



**LANCASTER SELECT BOARD
Regular Meeting Agenda - Hybrid
Prescott Building – Nashaway Room
Monday, May 20, 2024
6:00 P.M.**



In accordance with the Open Meeting Law, please be advised that this meeting is being recorded and broadcast over Sterling-Lancaster Community TV. Members of the public are welcome to attend this in-person or by the remote zoom connection which is provided as a courtesy. Please note that the in-person meeting will not be suspended or terminated if technological problems interrupt the remote connection.

I. CALL TO ORDER

Chair Stephen J. Kerrigan will call the meeting to Order at 6:00 P.M. in the Nashaway Room, located on the second floor of the Prescott Building, 701 Main Street, Lancaster, MA.

Topic: Select Board Meeting

Time: May 20, 2024, 06:00 PM Eastern Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/84182113164?pwd=S2IwYTRVeWdoR1IrMEllaXhpaDgwZz09>

Meeting ID: 841 8211 3164

Passcode: 363967

One tap mobile

+13017158592,,84182113164#,,,,*363967# US (Washington DC)

+13052241968,,84182113164#,,,,*363967# US

Find your local number: <https://us02web.zoom.us/u/kdxiBpbxV6>

Residents Have the Ability to Ask Questions via ZOOM.

II. APPROVAL OF MEETING MINUTES

Review and take action on the following Select Board's Regular minutes from April 29, 2024

III. PUBLIC COMMENT

Opportunity for the public to address their concerns, make comments, offer suggestions, or ask questions.

IV. ADMINISTRATION, BUDGET, AND POLICY (Votes may be taken)

1. 2024 Town Meeting & Annual Town Election Results
 - a. Impact of Q1 Failure: "Civil Service Revocation"
 - b. Future Ballot Questions – 2025 Annual Town Election & Special Elections (if needed)
 - i. 5-member Select Board (*ATM24, Article 19*)
 - ii. Acceptance of MGL allowing Public Safety Commissioner (*ATM24, Article 13*)
 - iii. Future of Civil Service (*potential/future?*)
 - c. Current Town Board & Committee Vacancies
2. Organization of the Select board (as needed)
3. 2023 Audit Review and Management Letter Review



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4. Town Charter Process & Notion - Review & Discussion (Allison)
5. Voter turnouts for Town Meeting & Election (Allison)
6. Lancaster Historical Commission Matters – Update & Future Planning (Allison)
7. Human Resources Matters
 - a. Floating Holiday Language, new
 - b. Distribution of Policy Manual inclusive of all adopted changes/amendments
8. Financial Policies – distribution of draft materials for Select Board & Finance Committee Review
9. Declaration of Real Property Surplus– Pursuant to M.G.L. Ch. 30B §16 & M.G.L. Ch.7C §34
10. Hawthorne Lane – Next Steps, Select Board Discussion & Preferences/Action Items

V. APPOINTMENTS & RESIGNATIONS

Annual Appointments – Term to expire June 30, 2024:

- ADA Coordinator – Kelly Dolan
- Chief Procurement Officer – Kate Hodges
- Municipal Hearing Officer – Kate Hodges
- Animal Control Officer – Phyllis Tower
- Animal Inspector (Barn Brook) – Phyllis Tower
- Keeper of the Lock-Up – Commissioner Everett Moody
- MART Advisory Board Designee – Kelly Dolan
- Measurer of Wood & Bark – Ronald W. Valinski
- Sealer of Weights & Measures – Ronald W. Valinski
- Town Counsel & Labor Counsel –Harrington-Heep, LLP
- Memorial Day Committee*
 - Barbara Foster
 - Karen Shaw
 - Bob (Reino) Tervo
 - Stacey LeBlanc
 - Amanda (Mandy) Cannon
 - Ann Fuller
 - Trish (Patricia) O’Toole
 - Jayne Nowokunski

VI. LICENSES AND PERMITS

1. Application for Special (One Day) Liquor License (Beer & Wine) – Sterling Street Brewery
Event: FC Stars Night
Location: FC Stars Soccer Field – 70 McGovern Blvd
Date & Time: May 23, 2024 from 4pm-8pm
2. Application for Uses of Town Green/Gazebo
Event: Thayer Memorial Library Storytime
Location: Gazebo (weather permitting)



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Date & Time: Fridays in May, June and August from 10:00am – 11:30am

3. Rental Application for Use of Town Owned Buildings
Event: Friends of Thayer Memorial Library Book Sale
Location: Town Hall Auditorium
Date: October 1, 2024 – October 15, 2024

VII. COMMUNICATIONS

- How to Receive Town Wide News & Notices, Attachment & Announcement (Kerrigan)
- Town Offices will be closed on Monday, May 27, 2024 in observance of Memorial Day
- Miscellaneous Correspondence & Memorandums

VIII. EXECUTIVE SESSION

Enter Executive Session

- a. The Lancaster Select Board will meet in Executive Session pursuant to M.G.L. c.30A, §21(a) for the following purposes:
- i. Purpose (3): To discuss strategy with respect to collective bargaining, specifically to deliberate regarding contractual language and wages relative to AFSCME Council 93, Local 3720 (Public Works) as the Chair has declared that deliberations in open session would have a detrimental effect to the Town's bargaining position; and
 - ii. Purpose (3): To discuss strategy with respect to litigation in the matter of Lancaster Historical Society pursuant to Section 21(a)(3) as the Chair has determined that discussion in open session would have a detrimental effect of the Town's litigation position,

And not to reconvene in Open Session thereafter.

ADJOURNMENT

ACCEPTANCE OF DEED

The undersigned Select Board of the Town of Lancaster hereby accepts the foregoing deed from 702, LLC, pursuant to the authority granted to it by the vote under Article 11 of the 2024 Annual Town Meeting on this May 20, 2024.

TOWN OF LANCASTER
By its SELECT BOARD

Stephen J. Kerrigan

Jason Allison

Ralph Gifford

**COMMONWEALTH OF
MASSACHUSETTS**

Worcester County, ss.

On this 20th day of May, 2024 before me, the undersigned notary public, Stephen J. Kerrigan, Jason Allison and Ralph Gifford personally appeared before me and proved to me through satisfactory evidence of identification, which was personal knowledge of the undersigned, to be the person(s) whose name are signed on this document, and acknowledged to me that they signed it voluntarily for its stated purpose and that it was their free act and deed as duly authorized signatory.

Notary Public

Print Name of Notary: Kate I. Hodges

My commission expires: November 17, 2028



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

TOWN OF LANCASTER, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

YEAR ENDED JUNE 30, 2023

TOWN OF LANCASTER, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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Independent Auditor's Report

To the Honorable Select Board
Town of Lancaster, Massachusetts

Report on the Audit of the Financial Statements

Opinions

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 Lancaster, Massachusetts, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Lancaster, Massachusetts' basic financial statements as listed in the table of contents.

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 Lancaster, Massachusetts, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Lancaster, Massachusetts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Lancaster, Massachusetts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Lancaster, Massachusetts' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Lancaster, Massachusetts' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2024, on our consideration of the Town of Lancaster, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Lancaster, Massachusetts' 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 of Lancaster, Massachusetts' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Powers & Sullivan, LLC". The signature is written in a cursive style with a small mark above the 'i' in Sullivan.

March 14, 2024

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Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Lancaster, Massachusetts (Town) we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2023. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). We encourage readers to consider the information presented in this report.

The GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Lancaster exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$36.1 million (net position).
- At the close of the current year, the Town's general fund reported an ending fund balance of \$5.7 million, an increase of \$728,000 in comparison with the prior year. Total fund balance represents 22.9% of general fund expenditures.
- The Town has recorded a \$10.6 million net pension liability and a \$604,000 net other postemployment benefit (OPEB) liability.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets, deferred outflows/inflows and liabilities, with the difference 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 government's net position changed during the most recent 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 periods (e.g., uncollected taxes).

Both of the government-wide financial statements report 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, culture and recreation, and interest. The business-type activities consist of water and solar field 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 statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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*.

The Town of Lancaster adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains one type of proprietary fund.

Enterprise Funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water and solar field activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The Town uses fiduciary funds to account for the other postemployment benefit trust fund which is used to account for resources held in the trust for funding future OPEB liabilities.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Lancaster's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$36.1 million at the close of 2023, an increase of \$339,000 from the prior year.

The largest portion of the Town's net position, \$31.1 million, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its 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 the governmental net position \$1.7 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$3.3 million.

Governmental Activities

The Town of Lancaster's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for governmental activities by \$26.8 million at the close of 2023. Details are presented below.

	<u>2023</u>	<u>2022</u>
Assets:		
Current assets.....	\$ 12,459,929	\$ 10,402,513
Capital assets, nondepreciable.....	2,900,833	2,818,101
Capital assets, net of accumulated depreciation....	<u>26,547,621</u>	<u>27,789,131</u>
Total assets.....	<u>41,908,383</u>	<u>41,009,745</u>
Deferred outflows of resources.....	<u>1,930,686</u>	<u>1,615,239</u>
Liabilities:		
Current liabilities (excluding debt).....	2,480,988	1,605,613
Noncurrent liabilities (excluding debt).....	10,382,464	8,508,437
Current debt.....	456,240	462,675
Noncurrent debt.....	<u>2,939,797</u>	<u>3,396,037</u>
Total liabilities.....	<u>16,259,489</u>	<u>13,972,762</u>
Deferred inflows of resources.....	<u>740,853</u>	<u>1,919,916</u>
Net position:		
Net investment in capital assets.....	26,052,417	26,748,520
Restricted.....	1,658,357	1,308,498
Unrestricted.....	<u>(872,047)</u>	<u>(1,324,712)</u>
Total net position.....	<u>\$ 26,838,727</u>	<u>\$ 26,732,306</u>

	<u>2023</u>	<u>2022</u>
Program Revenues:		
Charges for services.....	\$ 1,620,555	\$ 1,774,664
Operating grants and contributions.....	1,044,274	566,395
Capital grants and contributions.....	785,564	331,672
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	21,895,760	21,575,887
Tax and other liens.....	119,379	46,074
Motor vehicle and other excise taxes.....	1,270,725	1,222,279
Community preservation tax.....	166,687	155,258
Penalties and interest on taxes.....	108,221	104,987
Payments in lieu of taxes.....	35,537	75,825
Grants and contributions not restricted to specific programs.....	1,380,565	1,311,334
Unrestricted investment income.....	131,513	73,341
Miscellaneous.....	-	8,143
Total revenues.....	<u>28,558,780</u>	<u>27,245,859</u>
Expenses:		
General government.....	3,360,351	3,504,995
Public safety.....	4,099,390	3,925,233
Education.....	17,741,505	16,863,610
Public works.....	1,873,917	1,915,769
Health and human services.....	349,132	248,716
Culture and recreation.....	912,832	817,857
Community preservation.....	875	-
Interest.....	114,357	136,745
Total expenses.....	<u>28,452,359</u>	<u>27,412,925</u>
Change in net position.....	106,421	(167,066)
Net position, beginning of year.....	<u>26,732,306</u>	<u>26,899,372</u>
Net position, end of year.....	\$ <u>26,838,727</u>	\$ <u>26,732,306</u>

The governmental expenses totaled \$28.5 million of which \$3.5 million was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$25.1 million, primarily coming from property taxes, motor vehicle excise, and non-restricted state aid.

Charges for services represent 47.0% of governmental program revenues. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered are set by Town Meeting and Town boards.

Operating and capital grants and contributions account for 30.3% and 22.8% of the governmental program revenues. Most of these resources apply to general government and public works operations. These resources offset costs of those departments over and above the general fund operating budget.

Property taxes are the most significant revenue source for the Town’s governmental activities. They comprise 76.7% of all revenues. Other tax related revenues comprise 5.2% of the governmental activity’s revenues.

Business-type Activities

For the Town’s business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9.3 million at the close of 2023.

	<u>2023</u>	<u>2022</u>
Assets:		
Current assets.....	\$ 4,996,049	\$ 5,023,885
Capital assets, nondepreciable.....	457,802	194,192
Capital assets, net of accumulated depreciation.....	<u>8,069,225</u>	<u>8,361,034</u>
Total assets.....	<u>13,523,076</u>	<u>13,579,111</u>
Deferred outflows of resources.....	<u>138,012</u>	<u>116,830</u>
Liabilities:		
Current liabilities (excluding debt).....	42,774	27,144
Noncurrent liabilities (excluding debt).....	819,490	729,174
Current debt.....	267,897	269,364
Noncurrent debt.....	<u>3,225,305</u>	<u>3,493,202</u>
Total liabilities.....	<u>4,355,466</u>	<u>4,518,884</u>
Deferred inflows of resources.....	<u>55,014</u>	<u>159,140</u>
Net position:		
Net investment in capital assets.....	5,033,825	4,792,660
Unrestricted.....	<u>4,216,783</u>	<u>4,225,257</u>
Total net position.....	<u>\$ 9,250,608</u>	<u>\$ 9,017,917</u>

The Water enterprise fund experienced an increase in net position of \$241,000, while the Solar Field enterprise fund experienced a decrease in net position of \$8,300. Overall, charges for services decreased by 16.0%, while expenses increased by 3.2%, when compared to the prior year.

	<u>2023</u>	<u>2022</u>
Program Revenues:		
Charges for services.....	\$ 1,281,711	\$ 1,526,153
General Revenues:		
Unrestricted investment income.....	<u>48,705</u>	<u>9,816</u>
Total revenues.....	<u>1,330,416</u>	<u>1,535,969</u>
Expenses:		
Water.....	998,424	959,797
Solar.....	<u>99,301</u>	<u>104,081</u>
Total expenses.....	<u>1,097,725</u>	<u>1,063,878</u>
Change in net position.....	<u>232,691</u>	<u>472,091</u>
Net position, beginning of year.....	<u>9,017,917</u>	<u>8,545,826</u>
Net position, end of year.....	<u>\$ 9,250,608</u>	<u>\$ 9,017,917</u>

Business-type net position of \$5.0 million represents net investment in capital assets, while \$4.2 million is unrestricted. The Town's business-type net position increased by \$233,000 in 2023.

Financial Analysis of the Governmental Funds

As noted earlier, the Town uses fund accounting 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, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the current year, the Town's governmental funds reported combined ending fund balances of \$8.3 million, which consists of \$5.7 million in the general fund and \$2.6 million in the nonmajor governmental funds. Cumulatively there was an increase of \$1.1 million in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year unassigned fund balance of the general fund was \$5.6 million or 99.7% of total fund balance. Included in the amount is \$2.2 million of stabilization funds which have been classified as unassigned general fund balance in accordance with GASB Statement No. 54. Assigned fund balance of \$16,000 relates to encumbrances carried over to the next fiscal year. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance equals 22.8% of total general fund expenditures, while total fund balance equals 22.9% of that same amount.

The highway improvement fund is used to account for funds received for the State Highway Department which are used for construction, reconstruction and improvements of roadways. During the year, \$504,000 of reimbursements were received from the State all of which were spent on roadway improvements.

The ARPA grant fund is used to account for funds received through the American Rescue Plan Act (ARPA) which are used for expenditures incurred due to the public health emergency with respect to COVID-19. During the year, \$440,000 of funds received through the Act were spent on COVID related expenditures. Additionally, the fund reported an unearned revenue of \$1.9 million due to the receipt of grant funds that were received but not expended as of year-end.

The nonmajor funds increased by \$377,000 during the current year. This increase is due to the timing of the receipts and disbursements in various special revenue funds.

General Fund Budgetary Highlights

The original budget authorized approximately \$25.8 million in appropriations and other amounts to be raised. There was no change between the original budget and the final budget.

Capital Asset and Debt Administration

Outstanding long-term governmental general obligation debt of the Town, as of June 30, 2023, totaled \$2.5 million for the Prescott Building project. Governmental direct borrowings totaled \$810,000 of which \$67,000 is for the Bartlett Dam repairs and \$743,000 is for capital financing of public safety vehicles. Collectively, the Town has outstanding long-term governmental debt totaling \$3.4 million at June 30, 2023, including capitalized debt premiums.

Outstanding long-term debt for the business-type activities as of June 30, 2023, totaled \$3.5 million of which \$2.6 million is related to water, \$735,000 is related to the solar fund, and a \$133,000 capitalized debt premium.

Major governmental capital additions during the current year were \$515,000 for road improvements and \$351,000 for vehicles. For business-type funds, there were \$264,000 of capital additions for an ongoing water improvement project.

Please refer to notes 4, 6, and 7 for further discussion of the capital asset and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Lancaster's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town Hall, 695 Main Street, Lancaster, Massachusetts 01523.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2023

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 7,419,559	\$ 4,444,110	\$ 11,863,669
Investments.....	3,009,779	-	3,009,779
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	186,244	-	186,244
Tax liens.....	298,606	-	298,606
Community preservation fund surtax.....	1,248	-	1,248
Motor vehicle excise taxes.....	150,795	-	150,795
User charges.....	-	551,939	551,939
Departmental and other.....	248,748	-	248,748
Intergovernmental.....	629,433	-	629,433
Special assessments.....	40,862	-	40,862
Tax foreclosures.....	474,655	-	474,655
Total current assets.....	<u>12,459,929</u>	<u>4,996,049</u>	<u>17,455,978</u>
NONCURRENT:			
Capital assets, nondepreciable.....	2,900,833	457,802	3,358,635
Capital assets, net of accumulated depreciation.....	<u>26,547,621</u>	<u>8,069,225</u>	<u>34,616,846</u>
Total noncurrent assets.....	<u>29,448,454</u>	<u>8,527,027</u>	<u>37,975,481</u>
TOTAL ASSETS.....	<u>41,908,383</u>	<u>13,523,076</u>	<u>55,431,459</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	1,384,836	111,825	1,496,661
Deferred outflows related to other postemployment benefits.....	<u>545,850</u>	<u>26,187</u>	<u>572,037</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>1,930,686</u>	<u>138,012</u>	<u>2,068,698</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	447,826	22,487	470,313
Accrued payroll.....	75,644	6,958	82,602
Accrued interest.....	19,728	13,329	33,057
Other liabilities.....	743	-	743
Unearned revenue.....	1,937,047	-	1,937,047
Bonds payable.....	<u>456,240</u>	<u>267,897</u>	<u>724,137</u>
Total current liabilities.....	<u>2,937,228</u>	<u>310,671</u>	<u>3,247,899</u>
NONCURRENT:			
Net pension liability.....	9,806,192	791,844	10,598,036
Net other postemployment benefits liability.....	576,272	27,646	603,918
Bonds payable.....	<u>2,939,797</u>	<u>3,225,305</u>	<u>6,165,102</u>
Total noncurrent liabilities.....	<u>13,322,261</u>	<u>4,044,795</u>	<u>17,367,056</u>
TOTAL LIABILITIES.....	<u>16,259,489</u>	<u>4,355,466</u>	<u>20,614,955</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	594,112	47,974	642,086
Deferred inflows related to other postemployment benefits.....	<u>146,741</u>	<u>7,040</u>	<u>153,781</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>740,853</u>	<u>55,014</u>	<u>795,867</u>
NET POSITION			
Net investment in capital assets.....	26,052,417	5,033,825	31,086,242
Restricted for:			
Permanent funds:			
Expendable.....	142,201	-	142,201
Nonexpendable.....	841,629	-	841,629
Gifts and grants.....	674,527	-	674,527
Unrestricted.....	<u>(872,047)</u>	<u>4,216,783</u>	<u>3,344,736</u>
TOTAL NET POSITION.....	<u>\$ 26,838,727</u>	<u>\$ 9,250,608</u>	<u>\$ 36,089,335</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 3,360,351	\$ 150,697	\$ 303,004	\$ -	\$ (2,906,650)
Public safety.....	4,099,390	1,041,882	373,845	-	(2,683,663)
Education.....	17,741,505	-	-	-	(17,741,505)
Public works.....	1,873,917	328,292	276,219	725,331	(544,075)
Health and human services.....	349,132	53,312	30,752	-	(265,068)
Culture and recreation.....	912,832	46,372	60,454	-	(806,006)
Community preservation.....	875	-	-	60,233	59,358
Interest.....	114,357	-	-	-	(114,357)
Total Governmental Activities.....	28,452,359	1,620,555	1,044,274	785,564	(25,001,966)
<i>Business-Type Activities:</i>					
Water.....	998,424	1,190,750	-	-	192,326
Solar Field.....	99,301	90,961	-	-	(8,340)
Total Business-Type Activities.....	1,097,725	1,281,711	-	-	183,986
Total Primary Government.....	\$ 29,550,084	\$ 2,902,266	\$ 1,044,274	\$ 785,564	\$ (24,817,980)

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (25,001,966)	\$ 183,986	\$ (24,817,980)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	21,895,760	-	21,895,760
Tax and other liens.....	119,379	-	119,379
Motor vehicle and other excise taxes.....	1,270,725	-	1,270,725
Community preservation tax.....	166,687	-	166,687
Penalties and interest on taxes.....	108,221	-	108,221
Payments in lieu of taxes.....	35,537	-	35,537
Grants and contributions not restricted to specific programs.....	1,380,565	-	1,380,565
Unrestricted investment income.....	131,513	48,705	180,218
Total general revenues.....	25,108,387	48,705	25,157,092
 Change in net position.....	 106,421	 232,691	 339,112
<i>Net position:</i>			
Beginning of year.....	26,732,306	9,017,917	35,750,223
End of year.....	\$ 26,838,727	\$ 9,250,608	\$ 36,089,335

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2023

	General	Highway Improvement Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 4,141,782	\$ -	\$ 1,937,047	\$ 1,340,730	\$ 7,419,559
Investments.....	1,573,254	-	-	1,436,525	3,009,779
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	186,244	-	-	-	186,244
Tax liens.....	298,606	-	-	-	298,606
Community preservation fund surtax.....	-	-	-	1,248	1,248
Motor vehicle excise taxes.....	150,795	-	-	-	150,795
Departmental and other.....	116,264	-	-	132,484	248,748
Intergovernmental.....	-	629,433	-	-	629,433
Special assessments.....	-	-	-	40,862	40,862
Tax foreclosures.....	474,655	-	-	-	474,655
Due from other funds.....	-	-	-	2,104	2,104
TOTAL ASSETS.....	\$ 6,941,600	\$ 629,433	\$ 1,937,047	\$ 2,953,953	\$ 12,462,033
LIABILITIES					
Warrants payable.....	\$ 54,665	\$ 228,872	\$ -	\$ 164,289	\$ 447,826
Accrued payroll.....	72,668	-	-	2,976	75,644
Due to other funds.....	-	2,104	-	-	2,104
Other liabilities.....	743	-	-	-	743
Unearned revenue.....	-	-	1,937,047	-	1,937,047
TOTAL LIABILITIES.....	128,076	230,976	1,937,047	167,265	2,463,364
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	1,153,886	398,457	-	157,802	1,710,145
FUND BALANCES					
Nonspendable.....	-	-	-	841,629	841,629
Restricted.....	-	-	-	1,812,555	1,812,555
Assigned.....	15,900	-	-	-	15,900
Unassigned.....	5,643,738	-	-	(25,298)	5,618,440
TOTAL FUND BALANCES.....	5,659,638	-	-	2,628,886	8,288,524
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 6,941,600	\$ 629,433	\$ 1,937,047	\$ 2,953,953	\$ 12,462,033

See notes to basic financial statements.

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

JUNE 30, 2023

Total governmental fund balances.....	\$	8,288,524
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		29,448,454
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		1,710,145
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not reported.....		1,189,833
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(19,728)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Long-term debt payable.....	(3,396,037)	
Net pension liability.....	(9,806,192)	
Net other postemployment benefits liability.....	<u>(576,272)</u>	
Net effect of reporting long-term liabilities.....		<u>(13,778,501)</u>
Net position of governmental activities.....	\$	<u><u>26,838,727</u></u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2023

	General	Highway Improvement Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 21,969,823	\$ -	\$ -	\$ -	\$ 21,969,823
Tax liens.....	64,055	-	-	-	64,055
Motor vehicle and other excise taxes.....	1,302,491	-	-	-	1,302,491
Penalties and interest on taxes.....	106,397	-	-	1,824	108,221
Payments in lieu of taxes.....	35,537	-	-	-	35,537
Intergovernmental - other.....	1,380,565	504,449	439,953	476,144	2,801,111
Departmental and other.....	714,551	-	-	996,459	1,711,010
Community preservation taxes.....	-	-	-	166,423	166,423
Community preservation state match.....	-	-	-	60,233	60,233
Special assessments.....	-	-	-	134,932	134,932
Investment income.....	95,957	-	-	35,556	131,513
TOTAL REVENUES.....	25,669,376	504,449	439,953	1,871,571	28,485,349
EXPENDITURES:					
Current:					
General government.....	2,044,095	-	20,670	212,974	2,277,739
Public safety.....	2,130,618	-	399,203	730,306	3,260,127
Education.....	16,856,630	-	-	-	16,856,630
Public works.....	771,363	504,449	19,420	307,021	1,602,253
Health and human services.....	197,145	-	660	81,169	278,974
Culture and recreation.....	459,445	-	-	155,328	614,773
Community preservation.....	-	-	-	875	875
Pension benefits.....	838,022	-	-	-	838,022
Property and liability insurance.....	187,277	-	-	-	187,277
Employee benefits.....	734,015	-	-	-	734,015
State and county charges.....	149,022	-	-	-	149,022
Debt service:					
Principal.....	295,800	-	-	146,112	441,912
Interest.....	104,025	-	-	34,644	138,669
TOTAL EXPENDITURES.....	24,767,457	504,449	439,953	1,668,429	27,380,288
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	901,919	-	-	203,142	1,105,061
OTHER FINANCING SOURCES (USES):					
Transfers in.....	-	-	-	174,282	174,282
Transfers out.....	(174,282)	-	-	-	(174,282)
TOTAL OTHER FINANCING SOURCES (USES).....	(174,282)	-	-	174,282	-
NET CHANGE IN FUND BALANCES.....	727,637	-	-	377,424	1,105,061
FUND BALANCES AT BEGINNING OF YEAR.....	4,932,001	-	-	2,251,462	7,183,463
FUND BALANCES AT END OF YEAR.....	\$ 5,659,638	\$ -	\$ -	\$ 2,628,886	\$ 8,288,524

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds.....		\$ 1,105,061
<p>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.</p>		
Capital outlay.....	1,082,604	
Depreciation expense.....	<u>(2,241,382)</u>	
Net effect of reporting capital assets.....		(1,158,778)
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		73,431
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Net amortization of premium from issuance of bonds.....	20,763	
Debt service principal payments.....	<u>441,912</u>	
Net effect of reporting long-term debt.....		462,675
Net change in accrued interest on long-term debt.....	3,549	
Net change in deferred outflow/(inflow) of resources related to pensions.....	1,482,322	
Net change in net pension liability.....	<u>(1,852,737)</u>	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	12,188	
Net change in net other postemployment benefits liability(asset).....	<u>(21,290)</u>	
Net effect of recording long-term liabilities.....		<u>(375,968)</u>
Change in net position of governmental activities.....		<u>\$ 106,421</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2023

	Business-type Activities - Enterprise Funds		
	Water	Solar Field	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 3,808,722	\$ 635,388	\$ 4,444,110
Receivables, net of allowance for uncollectibles:			
User charges.....	551,939	-	551,939
Total current assets.....	<u>4,360,661</u>	<u>635,388</u>	<u>4,996,049</u>
NONCURRENT:			
Capital assets, nondepreciable.....	457,802	-	457,802
Capital assets, net of accumulated depreciation.....	6,313,365	1,755,860	8,069,225
Total noncurrent assets.....	<u>6,771,167</u>	<u>1,755,860</u>	<u>8,527,027</u>
TOTAL ASSETS.....	<u>11,131,828</u>	<u>2,391,248</u>	<u>13,523,076</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	111,825	-	111,825
Deferred outflows related to other postemployment benefits...	26,187	-	26,187
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>138,012</u>	<u>-</u>	<u>138,012</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	21,682	805	22,487
Accrued payroll.....	6,958	-	6,958
Accrued interest.....	4,448	8,881	13,329
Bonds payable.....	192,897	75,000	267,897
Total current liabilities.....	<u>225,985</u>	<u>84,686</u>	<u>310,671</u>
NONCURRENT:			
Net pension liability.....	791,844	-	791,844
Net other postemployment benefits liability.....	27,646	-	27,646
Bonds payable.....	2,565,305	660,000	3,225,305
Total noncurrent liabilities.....	<u>3,384,795</u>	<u>660,000</u>	<u>4,044,795</u>
TOTAL LIABILITIES.....	<u>3,610,780</u>	<u>744,686</u>	<u>4,355,466</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	47,974	-	47,974
Deferred inflows related to other postemployment benefits.....	7,040	-	7,040
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>55,014</u>	<u>-</u>	<u>55,014</u>
NET POSITION			
Net investment in capital assets.....	4,012,965	1,020,860	5,033,825
Unrestricted.....	3,591,081	625,702	4,216,783
TOTAL NET POSITION.....	<u>\$ 7,604,046</u>	<u>\$ 1,646,562</u>	<u>\$ 9,250,608</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds		
	Water	Solar Field	Total
OPERATING REVENUES:			
Charges for services.....	\$ 1,190,750	\$ 90,961	\$ 1,281,711
OPERATING EXPENSES:			
Cost of services and administration.....	675,255	3,854	679,109
Depreciation.....	227,398	64,411	291,809
TOTAL OPERATING EXPENSES.....	902,653	68,265	970,918
OPERATING INCOME (LOSS).....	288,097	22,696	310,793
NONOPERATING REVENUES (EXPENSES):			
Investment income.....	48,705	-	48,705
Interest expense.....	(95,771)	(31,036)	(126,807)
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(47,066)	(31,036)	(78,102)
CHANGE IN NET POSITION.....	241,031	(8,340)	232,691
NET POSITION AT BEGINNING OF YEAR.....	7,363,015	1,654,902	9,017,917
NET POSITION AT END OF YEAR.....	\$ 7,604,046	\$ 1,646,562	\$ 9,250,608

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Solar Field</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from customers and users.....	\$ 1,267,651	\$ 90,961	\$ 1,358,612
Payments to vendors.....	(389,843)	(4,799)	(394,642)
Payments to employees.....	(302,644)	-	(302,644)
NET CASH FROM OPERATING ACTIVITIES.....	<u>575,164</u>	<u>86,162</u>	<u>661,326</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition and construction of capital assets.....	(263,610)	-	(263,610)
Principal payments on bonds and notes.....	(175,000)	(75,000)	(250,000)
Interest expense.....	(115,500)	(31,856)	(147,356)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(554,110)</u>	<u>(106,856)</u>	<u>(660,966)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Investment income.....	48,705	-	48,705
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	69,759	(20,694)	49,065
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>3,738,963</u>	<u>656,082</u>	<u>4,395,045</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 3,808,722</u>	<u>\$ 635,388</u>	<u>\$ 4,444,110</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>			
<u>FROM OPERATING ACTIVITIES:</u>			
Operating income (loss).....	\$ 288,097	\$ 22,696	\$ 310,793
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	227,398	64,411	291,809
Deferred (outflows)/inflows related to pensions.....	(124,918)	-	(124,918)
Deferred (outflows)/inflows related to other postemployment benefits.....	(390)	-	(390)
Changes in assets and liabilities:			
User charges.....	76,901	-	76,901
Warrants payable.....	15,196	(945)	14,251
Accrued payroll.....	2,564	-	2,564
Net pension liability.....	89,575	-	89,575
Net other postemployment benefits asset/(liability).....	741	-	741
Total adjustments.....	<u>287,067</u>	<u>63,466</u>	<u>350,533</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 575,164</u>	<u>\$ 86,162</u>	<u>\$ 661,326</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

		Other Postemployment Benefit Trust Fund
ASSETS		
Investments in Pension Reserve Investment Trust.....	\$	3,190,883
NET POSITION		
Restricted for other postemployment benefits.....	\$	3,190,883

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	Other Postemployment Benefit Trust Fund
<u>ADDITIONS:</u>	
Contributions:	
Employer contributions for other postemployment benefit payments.....	\$ 157,313
Net investment income:	
Investment income.....	187,947
Less: investment expense.....	(15,355)
Net investment income (loss).....	172,592
TOTAL ADDITIONS.....	329,905
<u>DEDUCTIONS:</u>	
Other postemployment benefit payments.....	157,313
NET INCREASE (DECREASE) IN NET POSITION.....	172,592
NET POSITION AT BEGINNING OF YEAR.....	3,018,291
NET POSITION AT END OF YEAR.....	\$ 3,190,883

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Lancaster, Massachusetts (Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Reporting Entity

The Town is a municipal corporation governed by an elected Select Board and an appointed Town Administrator.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. The Town has no component units.

B. Joint Ventures

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in a joint venture with the Nashoba Regional School District. This joint venture is designed to pool resources and share the costs, risks and rewards of providing educational services. The Town is committed to pay its proportionate share of the principal and interest on the indebtedness incurred by the Nashoba Regional School District for the purpose of renovating, reconstructing, and equipping the Nashoba Regional High School. The Town's 2023 assessment totaled \$14,591,571. Complete financial statements for the Nashoba Regional School District can be obtained by contacting their administrative office as 50 Mechanic Street, Bolton, Massachusetts 01740.

The Town has entered into a joint venture with the Minuteman Regional Vocational Technical School District along with other municipalities to pool resources and share the costs, risk and rewards of providing educational services. The Town has no equity interest in this joint venture. For 2023, the Town's annual assessment totaled \$2,185,510. Complete financial statements for the Minuteman Regional Vocational Technical School District can be obtained by contacting their administrative offices at 758 Marrett Road, Lexington, Massachusetts 02421.

C. Government-Wide and Fund Financial Statements***Government-Wide Financial Statements***

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

Fund Financial Statements

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

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows of resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

D. 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. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal 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.

The statement of activities demonstrates the degree to which the direct expenses of a particular 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 the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when the related liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, other postemployment benefits obligations and claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred, and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *highway improvement fund* is used to account for funds received from the State Highway Department which are used for construction, reconstruction, and improvements of roadways.

The *ARPA grant fund* is used to account for funds received through the American Rescue Plan Act (ARPA), these funds are to be used in accordance with the guidelines within the final rule related to the COVID-19 public health emergency.

The nonmajor governmental funds consist of other special revenue funds, capital project funds and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *water enterprise fund* is used to account for the Town's water activities.

The *solar field enterprise fund* is used to account for the Town's solar activities.

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

The following fiduciary fund type is reported:

The *other postemployment benefit trust fund* is used to accumulate resources to provide funding for future other postemployment benefits (OPEB) liabilities.

E. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

F. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

G. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st 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 August 1st, November 1st, February 1st, and May 1st 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 year of the levy.

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible receivables is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectible receivables is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectible receivables is estimated based on historical trends and specific account analysis.

Water User Fees

User fees are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period. Water charges are recorded as receivables in the year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectible receivables.

Departmental and Other

Departmental and other receivables consist primarily of ambulance fees and are recorded as receivables in the year accrued. The allowance of uncollectible receivables is estimated based on historical trends and specific account analysis.

Special Assessments

The costs incurred on completed special projects that have been assessed to the benefited taxpayers which have not been paid.

Since these receivables are secured by the lien process, they are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred, and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectible receivables.

H. Inventories***Government-Wide and Fund Financial Statements***

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

I. Capital Assets***Government-Wide and Proprietary Fund Financial Statements***

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20
Buildings and improvements.....	20 - 40
Machinery and equipment.....	5 - 10
Vehicles.....	5
Infrastructure.....	50

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

J. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net asset that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has reported deferred outflows of resources related to pensions and OPEB in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has reported deferred inflows of resources related to pensions and OPEB in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements, but the revenue is not available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

K. Unearned and Unavailable Revenue

Unearned revenue at the government-wide and fund financial statement level represents resources that have been received, but not yet earned.

Fund Financial Statements

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

L. Interfund Receivables and Payables

During the course of operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statements of net position as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

M. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

Transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

N. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

“Permanent funds – expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings.

“Permanent funds – nonexpendable” represents the endowment portion of donor restricted trusts that support governmental programs.

“Gifts and grants” represent assets that have restrictions placed on them from outside parties.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town meeting is the highest level of decision-making authority for the government that can, by adoption of an article, which constitutes the most binding restraint, prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the article remains in place until a similar action is taken to remove the limitation.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. The Town’s by-laws authorize the Finance Director to assign fund balance which generally only exists temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents

fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Town's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Worcester Regional Retirement System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Long-Term Debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

Q. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

The Water Enterprise Fund retains its investment income. The Solar Field Enterprise Fund assigns its investment income to the general fund.

R. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred. The related liability as of June 30, 2023, is immaterial and therefore is not recorded.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

S. Use of Estimates*Government-Wide and Fund Financial Statements*

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

T. Individual Fund Deficits

At June 30, 2023, there are various fund deficits within the special revenue fund. This deficit will be funded with available funds and future grant proceeds.

U. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth. In addition, there are various restrictions limiting the amount and length of deposits and investments.

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial risk. At year-end, the carrying amount of deposits totaled \$11,635,181 and the bank balance totaled \$11,862,355. Of the bank balance, \$1,576,330 was covered by Federal Depository Insurance, \$8,967,074 was covered by Depositors Insurance Fund and \$1,318,951 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2023, the Town had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>	
		<u>Under 1 Year</u>	<u>1-5 Years</u>
<u>Debt securities:</u>			
U.S. treasury notes.....	\$ 1,022,842	\$ 531,506	\$ 491,336
Government sponsored enterprises.....	208,873	-	208,873
Corporate bonds.....	1,379,996	583,754	796,242
Total debt securities.....	2,611,711	<u>\$ 1,115,260</u>	<u>\$ 1,496,451</u>
<u>Other investments:</u>			
Equity securities.....	373,215		
Fixed income mutual funds.....	24,853		
Money market mutual funds.....	45,491		
Pension Reserve Investment Trust (PRIT)....	3,190,883		
MMDT - cash portfolio.....	182,997		
Total investments.....	<u>\$ 6,429,150</u>		

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months. The Town's investment in MMDT is unrated.

The Town participates in PRIT. The effective weighted duration rate for PRIT investments ranged from 1.98 to 14.64 years. The OPEB Trust had \$3,190,883 invested in PRIT at June 30, 2023.

Custodial Credit Risk – Investments

For an investment, this is the risk that in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town's investments of \$1,022,842 in U.S. treasury notes, \$208,873 in government sponsored enterprises, \$1,379,996 in corporate bonds, and \$373,215 in equity securities, the Town has custodial credit risk exposure of \$2,984,926 because the related securities are uninsured, unregistered and held by the counterparty. The Town does not have a formal investment policy for custodial credit risk.

Interest Rate Risk

The Town does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. No more than 5% of the Town's investments are invested in any one issuer.

Credit Risk

The Town has not adopted a formal policy related to credit risk. The Town's investments in PRIT, equity securities, mutual funds and MMDT are unrated.

The Town's debt securities subject to credit risk disclosures are rated as follows:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
AAA.....	\$ -	\$ 135,503
AA+.....	208,873	-
A+.....	-	454,124
A-.....	-	235,777
BBB+.....	-	282,389
BBB.....	-	272,203
 Total.....	 \$ <u>208,873</u>	 \$ <u>1,379,996</u>

Fair Value of Investments

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

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2023:

Investment Type	June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 1,022,842	\$ 1,022,842	\$ -	\$ -
Government sponsored enterprises.....	208,873	208,873	-	-
Corporate bonds.....	<u>1,379,996</u>	<u>-</u>	<u>1,379,996</u>	<u>-</u>
Total debt securities.....	2,611,711	1,231,715	1,379,996	-
<u>Other investments:</u>				
Equity securities.....	373,215	373,215	-	-
Fixed income mutual funds.....	24,853	24,853	-	-
Money market mutual funds.....	<u>45,491</u>	<u>45,491</u>	<u>-</u>	<u>-</u>
Total other investments.....	<u>443,559</u>	<u>443,559</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value.....	3,055,270	\$ <u>1,675,274</u>	\$ <u>1,379,996</u>	\$ <u>-</u>
Investments measured at amortized cost:				
MMDT - cash portfolio.....	182,997			
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT)..	<u>3,190,883</u>			
Total investments.....	\$ <u>6,429,150</u>			

U.S. treasury notes, government sponsored enterprises, fixed income mutual funds, money market mutual funds, and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified in Level 3 are valued using significant unobservable inputs. The Town does not have any investments in this category.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

PRIT Investments are valued using the net asset value method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT.

NOTE 3 – RECEIVABLES

At June 30, 2023, receivables for the individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 187,728	\$ (1,484)	\$ 186,244
Tax liens.....	298,606	-	298,606
Community preservation fund surtax.....	1,248	-	1,248
Motor vehicle and other excise taxes.....	215,305	(64,510)	150,795
Departmental and other.....	568,782	(320,034)	248,748
Intergovernmental.....	629,433	-	629,433
Special assessments.....	40,862	-	40,862
 Total.....	 \$ <u>1,941,964</u>	 \$ <u>(386,028)</u>	 \$ <u>1,555,936</u>

At June 30, 2023, receivables for the water enterprise consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user charges.....	\$ <u>551,939</u>	\$ <u>-</u>	\$ <u>551,939</u>

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 113,566	\$ -	\$ 113,566
Tax liens.....	298,606	-	298,606
Community preservation fund surtax.....	-	1,248	1,248
Motor vehicle and other excise taxes.....	150,795	-	150,795
Departmental and other.....	116,264	115,691	231,955
Intergovernmental.....	-	398,458	398,458
Special assessments.....	-	40,862	40,862
Tax foreclosures.....	474,655	-	474,655
 Total.....	 \$ <u>1,153,886</u>	 \$ <u>556,259</u>	 \$ <u>1,710,145</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,394,347	\$ -	\$ -	\$ 2,394,347
Construction in progress.....	<u>423,754</u>	<u>324,572</u>	<u>(241,840)</u>	<u>506,486</u>
Total capital assets not being depreciated....	<u>2,818,101</u>	<u>324,572</u>	<u>(241,840)</u>	<u>2,900,833</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	436,286	-	-	436,286
Buildings and improvements.....	43,546,710	65,889	-	43,612,599
Machinery and equipment.....	3,395,470	67,296	-	3,462,766
Vehicles.....	3,749,955	351,070	-	4,101,025
Infrastructure.....	<u>26,406,407</u>	<u>515,617</u>	<u>-</u>	<u>26,922,024</u>
Total capital assets being depreciated.....	<u>77,534,828</u>	<u>999,872</u>	<u>-</u>	<u>78,534,700</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(142,180)	(17,200)	-	(159,380)
Buildings and improvements.....	(22,311,587)	(1,216,390)	-	(23,527,977)
Machinery and equipment.....	(2,024,204)	(189,236)	-	(2,213,440)
Vehicles.....	(3,539,136)	(140,591)	-	(3,679,727)
Infrastructure.....	<u>(21,728,590)</u>	<u>(677,965)</u>	<u>-</u>	<u>(22,406,555)</u>
Total accumulated depreciation.....	<u>(49,745,697)</u>	<u>(2,241,382)</u>	<u>-</u>	<u>(51,987,079)</u>
Total capital assets being depreciated, net.....	<u>27,789,131</u>	<u>(1,241,510)</u>	<u>-</u>	<u>26,547,621</u>
Total governmental activities capital assets, net.....	<u>\$ 30,607,232</u>	<u>\$ (916,938)</u>	<u>\$ (241,840)</u>	<u>\$ 29,448,454</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Solar Field:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 22,888	\$ -	\$ -	\$ 22,888
Infrastructure.....	<u>2,542,651</u>	<u>-</u>	<u>-</u>	<u>2,542,651</u>
Total capital assets being depreciated.....	<u>2,565,539</u>	<u>-</u>	<u>-</u>	<u>2,565,539</u>
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(5,150)	(1,144)	-	(6,294)
Infrastructure.....	<u>(740,118)</u>	<u>(63,267)</u>	<u>-</u>	<u>(803,385)</u>
Total accumulated depreciation.....	<u>(745,268)</u>	<u>(64,411)</u>	<u>-</u>	<u>(809,679)</u>
Total solar field activities capital assets, net.....	<u>\$ 1,820,271</u>	<u>\$ (64,411)</u>	<u>\$ -</u>	<u>\$ 1,755,860</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Water:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 194,192	\$ -	\$ -	\$ 194,192
Construction in progress.....	-	263,610	-	263,610
Total capital assets not being depreciated.....	<u>194,192</u>	<u>263,610</u>	<u>-</u>	<u>457,802</u>
<u>Capital assets being depreciated:</u>				
Buildings.....	3,251	-	-	3,251
Machinery and equipment.....	241,562	-	-	241,562
Vehicles.....	336,243	-	-	336,243
Infrastructure.....	<u>10,376,841</u>	<u>-</u>	<u>-</u>	<u>10,376,841</u>
Total capital assets being depreciated.....	<u>10,957,897</u>	<u>-</u>	<u>-</u>	<u>10,957,897</u>
<u>Less accumulated depreciation for:</u>				
Buildings.....	(3,251)	-	-	(3,251)
Machinery and equipment.....	(227,595)	(1,643)	-	(229,238)
Vehicles.....	(295,900)	(26,895)	-	(322,795)
Infrastructure.....	<u>(3,890,388)</u>	<u>(198,860)</u>	<u>-</u>	<u>(4,089,248)</u>
Total accumulated depreciation.....	<u>(4,417,134)</u>	<u>(227,398)</u>	<u>-</u>	<u>(4,644,532)</u>
Total capital assets being depreciated, net.....	<u>6,540,763</u>	<u>(227,398)</u>	<u>-</u>	<u>6,313,365</u>
Total water activities capital assets, net.....	<u>\$ 6,734,955</u>	<u>\$ 36,212</u>	<u>\$ -</u>	<u>\$ 6,771,167</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government.....	\$ 178,281
Public safety.....	337,913
Education.....	909,875
Public works.....	696,666
Culture and recreation.....	<u>118,647</u>
Total depreciation expense - governmental activities.....	<u>\$ 2,241,382</u>
Business-Type Activities:	
Water.....	\$ 227,398
Solar field.....	<u>64,411</u>
Total depreciation expense - business-type activities.....	<u>\$ 291,809</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

As of June 30, 2023, the Town has interfund receivables/payables of \$2,104 between the general fund and the highway improvement fund. The purpose of these balances is to cover short-term cash needs that will be funded by future grant proceeds.

For the year ended June 30, 2023, \$174,282 was transferred from the general fund to the Town capital project fund for the fire pumper finance payment.

NOTE 6 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the General and Enterprise Funds, respectively.

The Town did not have any short-term debt activity for the year ended June 30, 2023.

NOTE 7 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 2 ½% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2023, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Activities

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
General Obligation Bonds Payable:				
Municipal Purpose Bonds of 2016.....	2035	\$ 3,175,000	2.00 - 3.50	\$ 1,895,000
Municipal Purpose Bonds of 2018.....	2028	1,293,000	5.00	<u>640,000</u>
Subtotal General Obligation Bonds Payable.....				<u>2,535,000</u>
Direct Borrowings Payable:				
MCWT Bonds of 2015.....	2034	116,000	0	66,700
Public Safety Vehicles Capital Financing.....	2029	1,415,776	3.81 - 3.98	<u>742,969</u>
Subtotal Direct Borrowings Payable.....				<u>809,669</u>
Long Term Bonds Payable.....				<u>3,344,669</u>
Add: Unamortized premium on bonds.....				<u>51,368</u>
Total Bonds Payable, net.....				<u>\$ 3,396,037</u>

Debt service requirements for principal and interest for governmental general obligation bonds and direct borrowings payable in future years are on the following page.

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2024.....	\$ 290,000	\$ 92,726	\$ 382,726
2025.....	290,000	81,424	371,424
2026.....	290,000	70,126	360,126
2027.....	285,000	58,824	343,824
2028.....	285,000	47,776	332,776
2029.....	160,000	36,724	196,724
2030.....	160,000	31,926	191,926
2031.....	155,000	27,124	182,124
2032.....	155,000	21,700	176,700
2033.....	155,000	16,276	171,276
2034.....	155,000	10,850	165,850
2035.....	155,000	5,424	160,424
Total.....	\$ 2,535,000	\$ 500,900	\$ 3,035,900

Year	Direct Borrowings Payable		
	Principal	Interest	Total
2024.....	\$ 148,982	\$ 29,177	\$ 178,159
2025.....	154,446	23,714	178,160
2026.....	112,041	18,041	130,082
2027.....	116,289	13,793	130,082
2028.....	120,708	9,374	130,082
2029.....	125,303	4,779	130,082
2030.....	5,800	-	5,800
2031.....	5,800	-	5,800
2032.....	5,800	-	5,800
2033.....	5,800	-	5,800
2034.....	5,800	-	5,800
2035.....	2,900	-	2,900
Total.....	\$ 809,669	\$ 98,878	\$ 908,547

Bonds Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
General Obligation Bonds Payable:				
Water - Municipal Purpose Bonds of 2018.....	2038	\$ 3,500,000	3.50 - 5.00	\$ 2,625,000
Solar - Municipal Purpose Bonds of 2013.....	2033	1,480,000	0.75 - 4.25	735,000
Total General Obligation Bonds Payable.....				3,360,000
Add: Unamortized premium on bonds.....				133,202
Total Bonds Payable, net.....				<u>\$ 3,493,202</u>

Debt service requirements for principal and interest for enterprise fund general obligation bonds payable in future years are as follows:

Water Fund

General Obligation Bonds Payable

Year	Principal	Interest	Total
2024.....	\$ 175,000	\$ 106,750	\$ 281,750
2025.....	175,000	98,000	273,000
2026.....	175,000	89,250	264,250
2027.....	175,000	80,500	255,500
2028.....	175,000	71,750	246,750
2029.....	175,000	63,000	238,000
2030.....	175,000	56,875	231,875
2031.....	175,000	50,750	225,750
2032.....	175,000	44,625	219,625
2033.....	175,000	38,500	213,500
2034.....	175,000	32,375	207,375
2035.....	175,000	25,375	200,375
2036.....	175,000	18,375	193,375
2037.....	175,000	12,250	187,250
2038.....	175,000	6,125	181,125
Total.....	\$ <u>2,625,000</u>	\$ <u>794,500</u>	\$ <u>3,419,500</u>

Solar Field Fund

General Obligation Bonds Payable

Year	Principal	Interest	Total
2024.....	\$ 75,000	\$ 29,044	\$ 104,044
2025.....	75,000	26,100	101,100
2026.....	75,000	23,025	98,025
2027.....	75,000	19,941	94,941
2028.....	75,000	16,847	91,847
2029.....	75,000	13,706	88,706
2030.....	75,000	10,518	85,518
2031.....	70,000	7,437	77,437
2032.....	70,000	4,462	74,462
2033.....	70,000	1,487	71,487
Total.....	\$ <u>735,000</u>	\$ <u>152,567</u>	\$ <u>887,567</u>

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2023, the Town had \$4,000,000 of authorized and unissued debt related to water mains maintenance.

Changes in Long-term Liabilities

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term general obligation bonds payable...	\$ 2,825,000	\$ -	\$ (290,000)	\$ -	\$ -	\$ 2,535,000	\$ 290,000
Long-term direct borrowings payable.....	961,581	-	(151,912)	-	-	809,669	148,982
Add: Unamortized premium on bonds.....	72,131	-	-	-	(20,763)	51,368	17,258
Total long-term debt.....	3,858,712	-	(441,912)	-	(20,763)	3,396,037	456,240
Net pension liability.....	7,953,455	-	-	2,628,145	(775,408)	9,806,192	-
Net other postemployment benefits.....	554,982	-	-	178,288	(156,998)	576,272	-
Total governmental activity long-term liabilities.....	\$ 12,367,149	\$ -	\$ (441,912)	\$ 2,806,433	\$ (953,169)	\$ 13,778,501	\$ 456,240
Business-Type Activities:							
Long-term general obligation bonds payable...	\$ 3,610,000	\$ -	\$ (250,000)	\$ -	\$ -	\$ 3,360,000	\$ 250,000
Add: Unamortized premium on bonds.....	152,566	-	-	-	(19,364)	133,202	17,897
Total long-term debt.....	3,762,566	-	(250,000)	-	(19,364)	3,493,202	267,897
Net pension liability.....	702,269	-	-	152,189	(62,614)	791,844	-
Net other postemployment benefits.....	26,905	-	-	1,056	(315)	27,646	-
Total business-type activity long-term liabilities.....	\$ 4,491,740	\$ -	\$ (250,000)	\$ 153,245	\$ (82,293)	\$ 4,312,692	\$ 267,897

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The intent of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classification and the constraints imposed on the uses of those resources.

GASB Statement No. 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB Statement No. 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government for its highest level of decision-making authority.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose.

	General	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:			
Nonspendable:			
Permanent fund principal.....	\$ -	\$ 841,629	\$ 841,629
Restricted for:			
Town revolving funds.....	-	173,467	173,467
Town grant funds.....	-	276,070	276,070
Receipts reserved for appropriations.....	-	167,276	167,276
Other special revenue.....	-	678,077	678,077
Capital project fund.....	-	375,464	375,464
Permanent expendable fund.....	-	142,201	142,201
Assigned to:			
General government.....	1,986	-	1,986
Public safety.....	702	-	702
Education.....	5,422	-	5,422
Property and liability insurance.....	7,790	-	7,790
Unassigned.....	5,643,738	(25,298)	5,618,440
Total Fund Balances.....	\$ 5,659,638	\$ 2,628,886	\$ 8,288,524

NOTE 9 – STABILIZATION FUND

Massachusetts General Law 40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year end, the balance of the general stabilization fund totaled \$1.9 million and is reported as unassigned fund balance within the general fund. The Town also has a capital stabilization fund which totaled \$279,000 and is also reported as unassigned fund balance in the general fund. The stabilization funds may be used for general and/or capital purposes upon Town Meeting approval.

NOTE 10 – RISK FINANCING

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

NOTE 11 – PENSION PLAN

Plan Descriptions

The Town is a member of the Worcester Regional Retirement System (WRRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 99 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service. There were no changes in benefit terms that affected the measurement of the total pension liability at December 31, 2022.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the WRRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2022, which was \$838,022 and 26.46% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2023, the Town reported a liability of \$10,598,036 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2022, the Town's proportion was 1.031%, which increased from its proportion measured at December 31, 2021, of 1.028%.

Pension Expense

For the year ended June 30, 2023, the Town recognized pension expense of \$1,173,095. At June 30, 2023, the Town reported net deferred outflows of resources and inflows of resources related to pensions of \$1,496,661 and \$642,086, respectively.

The balances of deferred outflows and inflows at June 30, 2023, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (324,327)	\$ (324,327)
Difference between projected and actual earnings, net.....	715,212	-	715,212
Changes of assumptions.....	561,617	-	561,617
Changes in proportion and proportionate share of contributions.....	<u>219,832</u>	<u>(317,759)</u>	<u>(97,927)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 1,496,661</u>	<u>\$ (642,086)</u>	<u>\$ 854,575</u>

The Town’s deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2024.....	\$ 108,541
2025.....	216,695
2026.....	170,863
2027.....	379,431
2028.....	<u>(20,955)</u>
Total.....	<u>\$ 854,575</u>

Actuarial Assumptions

The total pension liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2022:

- Valuation date..... January 1, 2022
- Actuarial cost method..... Entry age normal.
- Amortization method..... UAAL - Increasing dollar amount at 4% to reduce the unfunded actuarial accrued liability to zero on or before June 30, 2036. The annual increase in appropriation is further limited to 9.95%.
2002, 2003 ERI - Increasing dollar amount at 4.5% to reduce the 2002 and 2003 ERI actuarial accrued liability to zero on or before June 30, 2028.
- Asset valuation method..... The actuarial value of assets is the market value of assets as of the valuation date reduced by the sum of:
 - a) 80% of gains and losses of the prior year,
 - b) 60% of gains and losses of the second prior year,
 - c) 40% of gains and losses of the third prior year, and
 - d) 20% of gains and losses of the fourth prior year.

Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation for assets is further constrained to be not less than 80% or more than 120% of market value.

Inflation.....	2.4% per year.
Salary increases.....	Group 1: 6% - 4.25%, based on service Group 4: 7% - 4.75%, based on service
Payroll growth.....	3.25% per year.
Investment rate of return.....	7.25%, net of pension plan investment expense, including inflation.
Mortality rates.....	Based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2020. For disabled lives, the mortality rates were based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020.

Investment Policy

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity.....	37.00%	4.74%
Core fixed income.....	15.00%	2.10%
Value-added fixed income.....	8.00%	5.20%
Private equity.....	16.00%	7.60%
Real estate.....	10.00%	3.10%
Timberland.....	4.00%	4.40%
Portfolio completion (PCS).....	10.00%	3.90%
 Total.....	 <u>100.00%</u>	

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -11.68%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of (7.25%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
The Town's proportionate share of the net pension liability.....	\$ 12,932,459	\$ 10,598,036	\$ 8,624,430

Changes in Assumptions

The administrative expense assumption was increased from \$1,200,000 to \$1,400,000.

Net 3(8)(c) transfer assumption was modified from \$3,500,000 to \$3,200,000.

Pay growth assumption decreased from 3.5% to 3.25%.

Changes in Plan Provisions

None.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Town of Lancaster administers a single-employer defined benefit healthcare plan (Plan). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report.

Funding Policy

Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50 percent of their premium costs. For 2023, the Town contributed \$157,313 to the plan. The Town’s average contribution rate was 3.62% of covered payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities. As of June 30, 2023, the balance of the OPEB fund totaled \$3,190,883.

Measurement Date

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Employees Covered by Benefit Terms

The following table represents the Plan’s membership at June 30, 2023:

Active members.....	39
Inactive members currently receiving benefits....	<u>35</u>
Total.....	<u>74</u>

Components of OPEB Liability

The following table represents the components of the Plan’s OPEB liability as of June 30, 2023:

Total OPEB liability.....	\$ 3,794,801
Less: OPEB plan’s fiduciary net position.....	<u>(3,190,883)</u>
Net OPEB liability.....	<u>\$ 603,918</u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability.....	84.09%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, that was updated to June 30, 2023, as follows:

Valuation date.....	July 1, 2021
Actuarial cost method.....	Individual entry age normal.
Asset valuation method.....	Fair value of assets as of the measurement date, June 30, 2023.
Discount rate.....	6.30%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index-SAPIHG).
Inflation rate.....	2.50% as of June 30, 2023, and for future periods.
Salary increases.....	3.00% annually as of June 30, 2023, and for future periods.
Mortality rates:	
Pre-Retirement Mortality.....	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for male and females, set forward 1 year for females.
Post-Retirement Mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for male and females, set forward 1 year for females.
Disabled Mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for male and females, set forward 1 year.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on OPEB plan investments was 5.72%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce a long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The Plan’s expected future real rate of return of 3.80%, net of investment expense, is added to the expected inflation of 2.50% to produce the long-term expected nominal rate of return of 6.80%.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity - large cap.....	14.50%	4.10%
Domestic equity - small/mid cap.....	3.50%	4.55%
International equity - developed market.....	16.00%	4.64%
International equity - emerging market.....	6.00%	5.45%
Domestic fixed income.....	20.00%	1.05%
International fixed income.....	3.00%	0.96%
Alternatives.....	23.00%	5.95%
Real estate.....	14.00%	6.25%
Total.....	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.30% as of June 30, 2023, decreasing from 6.41% as of June 30, 2022. The discount rate is a blend of the long-term expected rate of return on OPEB Trust Fund assets for funded periods and a yield or index rate using S&P Municipal Bond 20-year High Grade Index for unfunded periods. The blending is based on the sufficiency of projected assets to make projected benefit payments.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the Plan’s net OPEB liability, calculated using the discount rate of 6.30%, as well as what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.30%) or 1-percentage-point higher (7.30%) than the current rate.

	<u>1% Decrease (5.30%)</u>	<u>Current Discount Rate (6.30%)</u>	<u>1% Increase (7.30%)</u>
Net OPEB liability.....	\$ <u>1,154,968</u>	\$ <u>603,918</u>	\$ <u>158,528</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend

The following table presents the net other postemployment benefit asset, calculated using the healthcare trend rate if it was 1-percentage-point lower or 1- percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB liability.....	\$ <u>108,574</u>	\$ <u>603,918</u>	\$ <u>1,226,665</u>

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Changes in the Net OPEB Liability/(Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balances at June 30, 2022.....	\$ 3,600,178	\$ 3,018,291	\$ 581,887
Changes for the year:			
Service cost.....	75,200	-	75,200
Interest.....	230,628	-	230,628
Change in assumptions.....	46,108	-	46,108
Employer contributions to trust.....	-	157,313	(157,313)
Net investment income.....	-	172,592	(172,592)
Benefit payments.....	<u>(157,313)</u>	<u>(157,313)</u>	<u>-</u>
Net change.....	<u>194,623</u>	<u>172,592</u>	<u>22,031</u>
Balances at June 30, 2023.....	<u>\$ 3,794,801</u>	<u>\$ 3,190,883</u>	<u>\$ 603,918</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Town recognized OPEB expense of \$166,766 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (153,781)	\$ (153,781)
Difference between projected and actual earnings, net.....	19,062	-	19,062
Changes in assumptions.....	<u>552,975</u>	<u>-</u>	<u>552,975</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 572,037</u>	<u>\$ (153,781)</u>	<u>\$ 418,256</u>

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

<u>Year ended June 30:</u>	
2024.....	\$ 48,993
2025.....	83,777
2026.....	214,534
2027.....	67,379
2028.....	<u>3,573</u>
Total.....	<u>\$ 418,256</u>

Changes of Assumptions

The discount rate decreased from 6.41% to 6.30%.

Changes in Plan Provisions

None.

NOTE 13 – COMMITMENTS

The Town is committed to pay its proportionate share of the principal and interest on the indebtedness incurred by the Nashoba Regional School District for the purpose of renovating, reconstructing, and equipping the Nashoba Regional High School. The Town’s 2023 assessment for its proportionate share of debt service totaled \$167,560.

The general fund has various commitments for goods and services related to encumbrances totaling \$15,900.

NOTE 14 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2023 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2023.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 14, 2024, which is the date the financial statements were available to be issued.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2023, the following GASB pronouncements were implemented:

- GASB Statement #91, *Conduit Debt Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #96, *Subscription-Based Information Technology Arrangements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #99, *Omnibus 2022*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.
- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 21,924,117	\$ 21,924,117	\$ 21,924,117
Tax liens.....	-	-	-	-
Motor vehicle and other excise taxes.....	-	1,236,800	1,236,800	1,236,800
Penalties and interest on taxes.....	-	100,000	100,000	100,000
Payments in lieu of taxes.....	-	12,000	12,000	12,000
Intergovernmental.....	-	1,261,633	1,261,633	1,261,633
Departmental and other.....	-	584,000	584,000	584,000
Investment income.....	-	20,000	20,000	20,000
TOTAL REVENUES.....	-	25,138,550	25,138,550	25,138,550
EXPENDITURES:				
Current:				
General government.....	558	2,308,321	2,308,879	2,262,716
Public safety.....	-	2,371,644	2,371,644	2,371,644
Education.....	-	16,932,081	16,932,081	16,932,081
Public works.....	-	770,672	770,672	785,672
Health and human services.....	-	240,119	240,119	236,229
Culture and recreation.....	-	427,244	427,244	462,297
Pension benefits.....	-	838,022	838,022	838,022
Property and liability insurance.....	-	210,000	210,000	210,000
Employee benefits.....	-	1,020,925	1,020,925	1,020,925
State and county charges.....	-	149,062	149,062	149,062
Debt service:				
Principal.....	-	296,000	296,000	296,000
Interest.....	-	104,025	104,025	104,025
TOTAL EXPENDITURES.....	558	25,668,115	25,668,673	25,668,673
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(558)	(529,565)	(530,123)	(530,123)
OTHER FINANCING SOURCES (USES):				
Transfers out.....	-	(174,282)	(174,282)	(174,282)
NET CHANGE IN FUND BALANCE.....	(558)	(703,847)	(704,405)	(704,405)
BUDGETARY FUND BALANCE, Beginning of year.....	-	2,699,947	2,699,947	2,699,947
BUDGETARY FUND BALANCE, End of year.....	\$ (558)	\$ 1,996,100	\$ 1,995,542	\$ 1,995,542

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$	21,989,884	\$ -	\$ 65,767
	64,055	-	64,055
	1,302,491	-	65,691
	106,397	-	6,397
	35,537	-	23,537
	1,380,565	-	118,932
	714,551	-	130,551
	63,370	-	43,370
	<u>25,656,850</u>	<u>-</u>	<u>518,300</u>
	2,044,095	1,986	216,635
	2,130,618	702	240,324
	16,856,630	5,422	70,029
	771,363	-	14,309
	197,145	-	39,084
	459,445	-	2,852
	838,022	-	-
	187,277	7,790	14,933
	734,015	-	286,910
	149,022	-	40
	295,800	-	200
	104,025	-	-
	<u>24,767,457</u>	<u>15,900</u>	<u>885,316</u>
	<u>889,393</u>	<u>(15,900)</u>	<u>1,403,616</u>
	<u>(174,282)</u>	<u>-</u>	<u>-</u>
	715,111	(15,900)	1,403,616
	<u>2,699,947</u>	<u>-</u>	<u>-</u>
\$	<u><u>3,415,058</u></u>	<u><u>(15,900)</u></u>	<u><u>1,403,616</u></u>

Pension Plan Schedules

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
WORCESTER REGIONAL RETIREMENT SYSTEM**

<u>Year</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered-payroll</u>	<u>Net pension liability as a percentage of covered-payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2022.....	1.031%	\$ 10,598,036	\$ 3,135,422	338.01%	48.20%
December 31, 2021.....	1.028%	8,655,724	2,653,243	326.23%	56.20%
December 31, 2020.....	1.082%	9,614,710	3,034,175	316.88%	50.30%
December 31, 2019.....	1.080%	9,613,519	2,894,469	332.13%	47.40%
December 31, 2018.....	1.006%	9,125,651	2,813,173	324.39%	43.05%
December 31, 2017.....	1.005%	8,200,606	2,689,773	304.88%	46.40%
December 31, 2016.....	1.006%	8,414,126	2,656,155	316.78%	42.00%
December 31, 2015.....	1.000%	7,099,294	2,608,454	272.16%	44.52%
December 31, 2014.....	1.026%	6,106,249	2,508,129	243.46%	47.94%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
WORCESTER REGIONAL RETIREMENT SYSTEM**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered-payroll</u>	<u>Contributions as a percentage of covered-payroll</u>
June 30, 2023.....	\$ 838,022	\$ (838,022)	\$ -	\$ 3,166,776	26.46%
June 30, 2022.....	760,156	(760,156)	-	2,679,775	28.37%
June 30, 2021.....	728,019	(728,019)	-	3,064,517	23.76%
June 30, 2020.....	657,598	(657,598)	-	2,923,414	22.49%
June 30, 2019.....	560,308	(560,308)	-	2,841,305	19.72%
June 30, 2018.....	508,868	(508,868)	-	2,716,671	18.73%
June 30, 2017.....	487,963	(487,963)	-	2,682,717	18.19%
June 30, 2016.....	449,938	(449,938)	-	2,634,539	17.08%
June 30, 2015.....	405,522	(405,522)	-	2,533,210	16.01%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability/(Asset) and related ratios presents multi-year trend information on the Town's net other postemployment benefit liability/(asset) and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on other postemployment liability/(assets), net of investment expense.

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service cost.....	\$ 66,988	\$ 75,082	\$ 81,862	\$ 63,513
Interest.....	170,603	180,403	220,923	232,163
Changes of benefit terms.....	-	-	-	(424,831)
Differences between expected and actual experience.....	-	91,425	-	(551,147)
Changes of assumptions.....	-	343,577	-	71,306
Benefit payments.....	<u>(100,568)</u>	<u>(110,959)</u>	<u>(126,128)</u>	<u>(121,528)</u>
Net change in total OPEB liability.....	137,023	579,528	176,657	(730,524)
Total OPEB liability - beginning.....	<u>2,419,623</u>	<u>2,556,646</u>	<u>3,136,174</u>	<u>3,312,831</u>
Total OPEB liability - ending (a).....	<u>\$ 2,556,646</u>	<u>\$ 3,136,174</u>	<u>\$ 3,312,831</u>	<u>\$ 2,582,307</u>
Plan fiduciary net position				
Employer contributions.....	\$ 151,000	\$ 491,838	\$ -	\$ 300,000
Employer contributions for OPEB payments.....	100,568	110,959	126,128	121,528
Net investment income (loss).....	134,350	143,565	111,606	38,908
Benefit payments.....	<u>(100,568)</u>	<u>(110,959)</u>	<u>(126,128)</u>	<u>(121,528)</u>
Net change in plan fiduciary net position.....	285,350	635,403	111,606	338,908
Plan fiduciary net position - beginning of year.....	<u>1,052,331</u>	<u>1,337,681</u>	<u>1,973,084</u>	<u>2,084,690</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 1,337,681</u>	<u>\$ 1,973,084</u>	<u>\$ 2,084,690</u>	<u>\$ 2,423,598</u>
Net OPEB liability/(asset) - ending (a)-(b).....	<u>\$ 1,218,965</u>	<u>\$ 1,163,090</u>	<u>\$ 1,228,141</u>	<u>\$ 158,709</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	52.32%	62.91%	62.93%	93.85%
Covered-employee payroll.....	\$ 3,081,362	\$ 3,173,803	\$ 3,269,017	\$ 2,877,858
Net OPEB liability/(asset) as a percentage of covered-employee payroll.....	39.56%	36.65%	37.57%	5.51%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

	June 30, 2021	June 30, 2022	June 30, 2023
\$	65,411	\$ 71,259	\$ 75,200
	180,626	187,548	230,628
	-	-	-
	-	(23,306)	-
	85,132	728,978	46,108
	<u>(137,008)</u>	<u>(140,769)</u>	<u>(157,313)</u>
	194,161	823,710	194,623
	<u>2,582,307</u>	<u>2,776,468</u>	<u>3,600,178</u>
\$	<u><u>2,776,468</u></u>	<u><u>3,600,178</u></u>	<u><u>3,794,801</u></u>
\$	-	-	-
	137,008	140,769	157,313
	712,584	(117,891)	172,592
	<u>(137,008)</u>	<u>(140,769)</u>	<u>(157,313)</u>
	712,584	(117,891)	172,592
	<u>2,423,598</u>	<u>3,136,182</u>	<u>3,018,291</u>
\$	<u><u>3,136,182</u></u>	<u><u>3,018,291</u></u>	<u><u>3,190,883</u></u>
\$	<u><u>(359,714)</u></u>	<u><u>581,887</u></u>	<u><u>603,918</u></u>
	112.96%	83.84%	84.09%
\$	2,964,194	\$ 4,223,650	\$ 4,350,360
	-12.14%	13.78%	13.88%

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2023.....	\$ 105,847	\$ (157,313)	\$ (51,466)	\$ 4,350,360	3.62%
June 30, 2022.....	101,161	(140,769)	(39,608)	4,223,650	3.33%
June 30, 2021.....	46,206	(137,008)	(90,802)	2,964,194	4.62%
June 30, 2020.....	72,223	(421,528)	(349,305)	2,877,858	14.65%
June 30, 2019.....	174,359	(126,128)	48,231	3,269,017	3.86%
June 30, 2018.....	166,888	(602,797)	(435,909)	3,173,803	18.99%
June 30, 2017.....	169,965	(251,568)	(81,603)	3,081,362	8.16%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2023.....	5.72%
June 30, 2022.....	-3.76%
June 30, 2021.....	29.40%
June 30, 2020.....	1.72%
June 30, 2019.....	5.66%
June 30, 2018.....	9.10%
June 30, 2017.....	12.77%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

NOTE A – BUDGETARY BASIS OF ACCOUNTINGBudgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Finance Committee (Committee). The Committee presents an annual budget to the Open Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Increases or decreases subsequent to the approval of the annual budget require vote at a Special Town Meeting.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of a supplemental Town Meeting.

The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The original 2023 approved budget authorized approximately \$25.9 million in appropriations and other amounts to be raised. There was no change between the original budget and the final budget.

The Finance Director has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the Town's accounting system.

Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2023, is presented below:

Net change in fund balance - budgetary basis.....	\$	715,111
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		32,587
<u>Basis of accounting differences:</u>		
Net change in recording 60 day receipts.....		<u>(20,061)</u>
Net change in fund balance - GAAP basis.....	\$	<u>727,637</u>

NOTE B – PENSION PLANSchedule of the Town's Proportionate Share of the Net Pension Liability

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

Schedule of the Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the System's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

Changes in Assumptions

The administrative expense assumption was increased from \$1,200,000 to \$1,400,000.

Net 3(8)(c) transfer assumption was modified from \$3,500,000 to \$3,200,000.

Pay growth assumption decreased from 3.5% to 3.25%.

Changes in Plan Provisions

None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single employer defined benefit healthcare plan (Plan). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members.

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability/(Asset) and Related Ratios

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability/(Asset) and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability/(asset). It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll.

The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

Actuarial Assumptions

Valuation date.....	July 1, 2021
Actuarial cost method.....	Individual entry age normal.
Asset valuation method.....	Fair value of assets as of the measurement date, June 30, 2023.
Discount rate.....	6.30%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index-SAPIHG).
Inflation rate.....	2.50% as of June 30, 2023, and for future periods.
Salary increases.....	3.00% annually as of June 30, 2023, and for future periods.
Mortality rates:	
Pre-Retirement Mortality.....	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for male and females, set forward 1 year for females.
Post-Retirement Mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for male and females, set forward 1 year for females.
Disabled Mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for male and females, set forward 1 year.

Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

Changes in Assumptions

The discount rate was reduced from 6.41% to 6.30%.

Changes in Plan Provisions

None.

**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
*GOVERNMENTAL AUDITING STANDARDS***

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

Independent Auditor's Report

To the Honorable Select Board
Town of Lancaster, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lancaster, Massachusetts, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Lancaster, Massachusetts' basic financial statements, and have issued our report thereon dated March 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Lancaster, Massachusetts' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Lancaster, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Lancaster, Massachusetts' internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Powers & Sullivan, LLC". The signature is written in a cursive style and is positioned above a light gray rectangular background.

March 14, 2024



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

TOWN OF LANCASTER, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2023

To the Honorable Select Board
Town of Lancaster, Massachusetts:

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lancaster, Massachusetts, as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

However, during our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town personnel and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management of the Town of Lancaster, Massachusetts, and is not intended to be and should not be used by anyone other than these specified parties.

Powers & Sullivan, LLC

March 14, 2024

TOWN OF LANCASTER, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2023

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Prior Comments

EVALUATE REVOLVING FUND BALANCES

Prior Year Comment

The Town utilizes several revolving funds to account for the activity associated with providing certain fee-based programs. Revolving funds are intended to essentially break-even on an annual basis, where the fee structure is developed to cover the costs of operations. The Town's revolving funds have accumulated a balance of \$168,000 as of June 30, 2021, and \$167,000 as of June 30, 2022.

Current Status

The Town's revolving funds have a balance of \$173,000 as of June 30, 2023.

Continuing Recommendation

We continue to recommend that the Town develop procedures to evaluate the balances of all revolving funds on an annual basis. In completing this evaluation, it should be determined whether an individual revolving fund is being appropriately charged for the full scope of services provided, and whether the established fees remain appropriate.

DEVELOP WRITTEN DISASTER RECOVERY PROCEDURES

Prior Year Comment

The Town has developed a Comprehensive Emergency Management Plan in accordance with the Massachusetts Emergency Management Agency. However, we noted that this plan is very broad in its scope of recommendations in the event of a natural or man-made disaster that could affect the Town. The time to make contingency plans is before disaster strikes, so that all personnel will be aware of their responsibilities in the event of an emergency situation that precludes the use of the existing information technology facilities.

We recommended that management develop a disaster recovery plan that includes, but is not limited to, the following matters:

1. Location of, and access to, off-site storage.
2. A listing of all data files that would have to be obtained from the off-site storage location.
3. Identification of a backup location (name and telephone number) with similar or compatible equipment for emergency processing. (Management should make arrangements for such backup with another organization, a computer vendor, or a service center. The agreement should be in writing.)
4. Responsibilities of various personnel in an emergency.
5. Priority of critical applications and reporting requirements during the emergency period.

Current Status

An emergency preparedness guide is posted on the Town's website for residents to review. The Fire Chief, as the Emergency Management Director, has a plan in place which is followed in a disaster situation.

The Fire Chief is currently in the process of documenting the Town's plan into a disaster recovery manual that can be used by all Town employees.

Continuing Recommendation

Although the Town has procedures in place, we continue to recommend the Town formalize the disaster recovery procedures in a written manual that can be distributed to all departments.

OLD OUTSTANDING CHECKS

Prior Year Comment

The audit of cash went continues to go well, with the reconciliations being accurate and well documented.

However, we noted that the bank reconciliation for the vendor account reported outstanding checks greater than three months old, some going back to 2014, as reconciling items. This causes the reconciliation of the account and the overall cash balance to be more cumbersome than necessary.

In most instances, checks not cashed timely after the issue date indicates that the checks were either reissued, lost or are being held. As part of internal controls over cash disbursements and expenditures, the aging of outstanding checks should be monitored to ensure they are true outstanding checks.

Current Status

During 2023, the Town opened a new vendor bank account and closed the former one. In this process, the old outstanding checks were moved into tailings. However, the Treasurer's tailings detail is not up to date and does not include these checks. Additionally, the general ledger liability has not been updated with the new checks.

Continuing Recommendation

We recommend that management establish a formal, written policy concerning uncashed checks based on current State laws. Additionally, any checks that go through the tailings process should be tracked by the Treasurer and added to the general ledger liability account.

OLD WATER CAPITAL ASSET BALANCES

Prior Year Comment

For several years the Town's general ledger has included old unsupported water capital asset balances that do not change from year to year and are not valid balances. These account balances should be closed as they do not represent the capital asset balances of the Town.

Current Status

Resolved. The Town Accountant has closed out the old unsupported water capital asset balances from the general ledger.



Town of Lancaster
701 Main Street • Prescott Building
Lancaster, MA 01523
www.ci.lancaster.ma.us

MEMO

TO: Jason Allison, Select Board
FROM: Kate Hodges, Town Administrator
DATE: April 19, 2024
RE: Town Charter Creation Processes & Timetables

You asked that I gather information on Charter Commissions, as they relate to Municipal Government, and present you with relevant information regarding their purpose and how the Select Board may propose the creation of a Charter Commission or another mechanism to the Town relative to the adoption of a Town Charter. The following information is meant to assist you in navigating this topic in general as well as list out a timeline specific to the mandated steps which must take place in order to establish and empower a Charter Commission to develop and adopt a Town Charter for Lancaster.

Charters are the Preferred *Roadmap* for Local Government

Quite a lot is expected of local government operations. Depending on the size of the community, services provided to communities through their government can vary, but in all cases, local government is expected to be self-reliant in their ability to provide services and are expected to execute policy mandates that have been handed down from both the State and Federal levels without fail. Most importantly, local government is expected to adjust to changing times and expectations. One of the most staggering facts about local government is that each community is charged with ‘forging their own path’ so to speak. Although there are some constraints set by State Law, municipalities are free to create their own structures, reporting procedures, and other regulations by enacting same through decisions made by citizens and local officials. According to the Internal City Managers Association and the International League of Cities, both high-profile organizations whose purpose is to develop best practices and policy advisement for public officials across the globe. The ICMA states, *“the most important way that a local government controls its own destiny is through its charter.”* (ICMA, Guide for Charter Commissions Handbook)

A charter is the foundation of a local government and functions as the municipal equivalent of a state or federal constitution, setting forth guiding principles for governance. Composed by citizens, a charter specifies the most fundamental relationships between the government and its community. A **C h a r t e r** establishes the framework for how a local government operates in terms of its structure, responsibilities, functions, and processes. The way public officials are elected, the form of government, and the role citizens play in local government are just a few examples of the important choices articulated in a charter. A charter provides the means by which local government can officially control their operations. Despite the differences in the legal statuses between cities and towns, many local government agencies across the world have adopted charters as a way to ensure consistency and continuity of their services across all functions of their operation.

Acknowledging the Big Picture

I believe, for Lancaster, it would be helpful if we take a step back and examine our “big picture.” What brought us here? What has led our community to examine if a charter is warranted? What are we trying to

achieve? Understanding the circumstances surrounding the process is important, yes, but there can be many different reasons behind the initiation of a charter commission. Some municipalities want to change the form of government, some wish to revisit overly burdensome charter restrictions (in MA, many older charters required the manager or administrator to be a town resident), others want to amend the town regulations to work in tandem with the law – a factor that is also changing as time moves on.

For Lancaster, I believe the reason we may wish to seek a Charter is because Lancaster has historically been characterized as a small Town with almost no business or commercial development. Over the last decade, Lancaster has become increasingly complex, and the municipal operation is growing and evolving. However, we are operating with out-of-date bylaws, codes, and, in many cases, without adequate access to special acts or other changes in law that have impacted the community for decades. We need to change the way we must do business (i.e. Ballot Vote pros/cons, Animal Control, etc.). In short, what we have is simply not working any more and, for Town employees, our lack of clarity relative to our structure hinders our work, efficiency, and forward momentum in Town.

What Can a Charter Do?

A Charter CAN...

- Alter a form of government so the new form is better aligned with the preferences of citizens.
- Restrict or increase options available to governmental leaders alter electoral representation.
- Clarify ambiguity or confusion caused by existing charter language.
- Redistribute powers among elected officials, appointed officials, and governing bodies as well as between city officials and citizens.
- Set the stage for governmental leaders to achieve desired changes.
- Convert elected governmental positions to appointed positions or vice versa.

What Can a Charter Not Do?

Charter change CAN'T...

- Automatically increase the quality of governmental products and services.
- Eliminate political in-fighting and make elected officials achieve consensus (although governmental form can affect the likelihood of conflict).
- Expand the scope of municipal powers (although in MA, we have the ability to have home rule petitions which can work in concert with a charter.)
- Jumpstart the local economy.
- Decrease local crime.
- Improve the school system.
- Stop controversial public projects.
- Decreases taxes.
- Change or eliminate state-mandated activities.

A charter can easily become a tediously detailed document that hamstrings those in office as they work toward improving services, streamlining governmental functions, or reorganizing departments by severely limiting available options. While a certain level of control over governmental action is necessary and appropriate, balancing control with organizational and process flexibility and discretion should be the ultimate objective of any charter.

The Select Board's First Decision

Under the Home Rule Amendment to the Massachusetts Constitution and the Home Rule Procedures Act,

MGL Ch.43B, Amendment Article 89, cities and towns must form a charter commission to adopt a new charter. A second option under Ch. 43B, is a provision where communities may also chose to adopt a charter by passage of a special act of the Legislature which requires an additional approval of the Governor once drafted. The first step, all things considered, is for the Select Board to determine which path is preferred - (1) Develop a Charter Commission or (2) Petition the Legislature. The main difference between the two options is time as the commission's timetable is dictated by statute and lasts between 18-24 months where the legislative route generally takes about 12-18 months.

Two Processes Outlined & Timelines Explored

I. Charter Commission

A. Citizen & Select Board Duties & Timeline:

1. Now – March 2025: Under Section 3 of Ch. 43B, the process to form a charter commission is initiated when 15 percent of the voters petition the board to order a local ballot question on whether to adopt a new charter. This can happen anytime between now and May 2025's Election.
2. March – April 2025: Once the petition and signatures are certified as valid by the Town Clerk, the board will have 30 days to adopt the order and place the question on the ballot for the next regular election. This cannot be within the ensuing 60 days. The Town's next Regular Election is May 12, 2025.
3. May 12, 2025: When votes are cast on the question of forming a charter commission, votes are simultaneously cast to elect the nine commission members who qualify for nomination through the collection of voter signatures.
 - i. May 13, 2025: If a majority of the voters approve the question, the top nine vote getters sit on the Commission.
 - ii. On or Before June 27, 2025: The Commission, as directed by statute, must hold its first public hearing within 45 days of the election.

B. Charter Commission Duties & Timeline

1. On or Before September 12, 2025: The Commission must complete a preliminary report within 16 months of the vote.
2. They must then publish and submit their preliminary report to the State's attorney general for an advisory opinion.
3. On or Before November 12, 2025: The Commission must complete its final report within two additional months (i.e. 18 months from the election).

C. Voter Duties & Timeline:

1. May 11, 2026: The Charter Commission's recommendations are placed before the voters for acceptance or rejection at the subsequent Annual Election.
2. If the commission has no recommendation, then no vote occurs.

II. Special Act

Communities can adopt a Charter via a special act of the State Legislature.

- A. The approval of Town Meeting is required to submit the Charter via Special Act.

- B. State law does not mandate or prescribe any procedure for arriving at proposed Charter provisions when a Special Act is drafted and used by a Town to create a Charter.
- i. Best practice however is for the Town to develop a local government study committee, appointed by the Select Board, (or as directed by Town Meeting.)
 - ii. The Board is not restricted in the number of committee members.
 - iii. The Board may define the charge of the committee broadly to encompass all aspects of local government or may narrow the scope of work to ensure particular matters are included for the committee's focus.
 - iv. In its charge from the Board, the Committee may also be directed to complete its work in a shorter time frame than what the law requires for a Charter Commission as outlined in Section I herein.
 - v. Once the Charter proposal is drafted as a special act, it must be presented to Town Meeting for approval; Town Meeting must also authorize the Charter proposals submission to the State's General Court.

I appreciate that you are actively looking to explore these options and want to educate yourself on the processes in order to make the best decisions for Lancaster. If I can be of any help with that, I am more than willing to participate in conversations about the process or to provide you any additional information you may feel helpful. Thank you.



Town of Lancaster

701 Main St • Prescott Building
Lancaster, Massachusetts 01523
(978) 365-3326

MEMO

TO: Government Study Committee
CC: Lancaster Select Board
FROM: Kate Hodges, Town Administrator
DATE: August 16, 2022
RE: Government Structure Overview

The Government Study Committee was established pursuant to an affirmative action by Town Meeting in May of 2022. The idea of creating a Government Study Committee (GSC) was to engage a group of residents from a wide variety of backgrounds to take a critical look at Lancaster's form of government (FOG), organization of Town boards and committees and whether the creation of a Town Charter would be in the best interest of Lancaster. The Town's current governmental structure is Open Town Meeting – Select Board – Strong Town Administrator.

I. TOWN CHARTER PURPOSE

A municipal charter is the basic document that defines the organization, powers, functions, and essential procedures of the government. It is comparable to the Constitution of the United States or a State's constitution. The charter is, therefore, the most important legal document of any government entity. Charters are granted either *directly* by a State Legislature, by way of local legislation, or *indirectly* under a general municipal corporation law following a referendum vote of the proposal by the population. In its simplest form, a municipal charter establishes the Town's name, date of incorporation, FOG and its boundaries. The charter also includes the municipality's procedures for electing or appointing its administrative officials and officers. A charter may also outline how the municipality handles certain public services or financial matters, such as the power to tax or to incur debt.

All 351 municipalities in Massachusetts must conform to state statutes when forming a city or Town Charter. Charters are required to outline all details of how the city or Town will be run. The Charter must include the FOG chosen and must detail who has what powers.

A Town Charter is the basic framework of the government form in a community and outlines:

- ✓ Town Name & FOG
- ✓ Number of Select Board or Council Members and mode of election and terms
- ✓ COO Name (Manager or Administrator) and defined roles and contract terms
- ✓ Other governmental bodies, or officials, and their means of appointment or election
- ✓ Town Moderator term and means of appointment

- ✓ Designation of a legislative branch (ex. Open Town Meeting) including size, term, composition, and what authority it encompasses.

II. FORMS OF GOVERNMENT (FOG) IN MA

There are four basic forms of government which municipalities in Massachusetts may implement according to state legislation. Many Massachusetts communities also utilize Town Meeting as their main legislative branch. Town Meeting is a unique form of legislation almost entirely based in the Commonwealth and is not seen in other parts of the United States. There are four ways that communities are governed in the State of MA which include:

- (1) Mayor-Council,
- (2) Council-Manager,
- (3) Open Town Meeting/Select Board/Town Manager or Administrator, and
- (4) Representative Town Meeting/Select Board/Town Manager or Administrator.

Mayor-Council Form: The Mayor-Council FOG is seen mostly in cities in Massachusetts, however being a city is not a prerequisite for the Mayor-Council form. The Mayor-Council form of local government parallels the Federal American government almost exactly. Both have an elected legislature and executive branches that are elected separately. Voters elect a Mayor and a Council through open elections. As the chief executive, the Mayor appoints key officials and boards, however the Council may also have the power to appoint certain boards. In this system, very few boards and/or commissions are elected by the public. The Mayor is also the creator of the budget and oversees unions, contracts, personnel, and the complete administration of the city. In terms of legislative powers, the Council adopts the rules and regulations of the city after a series of public hearings or solicits resident input via referendums (votes).

Council-Manager Form: The governing legislative body in this system is the Council who are elected by the voters of the municipality. Their main responsibility is to provide legislative direction to the Manager. The Council also adopts budgets, laws, and may be able to approve or veto certain appointments made by the Manager. In this system, the Council is comprised of five to nine members that involve a Council President as its head. The Manager acts as the chief executive and administrative officer for the community. The Manager is appointed by the Council. The responsibilities of the Manager include the day-to-day and overall operations such as appointments, budgets, contracts, and union management. Similar to the Mayoral FOG, the legislative body in this form either includes Council-led referendums or, in some cases, a Representative Town Meeting legislative process which is discussed in more detail below.

Open Town Meeting-Select Board-Town Manager/Administrator: This FOG has three different aspects to it: Town Meeting, Select Board, and Town Manager or Administrator. Since the legislative body is made up of all citizens of the municipality there are many different opinions considered. In this FOG, an Open Town Meeting acts as the legislative body of the Town. All citizens who are registered voters meet on a given day(s) and place to elect certain board or committee members, including the Select Board, and to accept or reject other policy decisions or bylaws. The voters are given an opportunity to debate and vote on budgets, by-laws, and other issues brought forward during Town Meeting. The Select Board is generally three to five members elected by the people and collectively they make up the executive branch of the

government. The Select Board members appoint the Manager, certain board or committee members, and set municipal policy and goals.

The Town Manager or Administrator is an arm of the executive body of the Town and serves as the chief administrative, or operations, officer (CAO/COO). This authority allows them to appoint department heads, create budgets, sign contracts, negotiate with unions and run the general administration of the Town. The level of authority which is afforded to the Town Manager or Administrator depends on the language within the Town Charter which outlines their position. If the charter does not clearly define this, then specific authorities are granted through actions and affirmative votes of the Select Board relative to the delegation of duties and of certain authorities.

Town Managers tend to have more central authority than Administrators but in both instances, the differences are defined by the Board, the Town's Charter or some combination of both. The Manager or Administrator takes on the role of Chief Operations Officer (COO) and the individual serves in many capacities taking on various obligations that range from supervising the administration to ensuring the efficiency of Town activities and departments. Another difference in a Managerial FOG versus an Administrative FOG is that a Town Manager generally appoints all non-regulatory board and committee members (Recreation Committee, COA, Disability Commission, Historical, etc.) while the Select Board appoints certain regulatory boards such as the Planning Board, Board of Health, Zoning Board of Appeals and Finance Committee. Elected positions in a Select Board-Managerial FOG are generally restricted to the Select Board, Housing Authority, Town Moderator and those regulated through MA General Law.

The benefit to both the Administrator and Manager FOGs includes the ability for direct and extensive citizen participation – both at the committee level and at Open Town Meeting. In both instances, the Select Board seeks to appoint a well-qualified chief executive and that individual's focus should surround the operational needs of the Town while the Select Board, and the other related Town officials, provide policy direction and bylaw management. *If* there is a downside to this FOG, it would surround the idea of a 'shared' executive branch -- between the Select Board and the Manager/Administrator. If the Board does not clearly define the roles and authorities of the Manager or Administrator, that lack of direction *may* cause confusion regarding what responsibilities belong to whom and who supervises and is responsible for staff development and productivity. The larger the size of the legislative body, the greater the chances are that some members of the community *may* not be as well versed on issues prior to being asked to vote at Town Meeting. Therefore, regardless of the title – Manager or Administrator, this FOG relies heavily on the Select Board, as the Town's Chief Executives, dedicating time to hold consistent and frequent meetings with the community and their ability to set clear policies and delegate certain tasks and authorities to the Manager in order to efficiently handle Town business.

Representative Town Meeting (RTM)-Select Board-Town Manager/Administrator: Like the previous FOG, this too has three aspects to it: Representative Town Meeting, Select Board and Town Manger/Administrator. In order to create the Representative Town Meeting, a limited number of community members are elected, usually by district, who then represent all citizens at Town Meeting. The size of the RTM varies but can range from smaller than one hundred to more than three hundred. The RTM is the legislative body for the municipality meaning that it debates

and passes budgets, by-laws, and all other issues that arise during the Town Meetings. The executive branch is the same as in the Open Town Meeting form of government. The Select Board and Town Manager or Administrator share the responsibilities of the executive branch. The individual roles of the Select Board and the Town Manager/Administrator are the same as described in the Open Town Meeting segment above. Representative Town Meeting, for some, allows a more pointed or segmented legislative body to be involved in the government than that of an Open Town Meeting. In this form, because the Town Meeting members are elected, they *may* be more likely to be well versed in issues than those who participate in an Open Town Meeting only once or twice a year. The idea, theoretically, is that those who ‘run’ for a representative seat at Town Meeting would have campaigned or lobbied for their appointment and likely would be well informed about Town business. A drawback to this FOG; however, surrounds the community’s ability to truly create a diverse representation of the community within the elected representative body. Additionally, it can be difficult for RTM’s to reach the required quorums or to ensure that all members of the legislative body remain knowledgeable about current issues post-election. This FOG relies heavily on those elected to Town Meeting to self-govern and regulate their personal community engagement in order to stay informed about Town business and represent their district(s) effectively.

III. CHARTER CREATION & REVISIONS

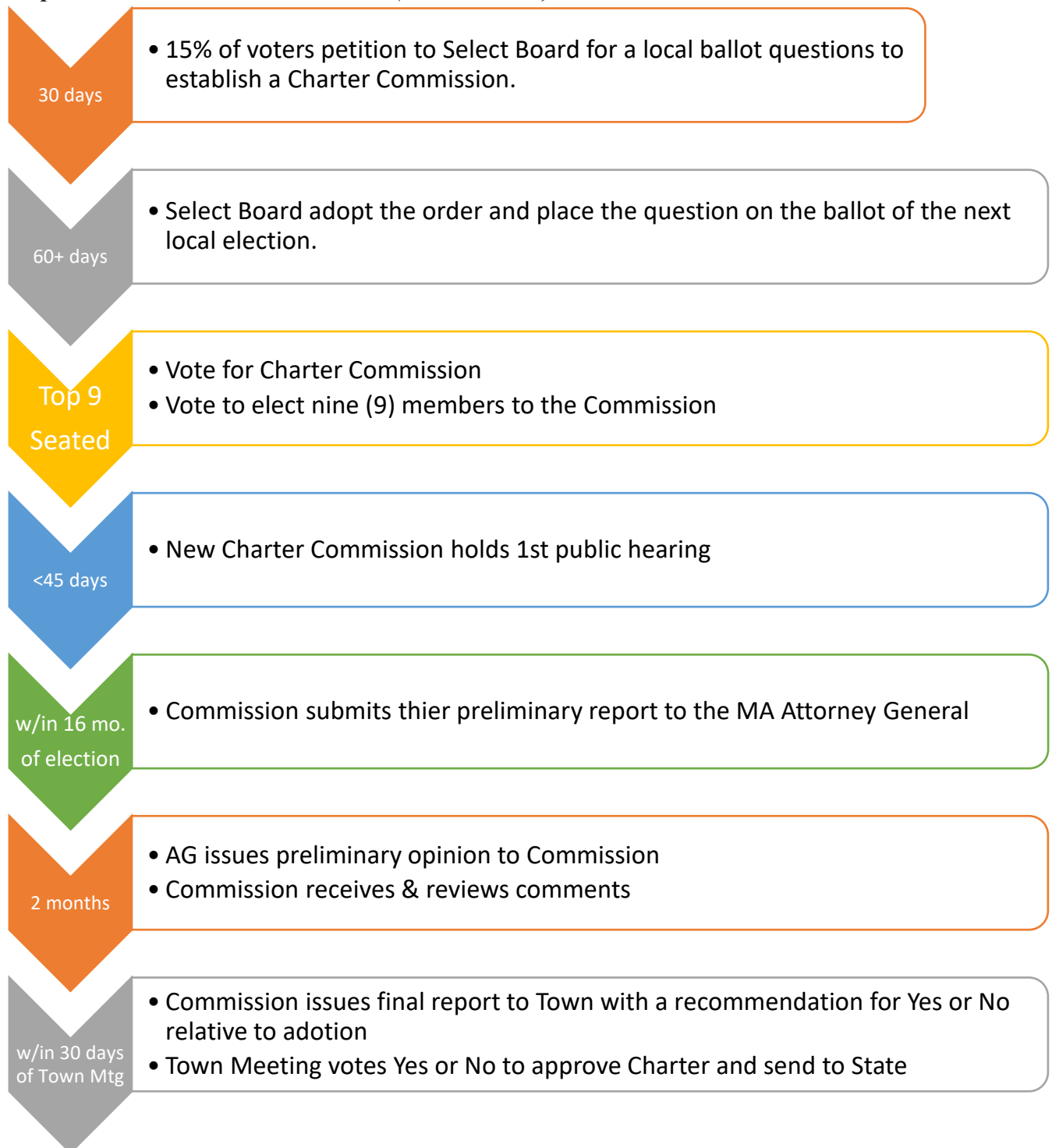
Occasionally, a governmental body may seek to revise its charter. There are several reasons to do so since the charter affects everything the governmental body does. Since it provides the basis for *most* of the municipal regulatory functions and outlines the delivery of municipal services, periodic charter reviews are both necessary and prudent to keep community’s up-to-date. The process of charter changes varies, but in Massachusetts there are two ways to revise municipal charters. The key distinction between the two is the time required to complete the processes.

Home Rule/Charter Commission: Under the Home Rule Amendment to the Massachusetts Constitution and the Home Rule Procedures Act (M.G.L. Ch. 43B), cities and Towns can form a Charter Commission to adopt a new charter, entirely revise an existing charter, or amend selected charter sections. Under Section 3 of Ch. 43B, the process to form a Charter Commission is initiated when 15 percent of the voters petition the Select Board to order a local ballot question on whether to adopt a new charter (or to revise an existing one.) Once the petition and signatures are certified as valid, the Select Board has 30 days to adopt the order and place the question on the ballot of the next regular election. The only caveat to this is that the election must not occur until 60 days have lapsed.

When votes are cast on the question of forming a Charter *Commission*, votes are simultaneously cast to elect nine (9) commission members to the Commission. If a majority of the voters approve the question, the top nine candidates are then seated on the Commission. The Commission, by Statute, must then hold its first public hearing within 45 days of the election and must complete a preliminary report within 16 months of their election to submit to the MA Attorney General for an advisory opinion. The Commission, after receiving the comments from the AG, then moves forward in completing its final report which is due within two months of the AG’s review, or 18 months from the election of the Commissioners. Once complete, Charter Commission

recommendations are then placed before the voters for acceptance or rejection.¹ If the Commission has no recommendation, then no vote occurs.

Graph A: Charter Commission Route (18-24 months)

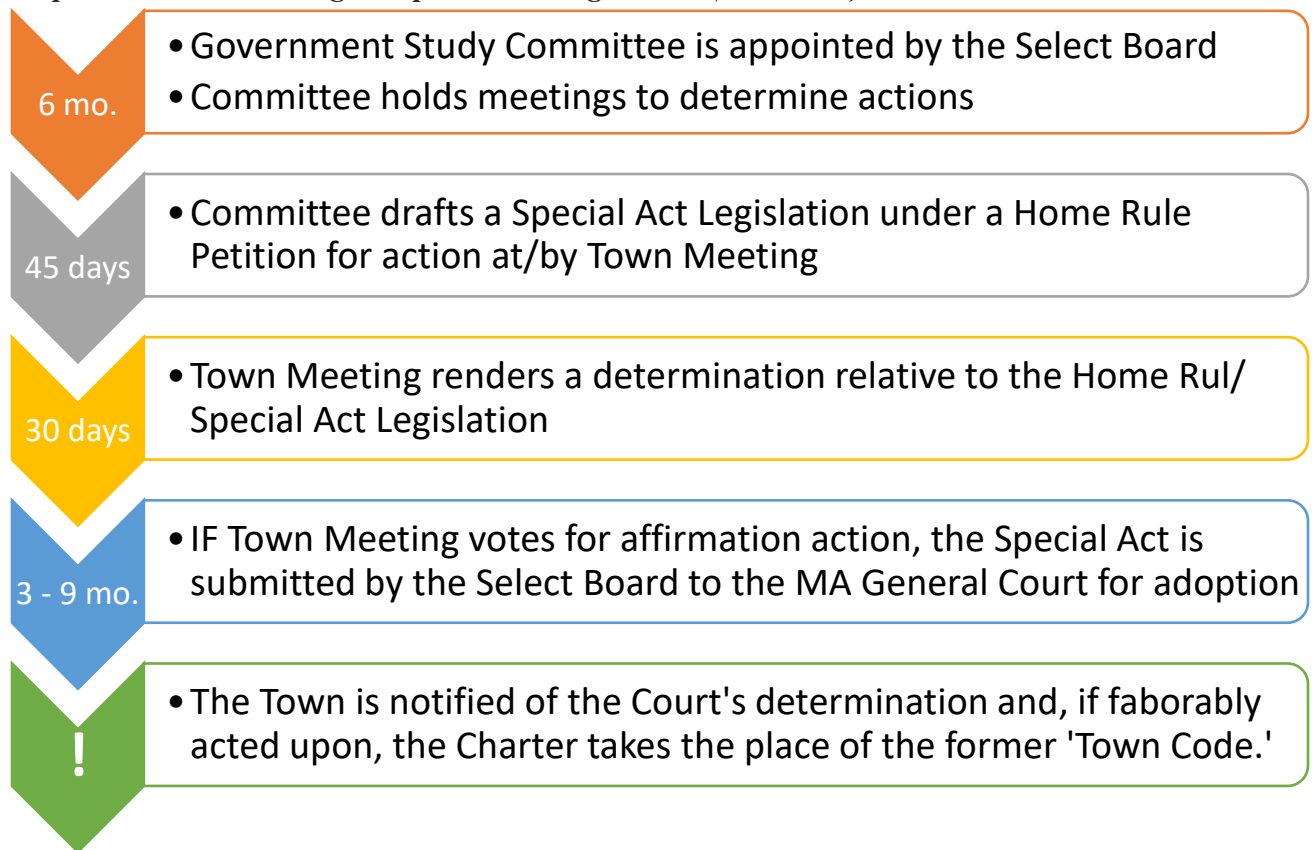


¹ Under Section 10 of the statute, an alternative process which does not involve a charter commission is available to amend a previously adopted or revised charter. Given this would be Lancaster’s first Charter, if this path is chosen, we would need a legal review to investigate if we could utilize this method of charter creation.

Special Legislation: As an option to the Home Rule Charter process under Ch. 43B, communities can also adopt, revise, or amend a charter through a special act of the Legislature with approval of the Governor. The work of a Charter Commission is directed by statute and involves approximately 18-24 months of time. A special act can *generally* advance more quickly.

Special Act: As an alternative, a community can adopt, revise, or amend a charter by a Special Act of the State legislature. Special Acts, or special laws, involving government structure are applicable only to that particular city, or town, and with few exceptions are deemed to have the force of a charter. For towns, the approval of Town Meeting is required. As a matter of practice Town Meeting makes special laws to adopt or change a charter that are contingent on voter (Town Meeting) approval. State law does not mandate or prescribe a particular procedure for arriving at proposed charter provisions when a Special Act is drafted. However, a local government study committee, typically appointed by the Select Board, is a frequently used best method approach. The appointing authority is not restricted in the number of committee members, and will often have the Chair of the Select Board, or Council, serve as the GSC Chair to ensure consistency. The Act also defines the charge of the committee broadly to encompass all aspects of local government or to ensure that certain matters are included within the committee’s focus. In its charge, the committee can also be directed to complete its work in a shorter time frame than what the law requires for a Charter Commission as discussed above. Once a charter proposal is drafted as a Special Act, it must be presented to Town Meeting for approval and authorization. Once authorized, it can then be submitted to the General Court for adoption.

Graph B: Charter Through a Special Act/Legislation (11-18 mo.)²



² This timetable presumes that the General Court places the matter onto the docket for review and decides within 3-6 months after receiving the approved Charter from the Board (as approved by Town Meeting).

IV. HOME RULE LEGISLATION

Home Rule, or “*self-governance*”, exists in MA and can be accessed when a city or town adopts a charter through the approval of its legislative body and its electorate. Presently, in Lancaster, this is through Town Meeting. With the adoption M.G.L. Ch. 43B (and Amendment Article 89) in 1966, Massachusetts created the ability to exercise local power through the approval of its legislative body (Town Meeting or a City Council) and its voters. Essentially, Home Rule Petitions allow municipalities to exercise local authorities and powers through the adoption of ordinances, laws, and charter regulations.

In Massachusetts, municipalities have limited powers under state law. A Home Rule Petition is a request from a community to the State for a new type of power from the Legislature. One example of this type of power is the ability to enact new tax regulations or exemptions from a certain aspect of state law. If a proposed Home Rule Petition is passed locally, (meaning, receives an affirmative vote at Town Meeting) the local government entity would then send the bill to its State Representative(s) and Senator(s). Those individuals would then seek to pass the action(s) at the legislative level. If successful, the petition then becomes a state law; however, it is a law that only affects that specific municipality.

The strongest exercise of Home Rule rights for any community is through actions within that entity’s charter (or, once a charter change or creation has begun, through that community’s Charter Commission). In that process, the municipality can organize their own local government in a way that best meets the needs of their citizens. This can happen without state approval. There are significant limitations to Home Rule rights including some local actions which require the approval of the State Legislature.

It is important to note that while each governmental body has the ability to propose and accept their own Home Rule Petitions, local laws or regulations can only be upheld by the legislature if the laws and regulations proposed are deemed not to be in conflict with the Commonwealth’s Constitution or any of the MA General Laws. There are specific constitutional clauses (Amendment Article 89, Section 7) which reserve the State’s authority to regulate certain areas of local government – a veto, of sorts, to Home Rule Petitions. These include any municipality’s ability to:

- ✓ govern its elections;
- ✓ set levy limits;
- ✓ assess and collect revenues and taxes;
- ✓ design and implement processes relative to borrowing money or bonding capital projects;
- ✓ pledge a municipality’s credit;
- ✓ dispose of parklands, conservation restrictions or open space;
- ✓ enact private or civil laws; or
- ✓ impose criminal penalties.

The initial responsibility to determine whether certain adopted local provisions (Home Rules) may prevail rests with the State’s Attorney General. Specifically, this duty is assigned to the

Municipal Law Unit within the AG's office. The Law Unit's protocols are listed online and State, *"Whenever a town adopts or amends its general bylaws or laws, within 30 days of adjournment of Town Meeting, the Town Clerk is required to submit them to the Attorney General's Office for review and approval. The Attorney General then has 90 days in which to decide whether the proposed amendments are consistent with the Constitution and the Laws of the Commonwealth. If the Attorney General finds an inconsistency between the proposed amendments and state law, the amendments, or portions of them will be disapproved. The Municipal Law Unit is responsible for undertaking this review and for issuing a written decision approving or disapproving bylaw amendments."*

Regarding either the creation or amendment of charters, the Law Unit's procedures dictate, *"...whenever a city or town seeks to adopt or amend its charter pursuant to the Home Rule Procedures Act, the proposed charter or charter amendments must be submitted to the Attorney General for his opinion as to the consistency between the charter (or charter amendments) and state law. The Attorney General then has 28 days in which to make this determination. The Municipal Law Unit is responsible undertaking this review and issuing a written decision."*

V. CONCLUSION

The Work of the GSC is critical for the Town to be successful in modernizing and conducting business in an efficient and effective manner. That said, there are many decisions and discussions which need to take place at the committee level. As members of the GSC, you will determine what may be in the best of Lancaster relative to its form of government and how Town business should be conducted. This effects Lancaster's current and future community members and businesses.

Each form of government, and the notion of creating a Town Charter, has pros and cons. As a first order of business for the committee, I believe it would be worthwhile for the group to determine whether the creation of a Town Charter would be prudent and, if so, what the best means for devising and adopting a charter may be. Thereafter, the committee may wish to outline a plan relative to drafting and vetting certain language and topic areas within the charter. Additionally, considerations relative to Lancaster's form of government will be essential. What mode fits Lancaster best? Is Lancaster's current structure completely fine 'as-is' or would changes to our current structure or processes add efficiency or greater accountability? Are the separately elected boards or committees a good thing? What boards and committees should be elected?

Answers to each of these questions will likely determine the committee's future agenda items and task priorities. As staff liaison to the committee, I am available to answer questions or provide any information which the group may find beneficial to its work. If there is anything I can provide, please do not hesitate to contact me directory either via email to khodges@lancasterma.net or telephone at (978) 365-3326 x1016.

Thank you.



May 14, 2024

Annual Town Election

Statistics – Town of Lancaster

PRECINCT	1	2	TOTAL
Registered voters	2379	2985	5364
Total Votes Cast	507	675	1182
Percentage	21%	23%	22%

The town upon receipt of the returns forthwith canvassed the same and announced the results at 8:05pm. At the May 13, 2024 Annual Town Election the Town of Lancaster had the following number of early and absentee ballots:

PRECINCT	1	2	TOTAL
Applications received	339	468	807
Ballots Cast	188	258	446
Percentage			55%

Of the total ballots cast, 37 were cast during the early voting hours at Prescott Building and 446 were cast by mail. 361 ballots that were mailed out were not returned. 13 voters who requested early ballots voted in person at the polls.

The early/absentee ballots were counted with the ballots cast in the precinct.

Amanda J Cannon

Amanda J Cannon

Town Clerk

Select Board Meeting: May 20, 2024

Agenda Item: (IV) Administration, Budget & Policy, #7(a)

Request: *Vote to ADD new clause entitled “Floating Holiday Bank (Optional)” within the Attendance & Time Off chapter, ‘Observed Holidays’ section, of the existing Lancaster’s Personnel Policies & Procedures Manual adopted by the Select Board May 15, 2023, and updated at various times thereafter.*

[NOTE: Language may not be exact as it requires legal review; however the spirit and intent will remain.]

FLOATING HOLIDAY BANK (OPTIONAL)

Purpose: The Town wishes to promote an open and inclusive atmosphere for all staff members where their individual views and beliefs can be both recognized and honored. To allow for increased flexibility to accommodate staff members’ varying levels of religious observance, the Town has created an optional “*Floating Holiday Bank*” program. This program is optional and offered to those employees who may wish to observe certain holidays or religious events that are not listed in the ‘observed holidays’ section.

Parameters: Staff members classified as full-time, regular status employees, will have the option to ‘trade-in’ up to two (2) of the Town’s observed holidays (a total of no more than 16 hours.) to use those hours on another date to celebrate a religious event, cultural holidays, or other state or federal holidays not listed in the observed holidays. Holidays permitted for trade-in may only be those days when the employee’s workplace is open, and they are scheduled to work.

For example, if a staff member working in the Community Center wishes to trade-in one of the Town’s observed holidays in order to use that time on a different day to celebrate a religious event not listed in the Town’s observed holidays list, that person would not be permitted to trade-in Thanksgiving Day, New Years Day or Christmas Day, for example, because all Town Buildings are closed to the public on those days. The employee, therefore, would have to trade-in a different ‘observed holiday,’ such as Patriots’ Day or Columbus Day when their worksite may be open and there is bonafide work to perform.

Employees must specify the day and event which they are requesting to use their banked hours toward at least one month in advance. The request must be scheduled and approved by the employee’s direct supervisor and the Director of Human Resources in advance of the employees’ leave. These approvals shall be documented on the appropriate bank request form and kept in the employees’ file with payroll and/or HR.

Hours deposited into an employee’s floating holiday bank will not be carried over from year-to-year and are not eligible for buyback or cash-out.



Declaration of Surplus

**Town of Lancaster
Office of the Select Board
701 Main Street – Prescott Building
Lancaster, MA 01523**

May 20, 2024 - SELECT BOARD AFFIDAVIT

**STATE OF MASSACHUSETTS
WORCESTER COUNTY**

We, the undersigned members of the Town of Lancaster Select Board, with a place of business located at 701 Main Street, in the Town of Lancaster, state of Massachusetts, do hereby swear and affirm under oath and under penalty of perjury that the following real properties, as identified by map and parcel number in accordance with the Town’s Board of Assessors procedures, are true and accurate to the best of my knowledge and belief:

147008000000035A	WHITE POND RD	0.08	LANCASTER TOWN OF
1470100000000310	SPEC PD BEACH AVE	0.147	LANCASTER TOWN OF
1470100000000710	SPEC PD FULLER AVE	0.037	LANCASTER TOWN OF
1470100000000780	SPEC PD KINNEAR AVE	0.037	LANCASTER TOWN OF
1470100000001080	SPEC PD VINCENT AVE	0.29	LANCASTER TOWN OF
147010000000108D	SPEC PD VINCENT AVE	0.037	LANCASTER TOWN OF
1470180000000500	NO MAIN ST	0.301	LANCASTER TOWN OF

I understand that this affidavit is made for the purpose of **declaring municipal surplus property** and that any false statement made within it is punishable under the law.

Further Affiant Sayeth Not.

Stephen J. Kerrigan, Chair

Jason Allison, Member

Ralph Gifford, Member

Subscribed and sworn to (or affirmed) before me this **20th day** of May, 2024, by the above members of the Lancaster Select Board, who are personally known to me, Kate I. Hodges, Town Administrator/Notary Public.

Kate Hodges, Town Administrator/Notary Public

**Commission Number:
My Commission Expires:**

**ATTORNEY CLIENT COMMUNICATION
DO NOT DISSEMINATE**

April 29, 2024

Lancaster Select Board
701 Main Street
Lancaster, MA 01523

Re: Hawthorne Lane Development

Dear Select Board members,

In this letter I will discuss potential options moving forward so to bring the Hawthorne Lane development into compliance with the Special Permit decision and the Modified Subdivision Approval.

Prior to discussion the options, there is crucial first step the Developer must take to assist all parties in resolving this matter – apply to the Planning Board to extend the expiration date of the Special Permit and Subdivision Approval. Condition 17 of the Subdivision Approval, incorporated in the Special Permit, obligates the permit holder to complete the project within 5 years of the date of endorsement of the subdivision plan. The Developer has until May 19, 2024, to complete the work. Failure to timely complete the work may result in automatic rescission of the Modified Subdivision Approval.¹ For good cause, the Planning Board may extend the deadline for project completion upon the Developer's request.² The Planning Board may consider an extension at a meeting without formal notice requirements other than putting the meeting on the agenda pursuant to the Open Meeting Law.

Option 1: Accept the Road as a Public Way and Obtain an Easement for Access to the Pump Station

Option 1 involves the Town accepting the way as a public way and obtaining an easement for access to the pump station.

¹ There is an argument that the permit may not rescind given the transfer in ownership. However, I am unaware of any case with the exact fact pattern at issue here. Thus, we should conservatively assume that rescission will occur and strongly encourage the Developer to seek an extension.

² There is no procedural mechanism that allows the Planning Board to extend the project completion date on its own, absent a request from the Developer showing good cause for such extension.

a. Accepting the Road

From a permitting perspective, the Town is under no obligation to accept Hawthorne Lane. However, the Town, in its discretion, may certainly elect to do so through the regular processes provided by G.L. c.82. This process involves a Planning Board hearing, a Select Board hearing, filings with the Town Clerk, and a Town Meeting vote.³ I direct you to my prior communications related to this process for a full explanation of the required steps.

It is my understanding that the Hawthorne Lane is complete except for one hydrant that is not at the proper grade. The Town should ensure that the hydrant is brought to grade prior to acceptance to avoid incurring any costs related to the construction of the way. Additionally, Lancaster's Rules and Regulations Governing the Subdivision of Land, Article 463, requires as follows, prior to the Town accepting Hawthorne Lane:

The entire area within the right-of-way shall be properly maintained by the developer until accepted by the Town. Immediately prior to such acceptance, all catch basins shall be cleaned, streets swept, and the remainder of the right-of-way and any other areas to be deeded to the Town shall be cleared, mowed, or otherwise put in first-class order. Snow removal and sanding of the streets shall be the responsibility of the developer until such acceptance.

Accordingly, prior to initiating the road acceptance process, the Town should confirm that Hawthorne Lane is in fact complete and complies with the above requirements.

b. Easement

The Department of Environmental Protection's Water Management Act's Guidelines and Policies for Public Water Systems requires public water supplies to have control over the maintenance of non-publicly owned booster pump stations where such stations connect to a public water supplier's system. DEP advises a full recorded easement, but accepts other types of binding legal agreements, like a contract, giving the Town the ability to enter the property and repair and maintain the station. Currently, the Town is in violation of this obligation, and, on June 16, 2023, the DEP cited the Lancaster Water Department for failing to have the requisite level of control over the Booster Pump Station. DEP ordered the Town to comply with 310 CMR 22.04(7) by December 31, 2023. As of the date of this letter, no agreement or easement has been made with the Developer relative to the Booster Station and the Town's ability to access and repair it.

Accordingly, it is my advice that the Town's best course of action is to demand that the Developer provide a temporary license agreement and a draft easement, and an accompanying plan,

³ The residents of Hawthorne Lane have submitted a citizens' petition for the Town to accept the road at this upcoming Town Meeting. However, town meeting cannot, on its own, force the Town to accept a private way so to make it public. The Town must go through the statutory process outlined in G.L. c.82.

relative to the maintenance of the Booster Pump Station as soon as possible. Acceptance of an easement will require Town Meeting approval. Thus, the Town can rely upon the rights established in the executed license agreement until Town Meeting can accept the easement.

The Developer should take on the responsibility for preparing the license, easement, and associated plans and presenting them to the Town for approval. If Developer agrees to grant a license or easement but refuses to initiate the work, I recommend that the Town undertake this process so that the Town can come into compliance with 310 CMR 22.04(7) as the DEP ordered. If the Developer refuses to grant an easement, the Town may also take an easement by eminent domain in accordance with G.L. c.79 procedures.

c. Other Notes

Acceptance of the way and the grant of the easement will not resolve any permitting issues. It is my understanding that residents have asked what this means. As Town Counsel, I cannot give legal advice to private residence. That said, owning property that does not comply with local zoning or approved permitting decisions can potentially result in a title defect, compromising the ability to sell the parcel or obtain a mortgage. I strongly encourage private property owners to consult their own legal counsel.

Option 2: Accept the Road as a Public Way, Modify and Close Out the Special Permit and Modified Subdivision Approval, and Obtain an Easement for Access to the Pump Station

Option 2 includes the acceptance of the public way and an easement over the pump station, as outlined above. Option 2 also involves potential modifications to the Special Permit and Modified Subdivision Approval to bring the project into compliance with local permitting, as well as releasing the existing covenant over the lots.

The Planning Board, on its own motion or on the petition of any person interested, may modify the Special Permit and Subdivision Approval. G.L. c.41, §81W. Section 81W further states, in part, as follows:

No modification, amendment or rescission of the approval of a plan of a subdivision or changes in such plan shall affect the lots in such subdivision which have been sold or mortgaged in good faith and for a valuable consideration subsequent to the approval of the plan, or any rights appurtenant thereto, without the consent of the owner of such lots, and of the holder of the mortgage or mortgages, if any, thereon

Therefore, any modification must include written consent from each homeowner, and their respective mortgage companies. Absent full consent, the Planning Board cannot initiate or consider a modification.

If a proper modification application is filed, the Planning Board must then determine whether the application is requesting a “substantial” or “minor” modification of the existing approvals. If the Developer asks to substantially modify or amend the Special Permit, the Planning Board must treat the request as if the applicant had asked for a new special permit and start the permitting process over. *Barlow v. Planning Bd. of Wayland*, 64 Mass. App. Ct. 314, 318-21 (2005). The “[Planning B]oard may not make a substantive amendment [to a special permit] which changes the result of an original deliberative decision, or which grants relief different from that originally granted, without compliance with the relevant notice and hearing requirements.” *Tenneco Oil Co. v. City Council of Springfield*, 406 Mass. 658, 659-60, (1990).

Here, potential modifications to the Modified Subdivision Approval that would resolve outstanding issues and can be considered minor are:

- (1) Removing Condition 15, which required the Developer to record a declaration of trust for a homeowner’s association for maintenance of any subdivision improvements, including but not limited to the roadway, drainage facilities, and fire cisterns, until such time, if any, as ownership of the parcels and/or subdivision improvements may be accepted by the Town. Conditions referencing the association should also be amended (e.g., Conditions 13 and 18).

At this stage, the Developer never created the homeowner’s association prior to conveying the house lots, and it is not realistic that the current homeowners will agree to voluntarily enter into an association as a number of them have objected to the idea. It would be reasonable for the Planning Board to allow this modification with the understanding that the Town plans on accepting the road and drainage facilities as public.

- (2) Include a new condition requiring the Developer to execute an easement agreement providing the Town rights to access and maintain, if necessary, the Booster Pump Station, if title to the Open Space parcel is not obtained.
- (3) Remove Condition 18’s reference to a 30 foot wide utility easement.
- (4) The Developer should submit an updated plan set showing all existing conditions and structures, so that the plan that is approved and recorded accurately reflects the current improvements.

The Developer would also need to amend Condition 7 of the Special Permit Decision, which requires a grant of a utility easement over one of the private lots and Open Space Parcel.

As a practical matter, the Developer should be the party to seek modification. The Town cannot expend municipal funds to prepare new plans, if necessary. While a private homeowner could take the lead, there does not appear (to my knowledge) to be any resident willing to take on this work. Further, the Developer currently holds title to the Open Space Parcel, and the Town, on its own motion, or the residents cannot agree to an easement over Developer owned land if Developer does not agree or participate in the modification hearings.

Finally, the Modified Subdivision Approval required the recording of a restrictive covenant precluding the sale of any lot until final completion of the way and the installation of municipal services. The Developer complied with this condition, recording such a covenant. Condition 7 of the restriction states:

Upon final completion of the construction of ways and installation of municipal services as specified herein ... the Planning Board shall release this covenant by an appropriate instrument duly recorded.

Failure to release the covenant could continue to taint the title of the private property owners that purchased their lots within the last three years.

Option 3: Accept the Road as a Public Way, Modify and Close Out the Special Permit and Modified Subdivision Approval, and Obtain Title to the Open Space Parcel

Option 3 involves the acceptance of the way, the modification of the Special Permit and Modified Subdivision Approval, and the releasing of the restriction on lot sales, as outlined above. Additionally, Option 3 involves the Town acquiring ownership to the Open Space parcel.

To be clear, neither the Special Permit decision nor the Modified Subdivision Approval require the Town to own the Open Space Parcel. If the Open Space Parcel is not conveyed to the Town, the parcel must be subject to a conservation restriction enforceable by the Town.

The Developer currently owes back taxes on the open space parcel and has indicated that he refuses to pay them. It is my advice that the Town should not take title to the Open Space Parcel prior to the Developer (1) paying all outstanding property taxes, and (2) closing out the Special Permit and Modified Subdivision Approval so that the Town obtains clear and marketable title. Title is clear and marketable when the chain of ownership to a piece of property shows that a piece of real estate is free from defects. Generally, the Town will not be able to get title insurance coverage on the parcel if the parcel includes defects, such as being a part of a subdivision that is not in compliance with the applicable plans and approvals. Thus, it is critical that the Developer extend the expiration date of the Modified Subdivision Approval and seek the above outlined approval modifications.

Also, the Town taking title to the Open Space Parcel now does not resolve any of the existing issues with the subdivision, other than access to and ownership of the Booster Pump Station. The easement or license described above resolves this issue without the Town subjecting itself to potential liabilities from taking ownership of a parcel with a defective title. Also, the Town is not able to maintain the Booster Pump Station on its own, and hiring a private company to do so would be at the Town's expense.

If you have any questions, please do not hesitate to reach out to me directly. As a reminder, this letter is an attorney client communication and should not be shared with the public.

Sincerely,

Ivria Glass Fried

Cc: K. Hodges



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Page: 1 of 6 04/09/2018 03:35 PM WD

**PORAS REALTY TRUST DEFINITIVE SUBDIVISION PLAN
DECLARATION OF RESTRICTIVE COVENANTS
PURSUANT TO M.G.L. Chapter 41, §81U**

WHEREAS, Peter F. Poras and Joseph C. Poras, as Trustees of Poras Realty Trust, under a Declaration of Trust dated December 29, 2000 and recorded in the Worcester District Registry of Deeds (the “Registry”) in Book 23382, Page 209, and Peter F. Poras and Joseph C. Poras, as Trustees of Wienerwald II Realty Trust, under a Declaration of Trust dated May 31, 2006 and recorded in the Registry in Book 39103, Page 305, of which the mailing address of each Trust is c/o John B. Shevlin, Esq., Gilman, McLaughlin & Hanrahan LLP, 101 Merrimac Street, Suite 810, Boston, MA 02114 (collectively, the “Declarant”), are all of the owners of certain parcels of land consisting of Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13 and other areas, including, without limitation, a proposed minor street and open space, all as shown on a plan entitled: “Definitive Subdivision Plan of Hilltop Road, Lancaster, Massachusetts”, prepared by Whitman & Bingham Associates, LLC, dated October 6, 2015, as affected by a modification thereto, which modification was approved by the Planning Board of the Town of Lancaster (“Planning Board”) on January 22, 2018 and recorded with the Registry in Plan Book 934, Plan 43 (the “Subdivision Plan”) and;

WHEREAS, Declarant has requested the Planning Board to approve the Subdivision Plan without requiring a performance bond,

|

NOW THEREFORE, in consideration of the Planning Board approving the Subdivision Plan without requiring a performance bond, the undersigned covenant and agree with the Town of Lancaster as follows:

(1) Except as otherwise expressly provided in Massachusetts General Laws, Chapter 41, Section 81U, Lots 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, and 13 as shown on the Subdivision Plan (but not Lot 5) shall not be built upon or conveyed other than by mortgage deed until the construction of ways and installation of municipal services necessary to adequately serve said lots have been completed in accordance with the covenants, conditions, agreements, terms and provisions (the "Requirements") as specified in the following:

- a. Application for Approval of Definitive Plan dated 1-11-16;
- b. The Planning Board's Certificate of Approval for the Subdivision Plan dated 12-11-17 and recorded herewith with the Registry, Book 58643, Page 280, and the conditions of approval specified therein;
- c. The Subdivision Control Law and the Rules and Regulations Governing the Subdivision of Land, Lancaster, Massachusetts, adopted by the Planning Board.
- d. The Subdivision Plan.

Provided, however, that a mortgagee who acquires title to Lots 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, or 13 or any combination of these lots (but not Lot 5) by foreclosure or otherwise, and any successive owner who derives title from said mortgagee, may sell any such lot, subject only to that portion of this Declaration of Restrictive Covenants that said lot(s) shall not be built upon until ways and services have been provided to serve said lot(s) in accordance with the above.

(2) The undersigned shall conform to the conditions, limitations and restrictions as set forth in the Requirements;

(3) This agreement shall be binding upon the executors, administrators, devisees, heirs, successors and assigns of the undersigned and shall constitute a covenant running with the land and operate as restrictions upon said land.

(4) The lots within the Subdivision subject to this covenant shall, respectively, be released from the foregoing conditions only upon satisfactory performance of this covenant with respect to said lot and the recording of a certificate of performance executed by a majority of said Planning Board and enumerating the specific lots to be so released.

(5) The undersigned represents and covenants that the undersigned are all of the owners in fee simple of all the land included in the aforesaid subdivision and that there are no mortgages of record or otherwise on any of said land.

(6) The Declarant shall reference this Covenant on and record it with the endorsed Subdivision Plan.

(7) Upon final completion of the construction of ways and installation of municipal services as specified herein or the posting of any bond or surety hereafter given and approved by the Planning Board as adequate security for said final completion, as evidenced by a majority vote of the Planning Board, the Planning Board shall release this covenant by an appropriate instrument, duly acknowledged. Failure to complete the construction and installation within the time specified in the Requirements shall result in automatic rescission of the approval of the Subdivision Plan as set forth therein, and upon such rescission, as confirmed by the completion of those requirements to effect rescission set forth in G.L. c.41, §81W, the covenants, agreements, conditions, limitations, terms, provisions, and restrictions set forth in this Declaration (collectively, the "Declaration Covenants") shall be null and void, and neither the Declarant nor any subsequent owner of any lot shown on the Subdivision Plan or any other land shown on the Subdivision Plan shall be bound by the Declaration Covenants.

(8) Nothing herein shall be deemed to prohibit a conveyance by a single deed subject to this Covenant of either the entire parcel of land shown on the Subdivision Plan or of all lots not previously released by the Planning Board.

(9) A deed of any part of the subdivision in violation of this Covenant shall be voidable by the grantee prior to the release of this Covenant, but not later than three (3) years from the date of such deed, as provided in M.G.L. c.41, §81U.

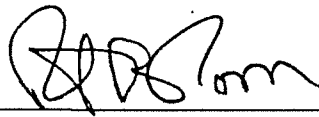
(10) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS DECLARATION, LOT 5, AS SHOWN ON THE SUBDIVISION PLAN, TOGETHER WITH THE APPURTENANT EASEMENT AND RIGHT TO USE THE EXISTING DRIVEWAY, AS SHOWN ON THE SUBDIVISION PLAN, FOR ACCESS TO HILL TOP ROAD, IS NOT SUBJECT TO THE REQUIREMENTS OR ANY COVENANTS, AGREEMENTS, CONDITIONS, LIMITATIONS, TERMS, PROVISIONS, OR RESTRICTIONS SET FORTH IN THIS DECLARATION.

(11) For Declarant's title see deed dated December 29, 2000 and recorded with the Registry in Book 23382, Page 215 and deed dated May 31, 2006 and recorded with the Registry, in Book 39103, Page 313.

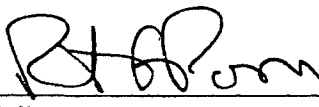
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IN WITNESS WHEREOF, the undersigned, the Declarant, do set their hands and seals effective this 8 day of February, 2018.

PORAS REALTY TRUST

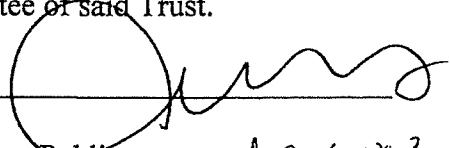
By: 
Name: Peter F. Poras, Trustee

WIENERWALD II REALTY TRUST

By: 
Name: Peter F. Poras, Trustee

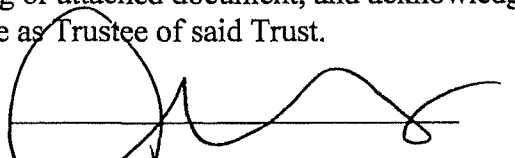
Suffolk, COMMONWEALTH OF MASSACHUSETTS, ss.

On this 8 day of February, 2018, before me, the undersigned notary public, personally appeared Peter F. Poras as Trustee of Poras Realty Trust, proved to me through satisfactory evidence of identification, which was personally known, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily for its stated purpose as Trustee of said Trust.


Notary Public Amelia Lopez
My commission expires: 4/13/2018

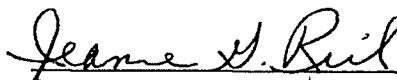
Suffolk, COMMONWEALTH OF MASSACHUSETTS, ss.

On this 8 day of February, 2018, before me, the undersigned notary public, personally appeared Peter F. Poras as Trustee of Wienerwald II Realty Trust, proved to me through satisfactory evidence of identification, which was personally known, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily for its stated purpose as Trustee of said Trust.


Notary Public Amelia Lopez
My commission expires: 4/13/2018


Approved: Feb 12, 2018
Lancaster Planning Board


[Philip F. Lawler], Chair


[Jeanne G. Rich], Vice-Chair


[Thomas S. Christopher], Member

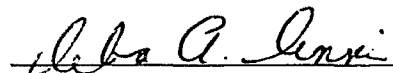
_____, Clerk


[Russell W. Williams], Member

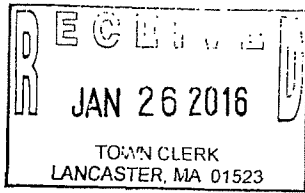
COMMONWEALTH OF MASSACHUSETTS

Worcester, ss.

On this 12th day of February, 2018, before me, the undersigned notary public, personally appeared Lancaster Planning Board Members proved to me through satisfactory evidence of identification, which was Personal Knowledge [personal knowledge or drivers' license], to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he)(she) signed it voluntarily for its stated purpose.


Notary Public

My commission expires: March 9, 2018



LANCASTER PLANNING BOARD

CERTIFICATE OF APPROVAL OF A DEFINITIVE SUBDIVISION PLAN

A TRUE COPY ATTEST:

Mary de Alderete
TOWN CLERK

LANCASTER, MASSACHUSETTS

January 26, 2016

Mary de Alderete, *Town Clerk*
695 Main Street
Lancaster, MA 01523

**Re: *Poras Realty Trust and Wienerwald II Realty Trust* Definitive Subdivision Plan
Dated October 6, 2015**

Applicant: Poras Realty Trust and Wienerwald II Realty Trust

Prepared by: Whitman & Bingham Associates, LLC

Dear Ms. de Alderete:

The Lancaster Planning Board hereby certifies that at a meeting of said Board on January 11, 2016, at which a quorum was present, following a duly noticed public hearing held by the Board on November 9, 2015, and continued to November 23, 2015, December 14, 2015, and January 11, 2016 on which date the hearing was closed. It was voted to approve a Modification to a Definitive Subdivision Plan of Land entitled "Definitive Subdivision Plan off Hilltop Road, Lancaster, Massachusetts", prepared by Whitman & Bingham Associates, LLC, dated October 6, 2015, which was submitted for the Board's approval by Poras Realty Trust and Wienerwald II Realty Trust. Said Definitive Plan is approved with the following conditions:

1. The conditions of the Flexible Development Special Permit Certificate of Approval for Poras Realty Trust and Wienerwald II Realty Trust granted by the Planning Board on December 14, 2015 are incorporated herein by reference.
2. Prior to the Planning Board's endorsement of approval on the Definitive Plan Modification, the Applicant shall submit a performance guarantee in a form acceptable to the Planning Board as provided in G.L. c. 41, Sec. 81U, clause

(3), executed by the owner(s) of record of all the land shown on the Plan. Prior to its execution, the proposed performance guarantee shall be submitted for review by Town Counsel.

3. The endorsement of the approved Definitive Plan Modification by the Lancaster Planning Board shall be required prior to the recording of the Plan at the Worcester District Registry of Deeds.
4. No lot shall be released from the performance guarantee required under Condition 2, and no Building Permit shall be issued with respect to any of the lots, until either (a) the secured improvements are satisfactorily completed to the specifications of the Definitive Plan, or (b) the base course of the roadway pavement and all municipal services necessary to adequately serve the roadway and lot or lots has been completed to the satisfaction of the Planning Board and all remaining construction and installation necessary to serve said lot have been secured by an alternative form of performance guarantee under G.L. c. 41, §81U, which the Planning Board has deemed to be sufficient to secure the completion.
5. Prior to Planning Board endorsement of the Definitive Plan Modification, the Applicant shall add the following notation to the Plan: "No land shown on the plan of the Subdivision shall be further divided or used in any manner so as to create additional building lots."
6. Prior to Planning Board endorsement of the Definitive Plan, the Applicant shall add to the Plan a notation that the subdivision is approved in accordance with this Certificate of Approval and Conditions therein, dated January 25, 2016, and in accordance with the Flexible Development Special Permit Certificate of Approval and the Findings and Conditions therein, dated January 11, 2016, and both to be recorded at the Registry of Deeds simultaneously with the Plan.
7. The Applicant shall provide street trees per the Lancaster Subdivision Regulations.
8. The Applicant shall supply the Mylar and six sets of prints for the endorsement of the Lancaster Planning Board.
9. All streets or ways shall be surfaced with at least a 2-inch binder course prior to application for a Certificate of Occupancy for any structures served by such streets or ways. A notation to this effect shall be placed on the Definitive Plan Modification prior to endorsement.
10. During construction, all Local, State and Federal laws shall be followed regarding noise, vibration, dust, and blocking of town roads. The Applicant shall at all times use all reasonable means to minimize inconvenience to

residents in the general area. Construction of the proposed ways and services shall not occur on Saturdays, Sundays and Federal and State holidays and shall not otherwise commence on any day before 7:00 AM and shall not continue beyond 5:00 PM. All traffic related to and generated by construction of the ways and services of the subdivision shall remain within the site and off established Hilltop Road, except as necessary to install a water main connection to the existing water main at Hilltop Road.

11. The subdivision will be served by the Town of Lancaster municipal water system. The Applicant shall construct a water supply system sufficient to provide the subdivision with adequate water from the Town of Lancaster municipal water system. The Applicant must obtain all applicable approvals and permits for the water system design and connection from the Massachusetts Department of Environmental Protection and the Lancaster Department of Public Works prior to commencement of any construction. The water supply system shall be designed and constructed in accordance with Section 301-12.B of the Subdivision Rules and Regulations, and the following further conditions as found in Addendum A.
12. The Applicant must obtain all applicable approvals and permits for the wastewater system design and connection from the Massachusetts Department of Environmental Protection prior to commencement of any construction.
13. Prior to the final release of security for the subdivision modification, the Applicant shall provide the As-Built Plans to the Planning Board and shall have obtained Town acceptance of the roadways and necessary utilities serving the roadway by approved Easement Deed or Deed of Conveyance or satisfactory evidence that the herein referenced Poras Realty Trust and Weinerwald II Realty Trust Homeowner Association has been approved and established and has accepted ownership and maintenance of said roadway and necessary utilities.
14. The cul-de-sac road shall not be either extended or connected to any other road in the future.
15. Prior to the conveyance of any lots, the Applicant shall provide to the Planning Board evidence of recording in the Worcester District Registry of Deeds a declaration of trust for a homeowner's association for maintenance of any subdivision improvements, including but not limited to the roadway, drainage facilities, and fire cisterns, until such time, if any, as ownership of the parcels and/or subdivision improvements may be accepted by the Town. Said declaration to be in a form approved by the Planning Board and Town Counsel.
16. Failure by the Applicant to obtain the endorsement of the Lancaster Planning Board within six months of the date of this approval shall result in the

automatic rescission of this approval. The time for such endorsement may be extended for not more than one year upon the written request of the Applicant, for good cause shown, prior to the expiration of said six-month period, and upon a vote of the majority of the Lancaster Planning Board then present.

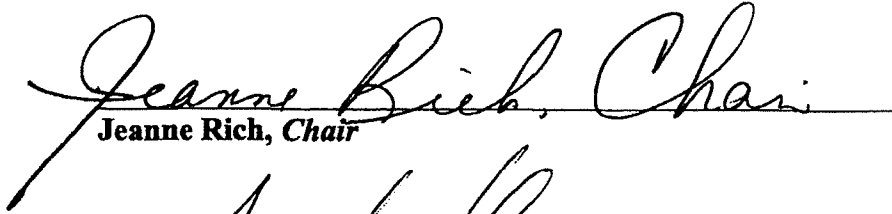
17. Failure by the Applicant to complete the construction of the ways and the installation of the services shown on the Definitive Subdivision Plan Modification within five years of the date of endorsement shall result in the automatic rescission of this approval. The time for such construction and/or installation may be extended upon the written request of the Applicant, for good cause shown, prior to the expiration of said five-year period, and upon a vote of the majority of the Lancaster Planning Board then present.
18. This approval is further subject to town counsel review of the following documents:
 - a) Declaration establishing the Poras Realty Trust and Weinerwald II Realty Trust Homeowners Association Trust with responsibility for the maintenance of the retention ponds, all private, common facilities in the subdivision.
 - b) A Grant of Easement to the Town for a 30-foot wide Utility Easement spanning one of the proposed lots and the open space parcel to the west of the development and to the Eagle Ridge property. This easement would allow the option to tie into the existing water high-level service area and municipal sewer through the Eagle Ridge development. This may provide more favorable options for domestic water use, fire protection, and wastewater disposal services to the proposed subdivision.

Waivers:

In granting its approval of the Definitive Plan Modification, the Planning Board has granted the following waiver of the Board's Subdivision Rules and Regulations:

1. No waivers are requested.

Signed by the Lancaster Planning Board on January 25, 2016.

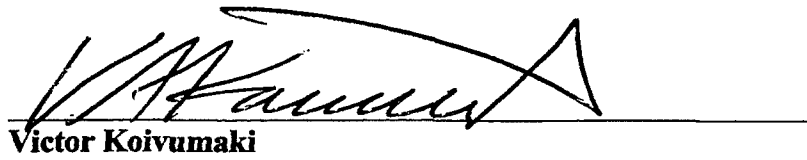


Jeanne Rich, Chair



Philip Lawler, Vice-Chair

Francis Sullivan, Clerk



Victor Koivumaki



Thomas Christopher

ADDENDUM A

1. The developer will prepare design plans subject to the approval of the Town of Lancaster Board of Public Works (Water Division) to expand the water system above the normal hydraulic grade of the public water supply distribution system.
2. The developer will prepare a submittal to Massachusetts Department of Environmental Protection (MassDEP) on behalf of the Town of Lancaster Board of Public Works (Water Division) through the application process of BRP WS 32 - Distribution Modifications for Systems that serve more than 3,300 people. All design work shall in accordance with the applicable MassDEP Guidelines for Public Water Systems and Town of Lancaster DPW standard practice.
3. The developer will maintain an escrow account with the Town to fund the cost of reasonable professional engineer review and coordination services.
4. The preference for development of the system expansion will be as follows with consideration given to reasonable as built system costs and legal access to available land and utilities.
 - a) Expansion of the existing Eagle Ridge high pressure system with the addition of elevated storage or
 - b) Expansion of the existing normal pressure system from George Hill Road or Hilltop Road through the installation of a booster pump station and distribution main to create a second high pressure system or
 - c) Expansion of the normal pressure system for domestic service only through the installation of a booster pump station and distribution system. Fire protection will be provided through the installation of underground storage chamber(s) with a fire pump and jockey pump to feed a separate pressure fire system.
5. The completed system will provide a minimum of 750 gallons per minute of fire flow at each hydrant will maintaining a minimum residual system pressure of 20 psi.
6. The completed system will provide a minimum of 35 psi throughout the distribution system during normal domestic flow conditions.
7. The completed system will be integrated in to the Water Division's telemetry system for control and alarm management.
8. Water distribution piping will be constructed using double cement lined, 350 pressure class ductile iron pipe (AWWA C151) or PVC 305 pressure class with service saddles (AWWA C909).
9. Water Division standard hydrants with isolation valves, shall be provided at a maximum spacing of 500 feet within the fire protection service area, at high points in the distribution system and at dead ends.
10. Water Division standard, resilient wedge main line gate valves shall be provided at the existing system connection point and at a maximum spacing of 1,000 feet throughout the system.
11. The elevated water storage tank, if required, will be designed and constructed in accordance with:

- a) Applicable AWWA Standards:
 - i. AWWA D100-11 Welded Carbon Steel Tanks for Water Storage or
 - ii. AWWA D103-09 Factory-Coated Bolted Carbon Steel Tanks for Water Storage
 - b) An overflow elevation of 650 feet
 - c) Two hours of fire flow storage available above elevation 582
 - d) Fill/drain passive mixing system
 - e) Fenced site with paved access road
 - f) Accessories to include: caged ladder meeting OSHA standards, two ground level manways, vacuum relief vent, dome access manway, overflow
 - g) Isolation valves and site hydrant for draining.
12. The booster pump station, if required, will be designed and constructed in accordance with:
- a) Duplex domestic pumping system with premium efficiency motors and variable speed drives
 - b) Each pump shall provide for the projected daily domestic flow with a peak factor of at least 10
 - c) Third pump, if applicable for fire flow capacity
 - d) Backup power supply or engine driven back pump
 - e) Bronze and stainless fitted pumps for all moving parts. Epoxy or similar coating on other wetted parts
 - f) Fully enclosed, above grade, insulated, weather proof enclosure allowing full standing height and free movement
 - g) Fenced site with paved access road
 - h) Accessories to include: propane heat, thermostat controlled fan, interior and exterior LED lighting
 - i) Station alarms will include intrusion, low temperature, low and high system pressure, phase failure, pump fault, generator fault and fire
 - j) Underground propane storage tank on site sized for heat and 3 days of emergency generator/engine use
 - k) Isolation valves and two site hydrants for emergency bypass piping
13. The onsite fire storage and pumping facility, if required, will be designed and constructed in accordance with:

- a) Two hours of fire flow storage available
- b) Engine driven pump package meeting NFPA 20 standards for stationary pump installation
- c) Pressure sustaining jockey pump with premium efficiency electric motor and variable frequency drive or equivalent pressure sustaining supply from a separate domestic water system
- d) Bronze and stainless fitted pumps for all moving parts. Epoxy or similar coating on other wetted parts.
- e) Fully enclosed, above grade, insulated, weather proof enclosure allowing full standing height and free movement.
- f) Fenced site with paved access road
- g) Accessories to include: propane heat, thermostat controlled fan, interior and exterior LED lighting
- h) Station alarms will include intrusion, low temperature, low and high system pressure, phase failure, pump fault, engine fault and fire
- i) Underground propane storage tank on site sized for heat and 3 days of emergency generator/engine use
- j) Isolation valves and two site hydrants for emergency bypass piping
- k) Refill capability using a domestic supply system or tankers

HAWTHORNE LANE
HOMEOWNERS TRUST
DECLARATION OF TRUST

The undersigned Melanson Bros., Inc., of Lancaster, Massachusetts, establishes this Trust to be known as the "Hawthorne Lane Trust", which Trust is to be owned by said Melanson Bros. Inc. This Trust is formed to provide for the maintenance of the roadway, drainage facilities and fire cisterns, until such time as ownership of the roadway and the water boost system, (collectively the "Common Area"), shall be accepted by the Town of Lancaster, Massachusetts.

1. DEFINITIONS:

The following words and phrases when used in the Declaration of Trust and in any easement deeds or other documents executed in connection herewith shall have the meanings hereinafter ascribed to them unless the context indicate a contrary intention;

A. "Definitive Subdivision Plan." "Definitive Subdivision Plan," prepared by Whitman & Bingham Associates, LLC, Leominster, dated October 6, 2015, said plan recorded with Worcester County Registry of Deeds at Plan Book 934, Plan 43, (the 'Plan').

B. "Lot." Each one of the building lots as shown as Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 on the Plan.

C. "Common Area Expenses." All ordinary and extraordinary costs for the maintenance of the Common Area in accordance with the provisions of Section 15 of the Lancaster Planning Board Certificate of Approval of a Definitive Subdivision Plan dated January 26, 2016 and recorded with the Worcester County (Worcester District) Registry of Deeds in Book 58643, Page 271; and all reasonable costs and expenses incurred by the Trustees in connection with the administration or other business of the Trust.

2. BENEFICIAL INTERESTS:

Melanson Bros., Inc., shall be the Beneficiary under this Trust.

3. PURPOSE OF TRUST:

The purpose of the trust is as follows:

a. to maintain the Common Area until such time as ownership of the Common Area shall be accepted by the Town of Lancaster, Massachusetts; and

b. To insure ongoing compliance with the provisions of Section 15 of the Lancaster Planning Board Certificate of Approval of a Definitive Subdivision Plan dated January 26, 2016 and recorded with the Worcester County (Worcester District) Registry of Deeds in Book 58643, Page 271, until such time as ownership of the roadway and water boost system shall be accepted by the Town of Lancaster, Massachusetts.

4. TRUSTEE: Number and Term.

a. Number and Terms of Trustees:

There shall be one original Trustee hereunder as follows:

Melanson Bros., Inc.
28 Mary Catherine Drive
Lancaster, MA 01523

who shall continue to serve until such time as ownership of the roadway and water boost system shall be accepted by the Town of Lancaster, Massachusetts. Immediately thereafter, this Trust shall be terminated.

4. TRUSTEES: DUTIES, POWERS AND COMPENSATION:

a. Duties: It shall be the responsibility of the Trustee or the Trustees (as the case may be)

(i) to maintain Common Area; and

(ii) To insure ongoing compliance with the provisions of Section 15 of the Lancaster Planning Board Certificate of Approval of a Definitive Subdivision Plan dated January 26, 2016 and recorded with the Worcester County (Worcester District) Registry of Deeds in Book 58643, Page 271, until such time as ownership of the roadway and water boost system shall be accepted by the Town of Lancaster, Massachusetts.

b. Powers: Except as otherwise specifically provided herein to the contrary, the Trustees shall have:

(i) Supervision and control of the Common Area;

(ii) The power to open a bank account with any licensed banking institution in the Commonwealth of Massachusetts and to designate the signatory or signatories therefor;

(iii) The power to collect, sue for, receive and give acquaintances for all sums of money due to the Trust;

(v) The power to contract with, employ, elect, appoint, remove from office or dismiss agents, attorneys, officers, contractors and employee or any other persons contracted with or employees by the Trust unless such act is also a willful breach of trust on the part of said Trustee;

(vi) to settle and compromise any claim at any time made by or against the trust and to submit any such claim to arbitration; and

(vii) to adopt and from time to time amend and repeal administrative rules and regulations covering the use and operations of the Common Area. The Trustees, may, in addition, adopt such reasonable sanctions, including monetary fines as they deem necessary to enforce such rules.

c. Compensation: The Trustees shall not be entitled to compensation for their services but shall be reimbursed for all reasonable out-of pocket expenses incurred by them for the benefit of the Trust.

5. NEGATION OF PERSONAL LIABILITY, TRUSTEE'S INDEMNITY:

All persons, corporation or other entities extending credit to, contracting with or having any claim against the Trust or Trust property except for the Town of Lancaster Officials and for compliance with the provisions of this Trust shall look solely to the funds and assets of the Trust for payment of such obligations or claims so that the Trustee shall be personally liable therefore. A Trustee shall be liable only for willful breach of Trust hereunder, and no Trustee shall be liable except for his or her own acts. Except in the case of a willful breach of trust, any Trustee shall be entitled to indemnity out of the Trust property against any liability incurred in the execution of the Trustee's duties hereunder, including but not limited to, liabilities in contract and tort and for damages, penalties and fines. Any Trustee may be demand reasonable security for such indemnity prior to taking any action as a trustee. In every note or contract for the payment of money borrowed by and in every other written contract of the Trust, it shall be the duty of the Trustees or other officers or agents expressly to stipulate that the Trustee shall not be held to any personal liability under or by reason thereof, provided, however, that the failure to include such a provision shall not by itself invalidate any such document nor result in any personal liability to the Trustee.

6. RESERVED

7. RESERVED

8. RESERVED

9. TRUSTEE'S CERTIFICATE:

A certificate signed by Melanson Bros, Inc., the Trustee of this Trust, as to any fact relating to the Trust shall be binding and exclusive as to all persons dealing with the Trust in reliance thereon upon recording with the Worcester District Registry of Deeds.

10. AMENDMENT:

This Declaration may be amended by instrument in writing by the Trustee appearing upon the records of Worcester District Registry of Deeds to be trustees hereunder. No such amendment shall be effective until record with said Registry of Deeds indexed under the name of this Trust.

11. INSURANCE:

To the extent that insurance coverage is available at reasonable premium cost, the Trustee may maintain insurance in such amounts, as they shall deem reasonably appropriate in their discretion covering the Common Area.

12. RESERVED

13. WAIVER:

No provisions contained in this Declaration, or any rule or regulation adopted hereunder, shall be deemed to have been waived or abrogated by reason of any failure to enforce the same irrespective of the number of violations or breaches which may occur, nor shall a waiver on any particular occasion be deemed to constitute a waiver of the same or any other provisions on any other occasion.

14. INVALIDITY:

The invalidity of any provision of this Declaration shall not be deemed to impair or affect the balance hereof, which shall continue in force and affect as if such invalid provision had not been included herein.

15. NOTICES:

Any notice required or permitted to be given hereunder, including without limitation notices of meetings and of assessments, shall be properly given if delivered in hand or if mailed by first-class mail, postage prepaid.

EXECUTED AS INSTRUMENT UNDER SEAL THIS 20th
DAY OF May, 2020

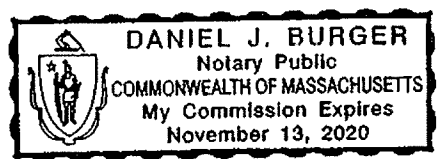
Melanson Bros, Inc.
By: [Signature]
Name: Gary Melanson
Title: President

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss

On this 20th day of May, 20 , before me, the undersigned notary public, Gary Melanson personally appeared, as President of Melanson Bros., Inc., a corporation, proved to me through satisfactory evidence of identification, which were MA Drivers License, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed as the voluntary act of the corporation.

[Signature]
Notary Public:
My commission expires:



Worcester South District Registry of Deeds Electronically Recorded Document

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Recording Information

Document Number	: 51646
Document Type	: TRUST
Recorded Date	: May 20, 2020
Recorded Time	: 01:51:37 PM
Recorded Book and Page	: 62435 / 195
Number of Pages(including cover sheet)	: 6
Receipt Number	: 1227612
Recording Fee	: \$255.00

Worcester South District Registry of Deeds
Kathryn A. Toomey, Register
90 Front St
Worcester, MA 01608
(508) 798-7717

HAWTHORNE LANE
HOMEOWNERS TRUST
DECLARATION OF TRUST

The undersigned Melanson Bros., Inc., of Lancaster, Massachusetts, establishes this Trust to be known as the "Hawthorne Lane Trust", which Trust is to be owned by said Melanson Bros. Inc. This Trust is formed to provide for the maintenance of the roadway, drainage facilities and fire cisterns, until such time as ownership of the roadway and the water boost system, (collectively the "Common Area"), shall be accepted by the Town of Lancaster, Massachusetts.

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B. "Lot." Each one of the building lots as shown as Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 on the Plan.

C. "Common Area Expenses." All ordinary and extraordinary costs for the maintenance of the Common Area in accordance with the provisions of Section 15 of the Lancaster Planning Board Certificate of Approval of a Definitive Subdivision Plan dated January 26, 2016 and recorded with the Worcester County (Worcester District) Registry of Deeds in Book 58643, Page 271; and all reasonable costs and expenses incurred by the Trustees in connection with the administration or other business of the Trust.

2. BENEFICIAL INTERESTS:

Melanson Bros., Inc., shall be the Beneficiary under this Trust.

3. PURPOSE OF TRUST:

The purpose of the trust is as follows:

a. to maintain the Common Area until such time as ownership of the Common Area shall be accepted by the Town of Lancaster, Massachusetts; and

b. To insure ongoing compliance with the provisions of Section 15 of the Lancaster Planning Board Certificate of Approval of a Definitive Subdivision Plan dated January 26, 2016 and recorded with the Worcester County (Worcester District) Registry of Deeds in Book 58643, Page 271, until such time as ownership of the roadway and water boost system shall be accepted by the Town of Lancaster, Massachusetts.

4. TRUSTEE: Number and Term.

a. Number and Terms of Trustees:

There shall be one original Trustee hereunder as follows:

Melanson Bros., Inc.
28 Mary Catherine Drive
Lancaster, MA 01523

who shall continue to serve until such time as ownership of the roadway and water boost system shall be accepted by the Town of Lancaster, Massachusetts. Immediately thereafter, this Trust shall be terminated.

4. TRUSTEES: DUTIES, POWERS AND COMPENSATION:

a. Duties: It shall be the responsibility of the Trustee or the Trustees (as the case may be)

(i) to maintain Common Area; and

(ii) To insure ongoing compliance with the provisions of Section 15 of the Lancaster Planning Board Certificate of Approval of a Definitive Subdivision Plan dated January 26, 2016 and recorded with the Worcester County (Worcester District) Registry of Deeds in Book 58643, Page 271, until such time as ownership of the roadway and water boost system shall be accepted by the Town of Lancaster, Massachusetts.

b. Powers: Except as otherwise specifically provided herein to the contrary, the Trustees shall have:

(i) Supervision and control of the Common Area;

(ii) The power to open a bank account with any licensed banking institution in the Commonwealth of Massachusetts and to designate the signatory or signatories therefor;

(iii) The power to collect, sue for, receive and give acquaintances for all sums of money due to the Trust;

(v) The power to contract with, employ, elect, appoint, remove from office or dismiss agents, attorneys, officers, contractors and employee or any other persons contracted with or employees by the Trust unless such act is also a willful breach of trust on the part of said Trustee;

(vi) to settle and compromise any claim at any time made by or against the trust and to submit any such claim to arbitration; and

(vii) to adopt and from time to time amend and repeal administrative rules and regulations covering the use and operations of the Common Area. The Trustees, may, in addition, adopt such reasonable sanctions, including monetary fines as they deem necessary to enforce such rules.

c. Compensation: The Trustees shall not be entitled to compensation for their services but shall be reimbursed for all reasonable out-of pocket expenses incurred by them for the benefit of the Trust.

5. NEGATION OF PERSONAL LIABILITY, TRUSTEE'S INDEMNITY:

All persons, corporation or other entities extending credit to, contracting with or having any claim against the Trust or Trust property except for the Town of Lancaster Officials and for compliance with the provisions of this Trust shall look solely to the funds and assets of the Trust for payment of such obligations or claims so that the Trustee shall be personally liable therefore. A Trustee shall be liable only for willful breach of Trust hereunder, and no Trustee shall be liable except for his or her own acts. Except in the case of a willful breach of trust, any Trustee shall be entitled to indemnity out of the Trust property against any liability incurred in the execution of the Trustee's duties hereunder, including but not limited to, liabilities in contract and tort and for damages, penalties and fines. Any Trustee may be demand reasonable security for such indemnity prior to taking any action as a trustee. In every note or contract for the payment of money borrowed by and in every other written contract of the Trust, it shall be the duty of the Trustees or other officers or agents expressly to stipulate that the Trustee shall not be held to any personal liability under or by reason thereof, provided, however, that the failure to include such a provision shall not by itself invalidate any such document nor result in any personal liability to the Trustee.

6. RESERVED

7. RESERVED

8. RESERVED

9. TRUSTEE'S CERTIFICATE:

A certificate signed by Melanson Bros, Inc., the Trustee of this Trust, as to any fact relating to the Trust shall be binding and exclusive as to all persons dealing with the Trust in reliance thereon upon recording with the Worcester District Registry of Deeds.

10. AMENDMENT:

This Declaration may be amended by instrument in writing by the Trustee appearing upon the records of Worcester District Registry of Deeds to be trustees hereunder. No such amendment shall be effective until record with said Registry of Deeds indexed under the name of this Trust.

11. INSURANCE:

To the extent that insurance coverage is available at reasonable premium cost, the Trustee may maintain insurance in such amounts, as they shall deem reasonably appropriate in their discretion covering the Common Area.

12. RESERVED

13. WAIVER:

No provisions contained in this Declaration, or any rule or regulation adopted hereunder, shall be deemed to have been waived or abrogated by reason of any failure to enforce the same irrespective of the number of violations or breaches which may occur, nor shall a waiver on any particular occasion be deemed to constitute a waiver of the same or any other provisions on any other occasion.

14. INVALIDITY:

The invalidity of any provision of this Declaration shall not be deemed to impair or affect the balance hereof, which shall continue in force and affect as if such invalid provision had not been included herein.

15. NOTICES:

Any notice required or permitted to be given hereunder, including without limitation notices of meetings and of assessments, shall be properly given if delivered in hand or if mailed by first-class mail, postage prepaid.

EXECUTED AS INSTRUMENT UNDER SEAL THIS 20th
DAY OF May, 2020

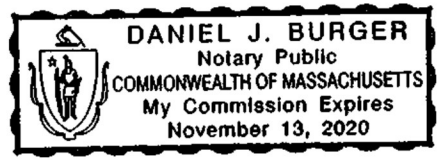
Melanson Bros., Inc.
By: [Signature]
Name: Gary Melanson
Title: President

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss

On this 20th day of May, 20 , before me, the undersigned notary public, Gary Melanson personally appeared, as President of Melanson Bros., Inc., a corporation, proved to me through satisfactory evidence of identification, which were MA Drivers License, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed as the voluntary act of the corporation.

[Signature]
Notary Public:
My commission expires:





TOWN OF LANCASTER
Office of Community Development & Planning

Tel: (978) 365-3326
Fax: (978) 368-4009

695 Main Street • Suite 4
Lancaster, MA 01523

LANCASTER PLANNING BOARD

CERTIFICATE OF APPROVAL – SPECIAL PERMIT APPLICATION

Subject: Special Permit application pursuant to Section 220-15 of the Lancaster Zoning Bylaw to allow a Flexible Development consisting of thirteen (13) building lots and one (1) open space parcel.

Applicant: Poras Realty Trust and Wienerwald II Realty Trust

Owner: Poras Realty Trust and Wienerwald II Realty Trust

Location: 122 Hilltop Road

Plan: A 17-page set of plans entitled “Definitive Subdivision Plan off Hilltop Road, Lancaster, Massachusetts” by Whitman & Bingham Associates, LLC, Plan No. 17-C-126, dated October 6, 2015.

Assessor’s Reference: Map 36, Parcels 1, 1A

Statement of Facts

Background:

A Special Permit application was filed with the Community Development and Planning Office on October 5, 2015, in which the petitioner requested authorization to form a Flexible Development from two parcels consisting of 35.74 acres of land.

This new flexible development consists of thirteen (13) reduced-area building lots on 16.29 acres, and one (1) open space parcel on 19.45 acres. The location of this property is at 122 Hilltop Road, Lancaster, MA, in the Residential Zoning District.

The Planning Board held a public hearing on this petition to request a Special Permit on November 9, 2015, and continued to November 23, 2015, and December 14, 2015 on which date the hearing was closed. Notices of the hearing were published in the Item on October 23, 2015, and October 30, 2015, and parties in interest were notified as required by law.

Findings:

After due deliberation of the facts presented to the Lancaster Planning Board at a public hearing held on November 9, 2015, and on December 14, 2015, and of the materials submitted to the Board by the applicant, the Lancaster Planning Board makes the following findings of fact in accordance with Section 220-15 of the Lancaster Zoning Bylaws:

Each lot area averages to 30,000-40,000 SF, with frontages running between 118-150 feet. No bonus lots are included.

The Flexible Development Plan creates a single parcel of open space consisting of 19.45 acres which is 55% of the total land area, meeting the minimum of 40% to be set aside as open space.

All land used in calculating permitted lots is contiguous and in the same ownership as the premises being developed.

The standards for a Flexible Development Special Permit have been satisfactorily met:

- As compared with the conventional plan, the Flexible Development plan reduces the displacement of natural features by shortening the subdivision road and by clustering house sites closer together. The associated reduction of impervious surfaces reduces the potential for water quality deterioration.
- The Flexible Development plan better protects neighboring properties from visual intrusion as compared with the conventional plan. The open space parcel separates the building lots from adjacent existing single-family house lots on Hilltop Road, George Hill Road, and on Nicholas Drive.
- The Flexible Development plan reduces the potential for traffic conflicts by spacing most driveway connections along the circumference of the relocated cul-de-sac.

Decision:

After full and careful consideration on December 14, 2015, the Planning Board voted unanimously (4 ayes, 0 nays) to grant the Special Permit to allow a Flexible Development consisting of thirteen building lots and one open space parcel. The following voted in favor: Jeanne Rich, Philip Lawler, Victor Koivumaki and Thomas Christopher.


Conditions:

This Special Permit is granted subject to the following conditions:

1. A copy of the Planning Board's decision articulating the Special Permit approval shall be filed with the Town Clerk and shall be recorded in the Registry of Deeds.
2. A copy of the Planning Board's vote and certificate of action shall be filed with the Town Clerk.
3. The Special Permit holder shall grant the Town a permanent deed restriction, in a form approved by Town Counsel, providing that no land within the development may be divided into additional building lots and specifying that at most one dwelling unit is allowed on each of the thirteen building lots shown on the Flexible Development plan.
4. The conditions of the Certificate of Approval of a Definitive Subdivision Plan for Poras Realty Trust and Weinerwald II Realty Trust granted by the Planning Board on January 11, 2016 are incorporated herein by reference.
5. Prior to the Planning Board's endorsement of Definitive Subdivision Approval on the Flexible Development plan, and in the event the Open Space parcel is not conveyed to the Town or its Conservation Commission, the Applicant shall provide to the Planning Board a proposed perpetual conservation or agricultural preservation restriction, of the types described in M.G.L. Chapter 184, Section 31 and Lancaster Zoning Bylaw Section 220-15, running to and enforceable by the Town, with respect to the ownership, maintenance and use of the Open Space parcel. Such proposed restriction shall provide that said parcel shall be retained in perpetuity for one or more of the following uses: conservation, agriculture, passive recreation; and that said parcel shall not be used as the site of any buildings or other permanent structures; except that the two (2) Drainage Easements on the Open Space parcel may be used for storm water management as represented on the Flexible Development plan. Any and all documents required for this condition shall be submitted to Town Counsel for review and approval prior to Planning Board endorsement.
6. Prior to the Planning Board's endorsement of Definitive Subdivision Approval on the Flexible Development plan, the Applicant shall make provision pursuant to Lancaster Zoning Bylaw Section 220-15 for the ownership and maintenance of the Open Space parcel either by the Town of Lancaster acting by and through its Board of Selectmen or Conservation Commission; or by a nonprofit organization, the principal purpose of which is the conservation of open space; or by a membership corporation, trust or association of lot owners within the development upon proper finding by the Planning Board and review and approval by Town Counsel of all documents creating and establishing same.

7. Prior to the Planning Board's endorsement of Definitive Subdivision Approval on the Flexible Development plan, the Applicant shall provide to the Planning Board a 30-foot wide Utility Easement spanning one of the proposed lots and the open space parcel to the west of the development and to the Eagle Ridge property. This easement would allow the option to tie into the existing water high-level service area and municipal sewer through the Eagle Ridge development. This may provide more favorable options for domestic water use, fire protection, and wastewater disposal services to the proposed subdivision.

Signed by the Lancaster Planning Board on January 11, 2016.



Jeanne Rich, Chair



Philip Lawler, Vice-Chair

Francis Sullivan, Clerk



Victor Koivumaki



Thomas Christopher

Lancaster Town Clerk Certification

I hereby certify that twenty (20) days have elapsed since the filing of the above-referenced decision in the office of the Town Clerk on January 12, 2016, and that no notice of an appeal of that decision has been filed with me.

Mary de Alderete
Lancaster Town Clerk

Date