner of Oakland St property re: possible park extension	G. Trindade	In process
5	11/25/2013	Commence Thayer Governance Structure Committee meetings	BOS	In process

AGENDA

ITEM #9

Approval of Warrants

Warrants to be provided at meeting.

AGENDA ITEM #10

Town Administrator's Report

AGENDA

ITEM #11

Selectmen's Reports