

WARD COUNCILLORS

1 – David R. Thibault-Muñoz
2 – Dana M. Heath
3 – Paul G. Tassone
4 – Karen G. Hardern
5 – Aleksander H. Dernalowicz, Esq.

COUNCIL PRESIDENT

George C. Tyros

**COUNCILLORS AT LARGE**

Calvin D. Brooks
Craig R. Cormier
Brad E. Heglin
Elizabeth J. Kazinskas
Judy A. Mack

City of Gardner Massachusetts

**CALENDAR FOR THE MEETING**

of

**MONDAY, MAY 5, 2025
CITY COUNCIL CHAMBER
7:30 P.M.**

ORDER OF BUSINESS**I. CALL TO ORDER****II. CALL OF THE ROLL OF COUNCILLORS****III. OPENING PRAYER****IV. PLEDGE OF ALLEGIANCE****V. ANNOUNCEMENT OF OPEN MEETING RECORDINGS**

Any person may make a video or audio recording of an open session of a meeting, or may transmit the meeting through any medium, subject to reasonable requirements of the chair as to the number, placement and operation of equipment used so as not to interfere with the conduct of the meeting. Any person intending to make such recording shall notify the Chair forthwith. All documents and exhibits used or referenced at the meeting must be submitted in duplicate to the City Clerk, as they become part of the Meeting Minutes.

VI. READING OF MINUTES OF PRIOR MEETING(S)

- March 17, 2025, Regular Meeting

VII. PUBLIC HEARINGS**VIII. COMMUNICATIONS FROM THE MAYOR****IX. PETITIONS, APPLICATIONS, COMMUNICATIONS, ETC.**

11533 – An amendent to the Code of the City of Gardner, Chapter 675 thereof, entitled "Zoning," to change and add Commercial Overlay Classification on Certain Parcels of Land on Central Street. *(Submitted by Registered Voters) Page 9*

11534 – An amendment to the Zoning Ordinance Chapter 675, submitted by Chair City Church and Ten (10) registered voters, to add a new section entitled “Historic Preservation Project”, amending the table of uses to allow or the same by special permit, amending the Article VII Off-Street Parking, Loading and Drive-Through Standards, §675-740, to facilitate Historic Preservation Projects, additional amendments to the Relief from Parking Regulations to be applied generally and additional amendments more specifically stated in the petition and attachments. *Page 11*

X. REPORTS OF STANDING COMMITTEES

PUBLIC SERVICE COMMITTEE

11519 - An Ordinance to Amend the Code of the City of Gardner, Chapter 675, thereof entitled "Zoning," to amend Section 510, thereof entitled "Floodplain Overlay District," in order to comply with the recent amendments to the requirements set forth by the Federal Emergency Management Agency. *Page 18*

WELFARE COMMITTEE

11506 - An amendment to the Zoning Ordinance Chapter 675, submitted by Chair City Church and Ten (10) registered voters, to add a new section entitled “Historic Preservation Project”, amending the table of uses to allow or the same by special permit, amending the Article VII Off-Street Parking, Loading and Drive-Through Standards, §675-740, to facilitate Historic Preservation Projects, additional amendments to the Relief from Parking Regulations to be applied generally and additional amendments more specifically stated in the petition and attachments. *(In City Council and Referred to Planning Board 3/3/2025) Page 37*

FINANCE COMMITTEE

11520 - A Measure Authorizing the Administration to enter into an Intermunicipal Agreement with the Town of Winchendon for Veterans Services for FY2025 through FY2027. *Page 52*

11527 – A Communication from the Mayor Regarding the FY2024 Single Financial Audit Report for Federal Grant Funds. *Page 64*

11528 – A Communication from the Mayor Regarding the FY2024 Final Financial Audit Report. *Page 82*

XI. UNFINISHED BUSINESS AND MATTERS FOR RECONSIDERATION

XII. NEW BUSINESS

XIII. COUNCIL COMMENTS AND REMARKS

XIV. CLOSING PRAYER

XV. ADJOURNMENT

Items listed on the Council Calendar are those reasonably anticipated by the Council President to be discussed at the meeting. Not all items listed may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by law.

REGULAR MEETING OF MARCH 18, 2025

Regular Meeting of the City Council was held in the City Council Chamber, Room 219, City Hall, on Monday evening, March 17, 2025.

CALL TO ORDER

President Geoge Tyros called the meeting to order at 7:30 o'clock p.m.

CALL OF THE ROLL

Assistant City Clerk Jayen Kumar called the Roll of Members. Ten (10) Councillors were present including President George Tyros and Councillors Calvin Brooks, Craig Cormier, Karen Hardern, Dana Heath, Brad Heglin, Elizabeth Kazinskas, Judy Mack, Paul Tassone and David Thibault-Muñoz. Councillor Aleksander Dernalowicz was absent.

OPENING PRAYER**PLEDGE OF ALLEGIANCE**

President Tyros led the Council in reciting the "Pledge of Allegiance".

OPEN MEETING RECORDING & PUBLIC RECORDS ANNOUNCEMENT

President Tyros announced to the assembly that the Open Meeting Recording and Public Records Announcement. Any person may make a video or audio recording of an open session of a meeting or may transmit the meeting through any medium subject to reasonable requirements of the chair as to the number placement and operation of equipment used so as not to interfere with the conduct of the meeting. Any person intending to make such recordings shall notify the Chair forthwith. All documents and exhibits used or referenced at the meeting must be submitted in duplicate to the chair as they become part of the meeting minutes pursuant to General Law Chapter 38 Section 20.

READING & ACCEPTANCE OF MINUTES

There were no meeting minutes.

REPORTS OF STANDING COMMITTEES**FINANCE COMMITTEE****#11513**

Councillor Brad Heglin informed the Council that City Solicitor Pusateri has a potential conflict of interest for the property located at 153 Elm Street, which requires the hiring of another attorney to handle the property.

REGULAR MEETING OF MARCH 18, 2025

On a motion made by Councillor Brad Heglin and seconded by Councillor Judy Mack, it was voted to adopt the order:

TO THE HONORABLE CITY COUNCIL OF THE CITY OF GARDNER

Ladies and Gentlemen:

The undersigned petitions your Honorable Body to designate Attorney Christine Tree, Esquire, a Special Municipal Employee pursuant to M.G.L. c. 268A, insofar as Attorney Tree serves as Special Counsel for the City solely in connection with a particular matter, (that being a Safe Routes for School Project, 153 Elm Street, Gardner MA and other properties). Attorney Tree has not billed the City in excess of 800 hours in the past year. Attorney Tree and the firm of Christine Tree Legal represent the interests of other constituents before the City of Gardner's Boards and Commissions of the City of Gardner. The designation will permit her continued practice and while representing the City in this matter. Her representation is requested by the Solicitor as it will resolve an issue with the appearance of a conflict of interest with the Solicitor and the record title owners of the property.

Mayor Michael Nicholson

10 yeas, motion passes.

#11503

Councillor Calvin Brooks recused himself as being a property owner listed on taking of easements for the Safe Routes to School Project.

On a motion made by Councillor Judy Mack and seconded by Councillor Brad Heglin, it was voted nine yeas (9), President George Tyros and Councillors Craig Cormier, Karen Hardern, Dana Heath, Brad Heglin, Elizabeth Kazinskas, Judy Mack, Paul Tassone and David Thibault-Muñoz. to adopt the order, *An Order of Taking for Easements (temporary and/or permanent) by Eminent Domain for the Purpose of the Safe Routes to School Project for various properties located on Elm Street in the area between Temple Street and Cherry Street.*

#11510

On a motion made by Councillor Brad Heglin and seconded by Councillor Judy Mack, it was voted to the refer to the Economic and Community Development Committee for further study and report, *An Order Authorizing the Creation of an Economic Development and*

REGULAR MEETING OF MARCH 18, 2025

Finance Manager for the position for the Community Development and Planning Department and Approving the Job Description for said position.

AN ORDER CREATING A NEW POSITION TO BE ENTITLED "ECONOMIC DEVELOPMENT AND FINANCE MANAGER," FOR THE COMMUNITY DEVELOPMENT AND PLANNING DEPARTMENT AND TO APPROVE THE JOB DESCRIPTION FOR SAID POSITION

ORDERED: Pursuant to Section 6 of Chapter 3 of the Code of the City of Gardner, as amended on December 16, 2024, the position of "Economic Development and Finance Manager," be created for the Department of Community Development and Planning, in accordance with the attached Job Description.

10 yeas, motion passes.

#11511

On a motion made by Councillor Brad Heglin and seconded by Councillor Judy Mack, it was voted to the refer to the Economic and Community Development Committee for further study and report, *An Ordinance to Amend the Code of the City of Gardner, Chapter 171, thereof entitled "Personnel," to amend Schedule E, thereof entitled "Non-Union Compensation Schedule," to add the position of Economic Development and Finance Manager.*

10 yeas, motion passes.

REPORTS OF STANDING COMMITTEES**APPOINTMENTS COMMITTEE****#11472**

On a motion made by Councillor Dana Heath and seconded by Councillor Brad Heglin, it was voted to confirm the Mayor's appointment, *A Measure Confirming the Mayor's Appointment of Robert Oliva, to the position of City Engineer, for term expiring January 16, 2028.*

10 yeas, motion passes.

REGULAR MEETING OF MARCH 18, 2025

#11485

On a motion made by Councillor Dana Heath and seconded by Councillor Elizabeth Kazinskas, it was voted to confirm the Mayor's appointment, *A Measure Confirming the Mayor's Appointment of Cory Hasselmann, to the position of Veterans' Agent/Veteran's Burial Agent, for term expiring January 16, 2028.*

10 yeas, motion passes.

#11492

On a motion made by Councillor Brad Heglin and seconded by Councillor Dana Heath, it was voted to confirm the Mayor's appointment, *A Measure Confirming the Mayor's Appointment of Ron G. Darmetka, to the position of Member, Council on Aging, for term expiring January 16, 2028.*

10 yeas, motion passes.

#11493

On a motion made by Councillor Brad Heglin and seconded by Councillor Dana Heath, it was voted to confirm the Mayor's appointment, *A Measure Confirming the Mayor's Appointment of Paul Leone, to the position of Member, Council on Aging, for term expiring January 16, 2028.*

10 yeas, motion passes.

#11494

On a motion made by Councillor Brad Heglin and seconded by Councillor Dana Heath, it was voted to confirm the Mayor's appointment, *A Measure Confirming the Mayor's Appointment of Paul Crowley, to the position of Member, Council on Aging, for term expiring January 16, 2028.*

10 yeas, motion passes.

REPORTS OF STANDING COMMITTEES
ECONOMIC AND COMMUNITY DEVELOPMENT COMMITTEE

#11504

On a motion made by Councillor Elizabeth Kazinskas and seconded by Councillor Craig Cormier, it was voted to grant the resolution:

REGULAR MEETING OF MARCH 18, 2025

RESOLUTION
FY 2025 COMMUNITY DEVELOPMENT BLOCK
Mini Entitlement Plan

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GARDNER AS FOLLOWS:

WHEREAS, the City council has reviewed the proposals prepared by the Department of Community Development and Planning for Inclusion within the FY 2025 Community Development Block Grant (CDBG Mini Entitlement Plan; and

WHEREAS, the CDBG proposals seek funding for support of public social services, demolition, infrastructure repair and upgrade, economic development, and associated administrative costs; and

WHEREAS, the activities proposed within the FY 2025 CDBG Mini Entitlement Plan meet the priorities identified within the City's 2025 Community Development Strategy; and

WHEREAS the City does not possess the bonding capacity or have the availability of funds to appropriate from its general budget to undertake such projects and reliance upon grant funds is required; and

WHEREAS the City Council supports each of the activities as being consistent with the City's goal of promoting quality programs for its citizens;

NOW THEREFORE, the City Council hereby extends its support of each proposed activity and endorses the City's FY 2025 CDBG Mini Entitlement Plan to be submitted to the Commonwealth of Massachusetts, Department of Housing and Community Development

CLOSING PRAYER

ADJOURNMENT

On a motion by Councillor Paul Tassone and seconded by Councillor Calvin Brooks, it was voted, to adjourn at 8:01 p.m.

10 years, motion passes

Accepted by the City Council:

**AN ORDINANCE TO AMEND THE CODE OF THE CITY OF GARDNER, CHAPTER 675
THEREOF, ENTITLED "ZONING," TO CHANGE ADD A COMMERCIAL OVERLAY
CLASSIFICATION ON CERTAIN PARCELS OF LAND ON CENTRAL STREET**

WHEREAS, Section 5 of Chapter 40A of the General Laws of the Commonwealth state that the process of adopting or changing a zoning ordinance may begin by a proposal initiated by ten (10) registered voters in a City; and

WHEREAS, pursuant to the purposes of Gardner's Zoning Ordinance as stated in Chapter 675, Section 110, it would promote the general welfare of Gardner's inhabitants and increase the amenities of the City to allow economic development of the subject parcels for commercial uses, which are expected to increase employment opportunities, retail services, and the City's tax base; and

WHEREAS, adding a commercial 1 zoning overlay to the subject parcels' zoning designation will best meet these public purposes; and

WHEREAS, the area of Central Street is currently zoned General Residential 3 (GR3), while having several opportunities for commercial enterprises to open to connect the area of the historic uptown district to the Downtown Commercial 1 (COM1) District; and

WHEREAS, Central Street is a main thoroughfare in the City showing that this area of the City has the potential for growth and development in several different ways; and

WHEREAS, the addition of a zoning overlay does not change the underlying zoning of the area, making it so that all existing uses would remain valid unchanged uses, unless action is taken by the property owners themselves, and

WHEREAS, the area of the subject parcels already contains several buildings either currently being used for commercial purposes or designed for commercial purposes including, but not limited to the following parcels: R27-17-3; R27-17-8; R27-17-19; R27-17-20; R27-22-31; R27-22-54; R27-21-7; R27-21-6; R27-21-8; R27-21-9 among others;

NOW THEREFORE, the undersigned petitioners request that the City Council enact the following ordinance:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GARDNER AS FOLLOWS:

PREAMBLE: That "An Ordinance Establishing the Boundaries of the City with Regulations and Restrictions to be Enforced and to be known as the Zoning Code," (Chapter 675 adopted by the City Council December 9, 1970 and amended several times thereafter be further amended as follows:

SECTION 1: By adding a Commercial 1 Overlay to the zoning classifications for the following parcels as designated on the Assessors Map of the City of Gardner: R27-17-3; R27-17-8; R27-17-19; R27-17-20; R27-22-31; R27-22-54; R27-21-7; R27-21-6; R27-21-8; R27-21-9, as designated on the map submitted herewith

Total area of proposed zoning overlay being approximately 8.7475 acres.

SECTION 2: This ordinance shall become effective upon passage and publication as required by law. Any claims of invalidity by reason of any defect in the procedure of adoption may only be made ninety days after the posting of the section publication.

Submitted by the following registered voters of the City of Gardner:

Registrar Use Only	I. Signature to be made in person with name substantially as registered	II. Now Registered At (Street, number, and apartment number – if any. All registered voters signing must be residents of the City of Gardner)	Ward	Precinct
1	✓ PAUL GALLAGHER	84 Pinewood Ave	5	A
2	✓ Rebecca Thorpe	196 Logan St	4	A
3	✓ Anthony Le Roche	196 256 5	4	A
4	✓ Jason Fuller	246 Greenwood St	4	B
5	✓ [Signature]	37 TEARBERY LN	1	A
6	✓ Christopher Anthony	160 Manca Dr.	5	A
7	✓ Ronald Drost	65 Robillard St	3	B
8	✓ Carl A. Shellenbarger	37 Tearberry	1	A
9	✓ Jessica Williams	385 Main St.	4	A
10	✓ Kathy Williams	494 Pearl St.	2	A
11	✓ Jason Fuller	246 Greenwood St		
12	✓ Kate Dathner	112 Shaw Ave	2	
13	✓ Richard LeRoche	112 Shaw Ave	X 2	A
14	✓ Gus Sanchez	175 Connors St		
15	✓ [Signature]	84 OPAL LN.	2	A
16	✓ Jim Chaim	262 Elm Street	1	A
17	✓ [Signature]	56 Ken Drive	5	B
18	✓ Lee A Butler	146 Dyer	5	A
19	✓ Shelia Spinel i.	160 manca Dr	5	A
20	✓ Shanna Grawl	211 Matthews St	2	A

Registered voters Certified by: _____

City Clerk

Total Number of Signatures Certified: _____

RECEIVED
 2025 APR 28 A 8:55
 CITY CLERK'S OFFICE
 GARDNER, MA

CITY OF GARDNER

DEPARTMENT OF COMMUNITY DEVELOPMENT AND PLANNING

RECEIVED

2025 MAY -1 P 3:53



Dear City Councilors,

CITY CLERK'S OFFICE
GARDNER, MA

As Director of Community Development and Planning, I am submitting this letter to provide additional context for the resubmitted historical zoning amendment petition. While this petition was initially referred to the Planning Board within the statutory timeframe following its original submission, we have determined that, due to scheduling limitations, there is now insufficient time to properly notice and hold the required City Council public hearing before the deadline of May 7, 2025.

In order to ensure full compliance with MGL Chapter 40A and to allow for both the Planning Board and City Council to independently host their respective public hearings with the City Council's hearing appropriately informed by the Planning Board's report and recommendations, Attorney Christine Tree is resubmitting the petition to formally restart the process and timeline.

This step is necessary to maintain procedural integrity and to allow for adequate public input as part of the zoning amendment process. We appreciate the Council's understanding and continued collaboration on this matter.

Sincerely,

Jason Stevens

Director of Community Development and Planning
City of Gardner

TO THE HONOURABLE CITY COUNCIL OF THE CITY OF GARDNER

Ladies and Gentlemen:

The undersigned Chair City Church, a Massachusetts nonprofit organization, hereby Petitions your Honorable Body to:

Amend Chapter 675 of the Code of the City of Gardner, entitled “Zoning”, in the following manner:

1. By adding to said Chapter 675 a new Section 675-1180, to be entitled “Historic Preservation Project”, as set forth in Attachment A hereto; and
2. By amending Attachment 1 of said Chapter 675, entitled “Zoning – Table of Uses” by adding a new Section 34.A. immediately following Section 34, to be entitled “Preservation Project” with the zoning district designations as follows, and as set forth in the attached proposed Ordinance:

Description of Use	SFR1	RR2	GR3	COM1	COM2	IND1	IND2
34a. Preservation Project	SP	SP	SP	SP	SP	SP	SP

3. By adding the following definitions to Article II, §675-210(B), inserted in alphabetical order:

“HISTORIC STRUCTURE. A Historic Structure is defined as any building, structure, or other architectural element of historical, architectural or cultural significance that contributes value to the City, which shall be deemed satisfied if the building, structure or architectural element is included on any of the following lists or surveys:

1. National Register of Historic Places, except that the mere location of any building, structure, or architectural element within a Gardner Historic District included on the National Register of Historic Places is insufficient;
2. Massachusetts State Register of Historic Places;
3. Massachusetts Historic Commission Inventory of Historic Assets of the Commonwealth (MACRIS); or
4. Gardner Historical Commission Inventory of Historic Assets.”

“HISTORIC SITE. Any natural, scenic or open condition or in agricultural, farming or forest use, to permit public recreational use which is included on any of the following lists or surveys:

1. National Register of Historic Places, except that the mere location of any building, structure, or architectural element within a Gardner

Historic District included on the National Register of Historic Places is insufficient;

2. Massachusetts State Register of Historic Places;
3. Massachusetts Historic Commission Inventory of Historic Assets of the Commonwealth (MACRIS); or
4. Gardner Historical Commission Inventory of Historic Assets.”

“PRESERVATION PROJECT. A Preservation Project is defined as a change, modification or expansion of the use of an Historic Structure or Historic Site, or an alteration, restoration, modification, addition or expansion of an Historic Structure or Historic Site, or the lot on which it is located, which promotes the maintenance, preservation, restoration, renovation, repair, or adaptive reuse of an Historic Structure or Historic Site.”

4. By amending Article VII, Off-Street Parking, Loading and Drive-Through Standards, §675-740, entitled “Relief from Parking Regulations”, as follows:
 - a. Insert at the end of the first paragraph of §675-740 after the words “may be granted”, “upon a finding that the detriment, if any, due to the waiver of any parking requirement is outweighed by the benefit to the City or the neighborhood of the proposed use.”.
 - b. Strike “pursuant to §675-1170, Special Permits:” from §675-740(A) without replacement.
 - c. Strike §675-740(A)(1) and (2) without replacement.
 - d. Strike from §675-740(B) the following words “where it determines the grant of a waiver would not be detrimental to the functioning of the site and would not create undue congestion of traffic hazards on or off the site” without replacement.
5. By amending §675-1170 B. (3) striking the words “provide adequate space for off-street” and inserting in their place “contain a plan to provide” and inserting at the end of the section “to serve the needs of the use”.

The proposed amendments to the Zoning Ordinance will allow an owner of an Historic Structure or Site to seek additional methods of preserving a building of significance to the City through a Historic Preservation Special Permit from the Board of Zoning Appeals. Available relief would include expanded and multiple uses on the lot, modification of dimensional, parking and sign standards. Special Permit conditions would ensure that the Historic Structure or Site is properly maintained, re-used or restored. An Historic Preservation Easement has been discussed, but is under legal review at this time.

The proposed amendments will further the purposes of Zoning as set forth in Section 675-110, “to encourage the most appropriate use of land throughout the City,” and “to preserve the cultural, historical and agricultural heritage of the community.” They will offer an incentive to property owners interested in historic, cultural or architectural preservation, but will not restrict property owners who do not seek relief, or interfere with the economic growth or development of properties within the City.

The Petitioner Chair City Church is the owner of Parcel R27-21-7, which parcel would be affected by the zoning ordinance amendment pursuant to M.G.L. c. 40A §5, and is therefore eligible to Petition for this zoning ordinance amendment.

ATTACHMENT A

§675-1180 Historic Preservation Project

A. PURPOSE. The purposes of this section are to:

1. Encourage and provide incentives for the preservation and improvement of buildings, structures, and architectural elements of historical or architectural significance through redevelopment and/or reuse that provides a variety of allowed uses;
2. Preserve structures of significance to Gardner's shared history and neighborhood character for the education, appreciation and enjoyment of future generations;
3. Establish criteria for buildings, structures, and architectural elements to be eligible for preservation relief under this section;
4. Expand economic options for owners of historic or architecturally significant structures by broadening the permitted uses in specified zoning districts;
5. Permit flexibility of reuse and redevelopment options by modification of parking and dimensional requirements that might be an impediment to historic preservation; and
6. Support the Community Development Plan, Master Plan, and other planning efforts of the City.
7. To allow for the maintenance, preservation, restoration, renovation, repair, adaptive reuse, or in limited instances, relocation of historic or architecturally significant buildings, structures, or elements, which is of substantial benefit to the City and its neighborhoods and fulfills the purposes of this Zoning Ordinance.

B. APPLICABILITY

1. A Historic Preservation Special Permit may be issued for a Preservation Project in the zoning districts designated in the Table of Uses and modified from time to time.
2. An Historic Structure or Historic Site shall continue to be subject to all zoning regulations and exemptions applicable to it, including but not limited to site plan review, except as modified by a Special Permit granted pursuant to this section or any other grant of zoning relief by the Special Permit Granting Authority. This includes but is not limited to any available treatment of an Historic Structure or Site as a prior lawfully existing nonconforming structure or use.

C. ALLOWED RELIEF

1. After making the findings required by §675-1170(B), Special Permits, the Zoning Board of Appeals may grant a special permit for a Preservation Project which grants the following types of relief:
 - a. Permit uses permitted as of right or by Special Permit in another residential or commercial zoning district but not in the zoning district where the Preservation Project is located;
 - b. Permit multiple primary uses on the same lot or structure;
 - c. Modify or waive the standards for signs as set forth in §675-910 through §675-990;
 - d. Modify or waive the standards for parking and loading as set forth in Article VII, Off-Street Parking, Loading and Drive-Through Standards;
 - e. Modify or waive the standards for bed-and-breakfast homes, in-law apartments in §675-820, and home occupations in §675-830;

- f. Modify and waive standards and dimensional controls contained within the Senior Residential Development provisions of § 675-840 B. (1) and D.; and
- g. Modify the standards and dimensional controls of §675-620 and the Table of Lot, Area, Frontage, Yard and Height Requirements.

D. SPECIAL PERMIT PROCEDURES

- 1. The Zoning Board of Appeals may set forth procedures for the application for a special permit under this section, including proof that the application is for a Preservation Project.
- 2. A copy of each application shall be sent to the Historical Commission for review.
 - a. The Historical Commission shall provide a written recommendation to the Zoning Board of Appeals on whether the Preservation Project preserves the historical and architectural features of the Historic Structure or Site if completed according to the submitted plan. The recommendation of the Historical Commission is not binding on the Zoning Board of Appeals.
 - b. If the Historical Commission does not issue its written recommendation within sixty (60) days from the date of application, the Zoning Board of Appeals may proceed without any written recommendation.

E. DECISION CRITERIA AND FINDINGS

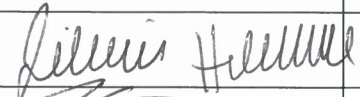

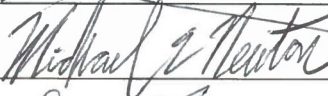


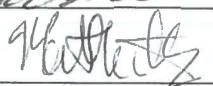

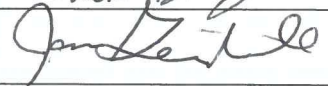


The Zoning Board of Appeals may grant a special permit for a Preservation Project upon its determination that the proposed relief will provide a benefit to the City by making a substantial contribution to the maintenance, preservation or restoration of an Historic Structure or Historic Site using the criteria set forth in §675-1170(B).

PETITION FOR OF ZONING CHANGE ATTACHMENT B

This petition is in support of the attached Petition to the City of Gardner for a particular zoning change. By signing this petition, you are stating that:

1. You have read the proposed Historic Preservation Project zoning change;
2. You are currently registered to vote in the City of Gardner;
3. You are in support of the proposed Historic Preservation Project zoning change in its entirety; and
4. Are willing to serve as Co-Petitioners as needed.

Only signatures from currently registered voters in the City of Gardner will be counted. By signing this petition the signee is stating the above statements are true. This serves to verify Petitioners' standing under M.G.L. c. 40A, §5.

Name (print)	Signature	Address	Registered voter?
Jillian Hildebrand		133 Barthel Ave. Gardner, MA	<input checked="" type="radio"/> Yes <input type="radio"/> No
Walter Hildebrand		133 Barthel Ave. Gardner, MA	<input checked="" type="radio"/> Yes <input type="radio"/> No
Michael Newton		55 Temple St. Gardner, MA	<input checked="" type="radio"/> Yes <input type="radio"/> No
Serena Bettez		269 Lovewell St Gardner MA 01440	<input checked="" type="radio"/> Yes <input type="radio"/> No
Peter C Colledge		157 Regan St Gardner MA 01440	<input checked="" type="radio"/> Yes <input type="radio"/> No
Matthew Bettez		269 Lovewell St, Gardner	<input checked="" type="radio"/> Yes <input type="radio"/> No
Krista Bettez		269 Lovewell St Gardner, MA	<input checked="" type="radio"/> Yes <input type="radio"/> No
Jane Gentile		126 Prospect St Gardner, MA	<input checked="" type="radio"/> Yes <input type="radio"/> No
C. Butler			Yes // No
Jackie Edme		62 Lincoln St Gardner, MA	<input checked="" type="radio"/> Yes <input type="radio"/> No
David Gentile		126 Prospect St. Gardner, MA, 01440	<input checked="" type="radio"/> Yes <input type="radio"/> No
			Yes // No
			Yes // No

**City of Gardner - *Executive Department*****Mayor Michael J. Nicholson**

April 4, 2025

Hon. George C. Tyros, Council President
And City Councilors
Gardner City Hall, Rm 121
95 Pleasant Street
Gardner, MA 01440

RE: An Ordinance to Amend the Code of the City of Gardner, Chapter 675, thereof entitled "Zoning," to amend Section 510, thereof entitled "Floodplain Overlay District," in order to comply with the recent amendments to the requirements set forth by the Federal Emergency Management Agency

Dear Mr. President and Councilors,

The Federal Emergency Management Agency (FEMA) recently issued new regulations for floodplain districts. These regulations mainly focus on the definitions used in zoning ordinances by municipalities.

The impetus for this change came as a result of FEMA issuing new Flood Insurance Rate Maps (FIRM) that will become effective on July 8, 2025. In order for the City to remain in good standing with the National Flood Insurance Program, the City must update its Floodplain Overlay District Zoning Ordinance (CCG, c.675, §510) to be consistent with the 2020 Massachusetts Model Floodplain Bylaws, issued by the Executive Office of Energy and Environmental Affairs (EEA).

The City Engineer has been working with the Massachusetts Department of Conservation and Recreation (DCR) to finalize and draft the attached ordinance amendment proposal to be consistent with the EEA Model and remain in compliance with the FEMA guidelines so as to not impact the insurability of residential and commercial properties in Gardner.

Respectfully Submitted,

Michael J. Nicholson
Mayor, City of Gardner

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF GARDNER, CHAPTER 675, THEREOF ENTITLED “ZONING,” TO AMEND SECTION 510, THEREOF ENTITLED “FLOODPLAIN OVERLAY DISTRICT,” IN ORDER TO COMPLY WITH THE RECENT AMENDMENTS TO THE REQUIREMENTS SET FORTH BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GARDNER AS FOLLOWS:

SECTION 1: Section 510 of Chapter 675 of the Code of the City of Gardner, thereof entitled “Floodplain Overlay District,” be removed in its entirety and replaced with the following thereof:

§ 675-510. Floodplain Overlay District.

A. Statement of purpose and location.

- (1) The Floodplain Overlay District is herein established as an overlay district.
- (2) The purposes of the Floodplain Overlay District are to:
 - (a) Ensure public safety through reducing the threats to life and personal injury.
 - (b) Eliminate new hazards to emergency response officials.
 - (c) Prevent the occurrence of public emergencies resulting from water quality contamination and pollution due to flooding.
 - (d) Avoid the loss of utility services which if damaged by flooding would disrupt or shut down the utility network and impact regions of the community beyond the site of flooding.
 - (e) Eliminate costs associated with the response to and cleanup of flooding conditions.
 - (f) Reduce damage to public and private property resulting from flooding waters.
- (3) Location. The District includes all special flood hazard areas within Gardner designated as Zone A or AE on the Worcester County Flood Insurance Rate Map (FIRM) dated July 8, 2025 issued by the Federal Emergency Management Agency (FEMA) for the administration of the National Flood Insurance Program. The exact boundaries of the District shall be defined by the 1%-chance base flood elevations shown on the FIRM and further defined by the Worcester County Flood Insurance Study (FIS) report dated July 8, 2025. The FIRM and FIS report are incorporated herein by reference and are on file with the City Clerk, Planning Board, Building Commissioner, Conservation Commission and City Engineer.
- (4) The City of Gardner hereby designates the position of City Engineer to be the official

floodplain administrator for the City.

- (5) The floodplain management regulations found in this Floodplain Overlay District ordinance shall take precedence over any less restrictive conflicting local laws, ordinances or codes.

B. Definitions. As used in this section, the following terms shall have the meanings indicated:

DEVELOPMENT means any man-made change to improved or unimproved real estate, including but not limited to building or other structures, mining, dredging, filling, grading, paving, excavation or drilling operations or storage of equipment or materials. [US Code of Federal Regulations, Title 44, Part 59]

FLOODWAY. The channel of the river, creek or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height. [Base Code, Chapter 2, Section 202]

FUNCTIONALLY DEPENDENT USE means a use which cannot perform its intended purpose unless it is located or carried out in close proximity to water. The term includes only docking facilities, port facilities that are necessary for the loading and unloading of cargo or passengers, and ship building and ship repair facilities, but does not include long-term storage or related manufacturing facilities. [US Code of Federal Regulations, Title 44, Part 59] Also [Referenced Standard ASCE 24-14]

HIGHEST ADJACENT GRADE means the highest natural elevation of the ground surface prior to construction next to the proposed walls of a structure. [US Code of Federal Regulations, Title 44, Part 59]

HISTORIC STRUCTURE means any structure that is:

- (a) Listed individually in the National Register of Historic Places (a listing maintained by the Department of Interior) or preliminarily determined by the Secretary of the Interior as meeting the requirements for individual listing on the National Register;

(b) Certified or preliminarily determined by the Secretary of the Interior as contributing to the historical significance of a registered historic district or a district preliminarily determined by the Secretary to qualify as a registered historic district;

(c) Individually listed on a state inventory of historic places in states with historic preservation programs which have been approved by the Secretary of the Interior; or

(d) Individually listed on a local inventory of historic places in communities with historic preservation programs that have been certified either:

(1) By an approved state program as determined by the Secretary of the Interior or

(2) Directly by the Secretary of the Interior in states without approved programs.

[US Code of Federal Regulations, Title 44, Part 59]

NEW CONSTRUCTION. Structures for which the start of construction commenced on or after the effective date of the first floodplain management code, regulation, ordinance, or standard adopted by the authority having jurisdiction, including any subsequent improvements to such structures. *New construction includes work determined to be substantial improvement.* [Referenced Standard ASCE 24-14]

RECREATIONAL VEHICLE means a vehicle which is:

(a) Built on a single chassis;

(b) 400 square feet or less when measured at the largest horizontal projection;

(c) Designed to be self-propelled or permanently towable by a light duty truck; and

(d) Designed primarily not for use as a permanent dwelling but as temporary living quarters for recreational, camping, travel, or seasonal use.

[US Code of Federal Regulations, Title 44, Part 59]

REGULATORY FLOODWAY - see FLOODWAY.

SPECIAL FLOOD HAZARD AREA. The land area subject to flood hazards and shown on a Flood Insurance Rate Map or other flood hazard map as Zone A, AE, A1-30, A99, AR, AO, AH. [Base Code, Chapter 2, Section 202]

START OF CONSTRUCTION. The date of issuance for new construction and substantial improvements to existing structures, provided the actual start of construction, repair, reconstruction, rehabilitation, addition, placement or other improvement is within 180 days after the date of issuance. The actual start of construction means the first placement of permanent construction of a building (including a manufactured home) on a site, such as the pouring of a slab or footings, installation of pilings or construction of columns. Permanent construction does not include land preparation (such as clearing, excavation, grading or filling), the installation of streets or walkways, excavation for a basement, footings, piers or foundations, the erection of temporary forms or the installation of accessory buildings such as garages or sheds not occupied as dwelling units or not part of the main building. For a substantial improvement, the actual “start of construction” means the first alteration of any wall, ceiling, floor or other structural part of a building, whether or not that alteration affects the external dimensions of the building. [Base Code, Chapter 2, Section 202]

STRUCTURE means, for floodplain management purposes, a walled and roofed building, including a gas or liquid storage tank, that is principally above ground, as well as a manufactured home. [US Code of Federal Regulations, Title 44, Part 59]

SUBSTANTIAL REPAIR OF A FOUNDATION. When work to repair or replace a foundation results in the repair or replacement of a portion of the foundation with a perimeter along the base of the foundation that equals or exceeds 50% of the perimeter of the base of the foundation measured in linear feet, or repair or replacement of 50% of the piles, columns or piers of a pile, column or pier supported foundation, the building official shall determine it to be substantial repair of a foundation. Applications determined by the building official to constitute substantial repair of a foundation shall require all existing portions of the entire building or structure to meet the requirements of 780 CMR. [As amended by MA in 9th Edition BC]

VARIANCE means a grant of relief by a community from the terms of a flood plain management regulation. [US Code of Federal Regulations, Title 44, Part 59]

VIOLATION means the failure of a structure or other development to be fully compliant with the community's flood plain management regulations. A structure or other development without the elevation certificate, other certifications, or other evidence of

compliance required in §60.3 is presumed to be in violation until such time as that documentation is provided. [US Code of Federal Regulations, Title 44, Part 59]

C. Floodplain overlay district boundaries and base flood elevation and floodway data.

(1) Base flood elevation and floodway data.

- (a) Floodway data. In Zones A and AE, along watercourses that have not had a regulatory floodway designated, the best available federal, state, local, or other floodway data shall be used to prohibit encroachments in floodways which would result in any increase in flood levels within the community during the occurrence of the base flood discharge.
- (b) Base flood elevation data. When proposing subdivisions or other developments greater than 50 lots or 5 acres (whichever is less), the proponent must provide technical data to determine base flood elevations for each developable parcel shown on the design plans.

(2) Unnumbered A Zones. In A Zones, in the absence of FEMA BFE data and floodway data, the building department will obtain, review and reasonably utilize base flood elevation and floodway data available from a Federal, State, or other source as criteria for requiring new construction, substantial improvements, or other development in Zone A and as the basis for elevating residential structures to or above base flood level, for floodproofing or elevating nonresidential structures to or above base flood level, and for prohibiting encroachments in floodways.

D. Notification of watercourse alteration. In a riverine situation, the City Engineer shall notify the following of any alteration or relocation of a watercourse:

- (1) Adjacent communities.
- (2) Bordering states (if affected).
- (3) NFIP State Coordinator, Massachusetts Department of Conservation and Recreation,
- (4) NFIP Program Specialist, Federal Emergency Management Agency, Region I,

If the City acquires data that changes the base flood elevation in the FEMA mapped Special Flood Hazard Areas, the City will, within 6 months, notify FEMA of these changes by submitting the technical or scientific data that supports the change(s.) Notification shall be submitted to:

- (1) NFIP State Coordinator, Massachusetts Department of Conservation and Recreation
- (2) NFIP Program Specialist, Federal Emergency Management Agency, Region I

E. Use regulations.

- (1) Compliance with state regulations.

- (a) The Floodplain Overlay District is established as an overlay district to all other districts. All development in the district, including structural and nonstructural activities, whether permitted by right or by special permit, must be in compliance with MGL c. 131, § 40, and with the following:
 - [1] Section of the Massachusetts State Building Code which addresses floodplain and coastal high-hazard areas (currently 780 CMR 3107, Flood-Resistant Construction).
 - [2] Wetlands Protection Regulations, Department of Environmental Protection (DEP) (currently 310 CMR 10.00).
 - [3] Inland Wetlands Restriction, DEP (currently 310 CMR 13.00).
 - [4] Minimum Requirements for the Subsurface Disposal of Sanitary Sewage, DEP (currently 310 CMR 15, Title 5).
- (b) Any variances from the provisions and requirements of the above-referenced state regulations may only be granted in accordance with the required variance procedures of these state regulations.
- (c) Variances to building code floodplain standards. The City will request from the State Building Code Appeals Board a written and/or audible copy of the portion of the hearing related to the variance, and will maintain this record in the community's files.

The City shall also issue a letter to the property owner regarding potential impacts to the annual premiums for the flood insurance policy covering that property, in writing over the signature of a community official that (i) the issuance of a variance to construct a structure below the base flood level will result in increased premium rates for flood insurance up to amounts as high as \$25 for \$100 of insurance coverage and (ii) such construction below the base flood level increases risks to life and property. Such notification shall be maintained with the record of all variance actions for the referenced development in the floodplain overlay district.

(2) Local use regulations.

- (a) All subdivision proposals and development proposals must be designed to assure that:
 - [1] Such proposals minimize flood damage;
 - [2] All public utilities and facilities are located and constructed to minimize or eliminate flood damage; and
 - [3] Adequate drainage is provided to reduce exposure to flood hazards.
- (b) Existing contour intervals of the site and elevations of existing structures must be included on plan proposal.
- (c) There shall be established a routing procedure which will circulate or transmit one copy of the development plan to the Conservation Commission, Planning

Board, Board of Health, City Engineer, Building Commissioner and Planning Director for comments which will be considered by the appropriate permitting board prior to issuing applicable permits.

- (d) Variances to the City of Gardner Zoning Bylaws related to community compliance with the National Flood Insurance Program (NFIP): A variance from this ordinance must meet the requirements set out by State law, and may only be granted if:
 - [1] Good and sufficient cause and exceptional non-financial hardship exist; and
 - [2] the variance will not result in additional threats to public safety, extraordinary public expense, or fraud or victimization of the public; and
 - [3] the variance is the minimum action necessary to afford relief.
- (3) Permitted uses.
 - (a) The purpose of the Floodplain Overlay District, as noted above, is to preserve and maintain the groundwater table; to protect the public health and safety, persons and property against the hazards of floodwater inundation, for the protection of the community against the costs which may be incurred when unsuitable development occurs in swamps, in marshes, along watercourses, or in areas subject to floods; and to conserve natural conditions, wildlife, and open spaces for the education, recreation and general welfare of the public.
 - (b) Notwithstanding the provisions hereof, nothing herein shall be deemed to permit a building, structure or use which is not permitted in the underlying district.
 - (c) Within a Floodplain Overlay District, no dwelling or building shall be erected, altered, or used and no premises shall be used except for one or more of the following uses:
 - [1] Any woodland, grassland, wetland, agricultural, horticultural or recreational use of land or water not requiring filling. Buildings and sheds not accessory to any of the floodplain uses are permitted by special permit from the Planning Board. Notice of each floodplain building permit application shall be given to the City Public Works Department, to the City Board of Health, to the City Engineer and to the City Conservation Commission as well as all other parties as required.
 - (d) Within A and AE Zones, all recreational vehicles to be placed on a site must be elevated and anchored in accordance with the zone's regulations for foundation and elevation requirements or be on the site for less than 180 consecutive days or be fully licensed and highway ready.
 - (e) The Planning Board, on hearing such application, shall consider, in addition to any factors said Board deems pertinent, the following aspects with respect to flooding and Floodplain District zoning provisions: that any such building or structure shall be designed, placed and constructed to offer a minimum obstruction to the flow of water; that it shall be firmly anchored to prevent

floating away; and that it shall be constructed in accordance with the requirements of the State Building Code.

- (f) Applications for revisions to the FIRM should be submitted to FEMA for review and approval under the letter of map amendment and letter of map revision process.
- (4) Prohibited uses.
- (a) Notwithstanding Subsection E(3) above, the following shall be prohibited in the Floodplain Overlay District:
 - [1] Landfill or dumping.
 - [2] Drainage other than flood control works by an authorized public agency.
 - [3] Damming or relocation of any watercourse except as part of an overall drainage basin plan.
 - [4] Permanent storage of materials or equipment.
 - (b) In any Floodplain Overlay District, after the adoption of this provision, no land, building, or structure shall be used for sustained human occupancy except dwellings theretofore lawfully existing or land, buildings or structures which comply with the provisions of this chapter.
 - (c) In Zones A and AE, along watercourses that have a regulatory floodway designated on the City's FIRM encroachments are prohibited, including fill, new construction, substantial improvements, and other development within the adopted regulatory floodway unless it has been demonstrated through hydrologic and hydraulic analyses performed in accordance with standard engineering practice that the proposed encroachment would not result in any increase in flood levels within the community during the occurrence of the base flood discharge.
- (5) Permits.
- (a) The City of Gardner requires a special permit for all proposed construction or other development in the floodplain overlay district, including new construction or changes to existing buildings, placement of manufactured homes, placement of agricultural facilities, fences, sheds, storage facilities or drilling, mining, paving and any other development that might increase flooding or adversely impact flood risks to other properties.
 - (b) The City's permit review process includes the requirement that the proponent obtain all local, state and federal permits that will be necessary in order to carry out the proposed development in the floodplain overlay district. The proponent must acquire all necessary permits, and must demonstrate that all necessary permits have been acquired.

- (6) Disclaimer of liability. The degree of flood protection required by this ordinance is considered reasonable but does not imply total flood protection.
- (7) Severability. If any section, provision or portion of this ordinance is deemed to be unconstitutional or invalid by a court, the remainder of the ordinance shall be effective.

SECTION 2: That this ordinance take place upon passage and publication as required by law.

§ 675-510. Floodplain Overlay District.**A. Statement of purpose and location.**

- (1) The Floodplain Overlay District is herein established as an overlay district.
- (2) The purposes of the Floodplain Overlay District are to:
 - (a) Ensure public safety through reducing the threats to life and personal injury.
 - (b) Eliminate new hazards to emergency response officials.
 - (c) Prevent the occurrence of public emergencies resulting from water quality contamination and pollution due to flooding.
 - (d) Avoid the loss of utility services which if damaged by flooding would disrupt or shut down the utility network and impact regions of the community beyond the site of flooding.
 - (e) Eliminate costs associated with the response to and cleanup of flooding conditions.
 - (f) Reduce damage to public and private property resulting from flooding waters.

- (3) ~~Location. The district includes all special flood hazard areas designated on the City of Gardner Flood Insurance Rate Map (FIRM) issued by the Federal Emergency Management Agency (FEMA) for the administration of the National Flood Insurance Program (NFIP) dated July 2, 1981, as Zone A, AE, AH, AO, A1-30, A99, V, V1-30, and VE and the FEMA Flood Boundary and Floodway Map (Floodway) dated July 2, 1981, both maps which indicate the 100-year regulatory floodplain. The exact boundaries of the district may be defined by the 100-year base flood elevations shown on the FIRM or any letter of map amendment (LOMA) issued by FEMA. The FIRM and Floodway are incorporated herein by reference and are on file with the Building Commissioner, City Clerk, Planning Board, Conservation Commission and City Engineer.~~

Location. The District includes all special flood hazard areas within Gardner designated as Zone A or AE on the Worcester County Flood Insurance Rate Map (FIRM) dated July 8, 2025 issued by the Federal Emergency Management Agency (FEMA) for the administration of the National Flood Insurance Program. The exact boundaries of the District shall be defined by the 1%-chance base flood elevations shown on the FIRM and further defined by the Worcester County Flood Insurance Study (FIS) report dated July 8, 2025. The FIRM and FIS report are incorporated herein by reference and are on file with the City Clerk, Planning Board, Building Commissioner, Conservation Commission and City Engineer.

- (4) The City of Gardner hereby designates the position of City Engineer to be the official floodplain administrator for the City.
- (5) The floodplain management regulations found in this Floodplain Overlay District ordinance shall take precedence over any less restrictive conflicting local laws, ordinances or codes.

Commented [R01]: Delete section 3 in its entirety and replace with new paragraph from state model

Commented [FMS2R1]: Be sure to use option B for communities with "Countywide" FIRMs and FIS. The preliminary FIS report shows Zone A and AE in Gardner (no need to write out the others if not mapped in the community).

Commented [R03R1]: Option B was used with minor changes to reflect how the current ordinance is structured

Commented [R04R1]: Kept only Zones A and AE

Commented [R05]: Add section 4

Commented [R06]: Add section 5

B. **Definitions.** As used in this section, the following terms shall have the meanings indicated:

Commented [R07]: Delete definitions in Section B and replace with definitions below

~~100 YEAR FLOOD— See "base flood."~~

~~AREA OF SPECIAL FLOOD HAZARD— The land in the floodplain within a community subject to a one percent or greater chance of flooding in any given year. The area may be designated as Zone A, AO, AH, A1-30, AE, A99, V1-30, VE, or V.~~

~~BASE FLOOD— The flood having a one percent chance of being equaled or exceeded in any given year.~~

~~DEVELOPMENT— Any man made change to improved or unimproved real estate, including but not limited to buildings or other structures, mining, dredging, filling, grading, paving, excavation or drilling operations.~~

~~DISTRICT— Floodplain district.~~

~~FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)— Administers the National Flood Insurance Program (NFIP). FEMA provides a nationwide flood hazard areamapping study program for communities as well as regulatory standards for development in the flood hazard areas.~~

~~FLOOD BOUNDARY AND FLOODWAY MAP— An official map of a community issued by FEMA that depicts, based on detailed analyses, the boundaries of the 100-year and 500-year floods and the 100-year floodway. (For maps done in 1987 and later, the floodway designation is included on the FIRM.)~~

~~FLOOD HAZARD BOUNDARY MAP (FHBM)— An official map of a community issued by FEMA where the boundaries of the flood and related erosion areas having special hazards have been designated as Zone A or E.~~

~~FLOOD INSURANCE RATE MAP (FIRM)— An official map of a community on which FEMA has delineated both the areas of special flood hazard and the risk premium zones applicable to the community.~~

~~FLOOD INSURANCE STUDY— An examination, evaluation, and determination of flood hazards and, if appropriate, corresponding water surface elevations or an examination, evaluation and determination of flood-related erosion hazards.~~

~~FLOODWAY— The channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation.~~

~~LOWEST FLOOR— The lowest floor of the lowest enclosed area (including basement or cellar). An unfinished or flood resistant enclosure, usable solely for parking of vehicles, building access or storage, in an area other than a basement area is not considered a building's lowest floor, provided that such enclosure is not built so as to render the structure in violation of the applicable design requirements of NFIP Regulations 60.3.~~

~~MANUFACTURED HOME— Shall be defined as set forth in Article II herein.~~

~~NEW CONSTRUCTION— For floodplain management purposes, structures for which the start of construction commenced on or after the effective date of a floodplain management regulation adopted by a community. For the purpose of determining insurance rates, "new construction" means structures for which the start of construction commenced on or after the effective date of an initial FIRM or after December 31, 1974, whichever is later.~~

REGULATORY FLOODWAY — See "floodway."

SPECIAL FLOOD HAZARD AREA — ~~An area having special flood and/or flood-related erosion hazards and shown on an FHBM or FIRM as Zone A, AO, A1-30, AE, A99, AH, V, V1-30, or VE.~~

STRUCTURE — ~~For floodplain management purposes, a walled and roofed building, including a gas or liquid storage tank, that is principally aboveground, as well as a manufactured home. "Structure," for insurance coverage purposes, means a walled and roofed building, other than a gas or liquid storage tank, that is principally aboveground and affixed to a permanent site, as well as a manufactured home on a foundation. For the latter purpose, the term includes a building while in the course of construction, alteration, or repair but does not include building materials or supplies intended for use in such construction, alteration, or repair, unless such materials or supplies are within an enclosed building on the premises.~~

SUBSTANTIAL DAMAGE — ~~Damage of any origin sustained by a structure whereby the cost of restoring the structure to its before-damaged condition would equal or exceed 50% of the market value of the structure before the damage occurred.~~

SUBSTANTIAL IMPROVEMENT — ~~Any repair, reconstruction, or improvement of a structure, the cost of which equals or exceeds 50% of the market value of the structure either before the improvement or repair is started or, if the structure has been damaged and is being restored, before the damage occurred. For the purposes of this definition, "substantial improvement" is considered to occur when the first alteration of any wall, ceiling, floor, or other structural part of the building commences, whether or not that alteration affects the external dimensions of the structure.~~

ZONE A — ~~The 100-year floodplain area where the base flood elevation (BFE) has not been determined. To determine the BFE, use the best available federal, state, local, or other data.~~

ZONE A1-30 and ZONE AE (FOR NEW AND REVISED MAPS) — ~~The 100-year floodplain where the base flood elevation has been determined.~~

ZONE A99 — ~~Areas to be protected from the 100-year flood by federal flood protection system under construction. Base flood elevations have not been determined.~~

ZONE AH and ZONE AO — ~~The 100-year floodplain with flood depths of one to three feet.~~

ZONES B, C AND X — ~~Areas identified in the community Flood Insurance Study as areas of moderate or minimal flood hazard. Zone X replaces Zones B and C on new and revised maps.~~

DEVELOPMENT means any man-made change to improved or unimproved real estate, including but not limited to building or other structures, mining, dredging, filling, grading, paving, excavation or drilling operations or storage of equipment or materials. [US Code of Federal Regulations, Title 44, Part 59]

FLOODWAY. The channel of the river, creek or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height. [Base Code, Chapter 2, Section 202]

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- (a) Listed individually in the National Register of Historic Places (a listing maintained by the Department of Interior) or preliminarily determined by the Secretary of the Interior as meeting the requirements for individual listing on the National Register;
 - (b) Certified or preliminarily determined by the Secretary of the Interior as contributing to the historical significance of a registered historic district or a district preliminarily determined by the Secretary to qualify as a registered historic district;
 - (c) Individually listed on a state inventory of historic places in states with historic preservation programs which have been approved by the Secretary of the Interior; or
 - (d) Individually listed on a local inventory of historic places in communities with historic preservation programs that have been certified either:
 - (1) By an approved state program as determined by the Secretary of the Interior or
 - (2) Directly by the Secretary of the Interior in states without approved programs.
- [US Code of Federal Regulations, Title 44, Part 59]

NEW CONSTRUCTION. Structures for which the start of construction commenced on or after the effective date of the first floodplain management code, regulation, ordinance, or standard adopted by the authority having jurisdiction, including any subsequent improvements to such structures. *New construction includes work determined to be substantial improvement.* [Referenced Standard ASCE 24-14]

RECREATIONAL VEHICLE means a vehicle which is:

- (a) Built on a single chassis;
 - (b) 400 square feet or less when measured at the largest horizontal projection;
 - (c) Designed to be self-propelled or permanently towable by a light duty truck; and
 - (d) Designed primarily not for use as a permanent dwelling but as temporary living quarters for recreational, camping, travel, or seasonal use.
- [US Code of Federal Regulations, Title 44, Part 59]

REGULATORY FLOODWAY - see FLOODWAY.

SPECIAL FLOOD HAZARD AREA. The land area subject to flood hazards and shown on a Flood Insurance Rate Map or other flood hazard map as Zone A, AE, A1-30, A99, AR, AO, AH. [Base Code, Chapter 2, Section 202]

START OF CONSTRUCTION. The date of issuance for new construction and substantial improvements to existing structures, provided the actual start of construction, repair, reconstruction, rehabilitation, addition, placement or other improvement is within 180 days after the date of issuance. The actual start of construction means the first placement of permanent construction of a building (including a manufactured home) on a site, such as the

pouring of a slab or footings, installation of pilings or construction of columns. Permanent construction does not include land preparation (such as clearing, excavation, grading or filling), the installation of streets or walkways, excavation for a basement, footings, piers or foundations, the erection of temporary forms or the installation of accessory buildings such as garages or sheds not occupied as dwelling units or not part of the main building. For a substantial improvement, the actual “start of construction” means the first alteration of any wall, ceiling, floor or other structural part of a building, whether or not that alteration affects the external dimensions of the building. [Base Code, Chapter 2, Section 202]

STRUCTURE means, for floodplain management purposes, a walled and roofed building, including a gas or liquid storage tank, that is principally above ground, as well as a manufactured home. [US Code of Federal Regulations, Title 44, Part 59]

SUBSTANTIAL REPAIR OF A FOUNDATION. When work to repair or replace a foundation results in the repair or replacement of a portion of the foundation with a perimeter along the base of the foundation that equals or exceeds 50% of the perimeter of the base of the foundation measured in linear feet, or repair or replacement of 50% of the piles, columns or piers of a pile, column or pier supported foundation, the building official shall determine it to be substantial repair of a foundation. Applications determined by the building official to constitute substantial repair of a foundation shall require all existing portions of the entire building or structure to meet the requirements of 780 CMR. [As amended by MA in 9th Edition BC]

VARIANCE means a grant of relief by a community from the terms of a flood plain management regulation. [US Code of Federal Regulations, Title 44, Part 59]

VIOLATION means the failure of a structure or other development to be fully compliant with the community's flood plain management regulations. A structure or other development without the elevation certificate, other certifications, or other evidence of compliance required in §60.3 is presumed to be in violation until such time as that documentation is provided. [US Code of Federal Regulations, Title 44, Part 59]

C. Floodplain overlay district boundaries and base flood elevation and floodway data.

(1) Base flood elevation and floodway data.

- (a) Floodway data. In Zones A and AE, along watercourses that have not had a regulatory floodway designated, the best available federal, state, local, or other floodway data shall be used to prohibit encroachments in floodways which would result in any increase in flood levels within the community during the occurrence of the base flood discharge.

- ~~(b) Base flood elevation data. Base flood elevation data is required for subdivision proposals or other developments greater than 50 lots or five acres, whichever is the lesser, within unnumbered A Zones.~~

Base flood elevation data. When proposing subdivisions or other developments greater than 50 lots or 5 acres (whichever is less), the proponent must provide technical data to determine base flood elevations for each developable parcel shown on the design plans.

Commented [R08]: Delete section b in its entirety and replace with paragraph below

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- (2) Unnumbered A Zones. In A Zones, in the absence of FEMA BFE data and floodway data, the building department will obtain, review and reasonably utilize base flood elevation and floodway data available from a Federal, State, or other source as criteria for requiring new construction, substantial improvements, or other development in Zone A and as the basis for elevating residential structures to or above base flood level, for floodproofing or elevating nonresidential structures to or above base flood level, and for prohibiting encroachments in floodways.

Commented [R09]: Add section (2)

D. Notification of watercourse alteration. In a riverine situation, the City Engineer shall notify the following of any alteration or relocation of a watercourse:

- (1) Adjacent communities.
- (2) Bordering states (if affected).
- (3) NFIP State Coordinator, Massachusetts Department of Conservation and Recreation, ~~251 Causeway Street, Suite 600-700, Boston, MA 02114-2104.~~
- (4) NFIP Program Specialist, Federal Emergency Management Agency, Region I, ~~99 High Street, 6th Floor, Boston, MA 02110.~~

Commented [R010]: Delete addresses

If the City acquires data that changes the base flood elevation in the FEMA mapped Special Flood Hazard Areas, the City will, within 6 months, notify FEMA of these changes by submitting the technical or scientific data that supports the change(s.) Notification shall be submitted to:

- (1) NFIP State Coordinator, Massachusetts Department of Conservation and Recreation
- (2) NFIP Program Specialist, Federal Emergency Management Agency, Region I

Commented [R011]: Insert new paragraph

E. Use regulations.

- (1) Compliance with state regulations.
 - (a) The Floodplain Overlay District is established as an overlay district to all other districts. All development in the district, including structural and nonstructural activities, whether permitted by right or by special permit, must be in compliance with MGL c. 131, § 40, and with the following:
 - [1] Section of the Massachusetts State Building Code which addresses floodplain and coastal high-hazard areas (currently 780 CMR 3107, Flood-Resistant Construction).
 - [2] Wetlands Protection Regulations, Department of Environmental Protection (DEP) (currently 310 CMR 10.00).
 - [3] Inland Wetlands Restriction, DEP (currently 310 CMR 13.00).
 - [4] Minimum Requirements for the Subsurface Disposal of Sanitary Sewage, DEP (currently 310 CMR 15, Title 5).
 - (b) Any variances from the provisions and requirements of the above-referenced state regulations may only be granted in accordance with the required variance

procedures of these state regulations.

- (c) Variances to building code floodplain standards. The City will request from the State Building Code Appeals Board a written and/or audible copy of the portion of the hearing related to the variance, and will maintain this record in the community's files.

The City shall also issue a letter to the property owner regarding potential impacts to the annual premiums for the flood insurance policy covering that property, in writing over the signature of a community official that (i) the issuance of a variance to construct a structure below the base flood level will result in increased premium rates for flood insurance up to amounts as high as \$25 for \$100 of insurance coverage and (ii) such construction below the base flood level increases risks to life and property. Such notification shall be maintained with the record of all variance actions for the referenced development in the floodplain overlay district.

Commented [RO12]: Add section c

(2) Local use regulations.

- (a) ~~Within Zones A and AE on the FIRM, adequate drainage paths must be provided around structures on slopes to guide floodwaters around and away from proposed structures.~~

- (b) ~~In Zones A1 30 and AE, along watercourses that have a regulatory floodway designated on the City of Gardner FIRM or Flood Boundary and Floodway Map Community Panel Numbers 250305-0001 through 0009, encroachments are prohibited in the regulatory floodway which would result in any increase in flood levels within the community during the occurrence of the base flood discharge.~~

Commented [FMS13]: I don't believe Gardner has Zone AH and AO. See page 56 of the preliminary Flood Insurance Study on FEMA's Map Service Center.

Commented [RO14R13]: Need to verify

Commented [FMS15R13]: Please let me know if you have any trouble accessing the preliminary FIS report.

Commented [RO16R13]: Revised to read Zones A and AE

Commented [FMS17R13]: I don't believe this bylaw is needed- it applies to AO and AH zones which don't appear to be applicable in Gardner (Table 3 of the preliminary FIS report).

Commented [RO18R13]: Deleted per recommendation

Commented [RO19]: Delete this language

Commented [FMS20]: This is also covered below under Permitted Uses in (4) (c). In either place it is left, please use the required language from second paragraph of MA Model Bylaw #6.

Commented [RO21R20]: Section (b) deleted per comment, adjusted E(4)(c) below accordingly and kept there only to avoid duplicate information

- (e)(a) All subdivision proposals and development proposals must be designed to assure that:

- [1] Such proposals minimize flood damage;
- [2] All public utilities and facilities are located and constructed to minimize or eliminate flood damage; and
- [3] Adequate drainage is provided to reduce exposure to flood hazards.

- (d)(b) Existing contour intervals of the site and elevations of existing structures must be included on plan proposal.

- (e)(c) There shall be established a routing procedure which will circulate or transmit one copy of the development plan to the Conservation Commission, Planning Board, Board of Health, City Engineer, Building Commissioner and Planning Director for comments which will be considered by the appropriate permitting board prior to issuing applicable permits.

- (d)(d) Variances to the City of Gardner Zoning Bylaws related to community compliance with the National Flood Insurance Program (NFIP): A variance from this ordinance must meet the requirements set out by State law, and may only be granted if:

- [1] Good and sufficient cause and exceptional non-financial hardship exist; and
- [2] the variance will not result in additional threats to public safety, extraordinary

public expense, or fraud or victimization of the public; and

[3] the variance is the minimum action necessary to afford relief.

Commented [RO22]: Add section (e)

(3) Permitted uses.

(a) The purpose of the Floodplain Overlay District, as noted above, is to preserve and maintain the groundwater table; to protect the public health and safety, persons and property against the hazards of floodwater inundation, for the protection of the community against the costs which may be incurred when unsuitable development occurs in swamps, in marshes, along watercourses, or in areas subject to floods; and to conserve natural conditions, wildlife, and open spaces for the education, recreation and general welfare of the public.

(b) Notwithstanding the provisions hereof, nothing herein shall be deemed to permit a building, structure or use which is not permitted in the underlying district.

(c) Within a Floodplain Overlay District, no dwelling or building shall be erected, altered, or used and no premises shall be used except for one or more of the following uses:

[1] Any woodland, grassland, wetland, agricultural, horticultural or recreational use of land or water not requiring filling. Buildings and sheds not accessory to any of the floodplain uses are permitted by special permit from the Planning Board. Notice of each floodplain building permit application shall be given to the City Public Works Department, to the City Board of Health, to the City Engineer and to the City Conservation Commission as well as all other parties as required.

Commented [FMS23]: Just wanted to clarify, are all new structures prohibited in the floodplain?

(d) Within A and AE Zones, all recreational vehicles to be placed on a site must be elevated and anchored in accordance with the zone's regulations for foundation and elevation requirements or be on the site for less than 180 consecutive days or be fully licensed and highway ready.

Commented [RO24R23]: I will seek the opinion of City officials on this. I'm not sure what the intention is

~~(d)~~(e) The Planning Board, on hearing such application, shall consider, in addition to any factors said Board deems pertinent, the following aspects with respect to flooding and Floodplain District zoning provisions: that any such building or structure shall be designed, placed and constructed to offer a minimum obstruction to the flow of water; that it shall be firmly anchored to prevent floating away; and that it shall be constructed in accordance with the requirements of the State Building Code, Appendix G.

Commented [FMS25]: Appendix G of State Building Code is Flood Resistant Construction in Coastal Dunes. Gardner doesn't have coastal dunes, so I'm not sure why this is referenced here.

~~(e)~~(f) Applications for revisions to the FIRM should be submitted to FEMA for review and approval under the letter of map amendment and letter of map revision process.

Commented [RO26R25]: Deleted reference to Appendix G

(4) Prohibited uses.

(a) Notwithstanding Subsection E(3) above, the following shall be prohibited in the Floodplain Overlay District:

Commented [RO27]: New section d and renumber existing section d and e, as f and g, respectively

[1] Landfill or dumping.

[2] Drainage other than flood control works by an authorized public agency.

- [3] Damming or relocation of any watercourse except as part of an overall drainage basin plan.
- [4] Permanent storage of materials or equipment.
- (b) In any Floodplain Overlay District, after the adoption of this provision, no land, building, or structure shall be used for sustained human occupancy except dwellings theretofore lawfully existing or land, buildings or structures which comply with the provisions of this chapter.
- (c) All encroachments, including fill, new construction, substantial improvements to existing structure, and other development, are prohibited in the floodway, unless certification by a registered professional engineer is provided by the applicant demonstrating that such encroachment shall not result in any increase in flood levels during the occurrence of the 100-year flood, unless it has been demonstrated through hydrologic and hydraulic analyses performed in accordance with standard engineering practice and certified by a registered professional engineer that the proposed encroachment would not result in any increase in flood levels within the community during the occurrence of the base flood discharge. In Zones A and AE, along watercourses that have a regulatory floodway designated on the City's FIRM Maps encroachments are prohibited, including fill, new construction, substantial improvements, and other development within the adopted regulatory floodway unless it has been demonstrated through hydrologic and hydraulic analyses performed in accordance with standard engineering practice that the proposed encroachment would not result in any increase in flood levels within the community during the occurrence of the base flood discharge.
- (5) Permits.
- (a) The City of Gardner requires a special permit for all proposed construction or other development in the floodplain overlay district, including new construction or changes to existing buildings, placement of manufactured homes, placement of agricultural facilities, fences, sheds, storage facilities or drilling, mining, paving and any other development that might increase flooding or adversely impact flood risks to other properties.
- (b) The City's permit review process includes the requirement that the proponent obtain all local, state and federal permits that will be necessary in order to carry out the proposed development in the floodplain overlay district. The proponent must acquire all necessary permits, and must demonstrate that all necessary permits have been acquired.
- (6) Disclaimer of liability. The degree of flood protection required by this ordinance is considered reasonable but does not imply total flood protection.
- (7) Severability. If any section, provision or portion of this ordinance is deemed to be unconstitutional or invalid by a court, the remainder of the ordinance shall be effective.

Commented [RO28]: Remove this language and substitute language below

Commented [FMS29R28]: Please see note above from (2) (b)

Commented [RO30R28]: Added entire paragraph two from State model section 6 "Floodway Encroachment"

Formatted: Font: 12 pt

Commented [FMS31]: Previously it notes a special permit is required for certain development. Should this also be a special permit to be consistent?

Commented [RO32R31]: Added "special" to permit

Commented [RO33]: Add section 5 in its entirety

Commented [RO34]: Add section 6

Commented [RO35]: Add section 7

Titi Siriphan

From: Atty. Christine M. Tree <ctree@christinetreelegal.com>
Sent: Thursday, May 1, 2025 1:34 PM
To: Titi Siriphan
Cc: Jason Stevens; Vincent Pusateri II; George Tyros
Subject: [EXTERNAL] RE: Chair City Church/Historical Zoning Amendment

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CAUTION: This email originated from a sender outside of the City of Gardner mail system. Do not click on links or open attachments unless you verify the sender and know the content is safe.

My apologies –

As followup, please grant the prior petition leave to withdraw without prejudice and allow the newly submitted petition to advance. I will forward a proposed timeline later this evening.

Christine Tree.

Attorney Christine M. Tree

515 Main Street, Suite 1R
Fitchburg, MA 01420
(978) 348-2560
Fax (978) 616-7909
ctree@christinetreelegal.com
www.christinetreelegal.com

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From: Atty. Christine M. Tree

Sent: Thursday, May 1, 2025 1:32 PM

To: tsiriphan@gardner-ma.gov

Cc: Jason Stevens <jstevens@gardner-ma.gov>; Vincent Pusateri II <vpusateri@pusaterilaw.com>; gtyros@gardner-ma.gov

Subject: Chair City Church/Historical Zoning Amendment

Dear Clerk Siriphan:

Attached please find the resubmitted Petition for Zoning Amendment submitted by my office on behalf of Chair City Church in Gardner, for inclusion on the next City Council agenda for Monday May 5, 2025.

Please contact me if you have any questions.

Christine Tree.

Attorney Christine M. Tree

515 Main Street, Suite 1R

Fitchburg, MA 01420

(978) 348-2560

Fax (978) 616-7909

ctree@christinetreelegal.com

www.christinetreelegal.com

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Outlook

Re: 11506 - Zoning Ordinance Amendment

From George Tyros <gtyros@gardner-ma.gov>**Date** Thu 2/27/2025 10:37 AM**To** Judy Mack <jmack@gardner-ma.gov>**Cc** Titi Siriphan <tsiriphan@gardner-ma.gov>; Jayen Kumar <jkumar@gardner-ma.gov>;
vpusateri@pusaterilaw.com <vpusateri@pusaterilaw.com>

Thank you,

Madam Clerk,

Please place this item on the 3/3 agenda with these emails attached to the item.

Thank you,
-George

From: Judy Mack <jmack@gardner-ma.gov>**Sent:** Thursday, February 27, 2025 10:33 AM**To:** George Tyros <gtyros@gardner-ma.gov>**Cc:** Titi Siriphan <tsiriphan@gardner-ma.gov>; Jayen Kumar <jkumar@gardner-ma.gov>;
vpusateri@pusaterilaw.com <vpusateri@pusaterilaw.com>**Subject:** Re: 11506 - Zoning Ordinance Amendment

Good morning President Tyros,

I support using Council Rule 14 to place this on the March 3, 2025 City Council Agenda before its assigned to the Welfare Committee.

This will allow the Zoning Ordinance Amendment be sent to the Planning Board to schedule a public hearing

Sincerely,
Judy

*Judy A. Mack
Councilor-at-Large for The City of Gardner
Public Welfare Committee-Chair
Finance Committee-member
978-340-1838*

From: George Tyros <gtyros@gardner-ma.gov>
Sent: Thursday, February 27, 2025 9:32 AM
To: Judy Mack <jmack@gardner-ma.gov>
Cc: Titi Siriphan <tsiriphan@gardner-ma.gov>; Jayen Kumar <jkumar@gardner-ma.gov>;
vpusateri@pusaterilaw.com <vpusateri@pusaterilaw.com>
Subject: 11506 - Zoning Ordinance Amendment

Good morning Councillor Mack,

This week a Zoning Ordinance Amendment was submitted on behalf of Chair City Church. With your agreement, I would like to propose we use Council Rule 14 to have this item be put on our 3/3/25 Council agenda before its assignment to the Welfare Committee, so that it can be sent to the Planning Board for review in time appropriate to satisfy MGL Ch40A Section 5.

Thank you,
George

George Tyros (He/Him)
Council President &
Councillor At-Large
City of Gardner
978.340.1449
gtyros@gardner-ma.gov



11506

City of Gardner
Department of Inspectional Services
115 Pleasant Street, Room 101
Gardner, MA 01440
Tel. (978) 630-4007 Fax: (978) 632-3313



March 3, 2025

Hon. George C. Tyros, Council President
And City Councilors
Gardner City Hall, Rm. 121
95 Pleasant St.
Gardner, MA 01440

Mr. Mark Schafron, Chair and Planning
Board Members
Gardner City Hall, Manca Annex, Rm. 201
115 Pleasant St.
Gardner, MA 01440

RE: Item # 11506: An amendment to the Zoning Ordinance Chapter 675, submitted by Chair City Church and Ten (10) registered voters, to add a new section entitled "Historic Preservation Project", amending the table of uses to allow or the same by special permit, amending the Article VII Off-Street Parking, Loading and DriveThrough Standards, §675-740, to facilitate Historic Preservation Projects, additional amendments to the Relief from Parking Regulations to be applied generally and additional amendments more specifically stated in the petition and attachments.

Dear Mr. President and Councilors, Mr. Chairman and Board Members,

I am writing to provide my insight into and recommendations regarding the above-referenced ordinance amendments. After reviewing Attorney Tree's proposal, it is my opinion that the proposed zoning amendments are a step in the right direction to not only move Gardner forward, but to also preserve it's historical significance in the region.

I do, however, have a few concerns regarding the proposal, specifically section C. ALLOWED RELIEF §1. (a)-(f). §675-820 is currently in the "draft" stage of a complete re-write to ensure compliance with the new accessory dwelling unit regulations recently passed by the Commonwealth. As the proposal before you refers to §675-820, it would be premature to approve this zoning ordinance amendment prior to adopting the required accessory dwelling unit amendments.

Mission Statement

To promote the safe and compatible development of the community through fair and consistent enforcement of building codes and zoning ordinances

Additionally, although 780 CMR; Massachusetts State Building Code which includes all referenced and specialized codes does not fall under the jurisdiction of the zoning board of appeals, having multiple primary uses within a single historic structure could prove problematic and warrants further review.

At this time, I would respectfully recommend the above referenced proposal be referred to the welfare committee for further consideration.

Respectfully submitted,

Thomas Zuppa



Thomas Zuppa, CBO
Building Commissioner
Zoning Enforcement Officer
City of Gardner Building Department
Phone: 978-630-4060
Email: tzuppa@gardner-ma.gov
115 Pleasant St. Rm. 101 Gardner, MA 01440

C: Mayor Michael J. Nicholson

TO THE HONOURABLE CITY COUNCIL OF THE CITY OF GARDNER

Ladies and Gentlemen:

The undersigned Chair City Church, a Massachusetts nonprofit organization, hereby Petitions your Honorable Body to:

Amend Chapter 675 of the Code of the City of Gardner, entitled “Zoning”, in the following manner:

1. By adding to said Chapter 675 a new Section 675-1180, to be entitled “Historic Preservation Project”, as set forth in Attachment A hereto; and
2. By amending Attachment 1 of said Chapter 675, entitled “Zoning – Table of Uses” by adding a new Section 34.A. immediately following Section 34, to be entitled “Preservation Project” with the zoning district designations as follows, and as set forth in the attached proposed Ordinance:

Description of Use	SFR1	RR2	GR3	COM1	COM2	IND1	IND2
34a. Preservation Project	SP	SP	SP	SP	SP	SP	SP

3. By adding the following definitions to Article II, §675-210(B), inserted in alphabetical order:

“HISTORIC STRUCTURE. A Historic Structure is defined as any building, structure, or other architectural element of historical, architectural or cultural significance that contributes value to the City, which shall be deemed satisfied if the building, structure or architectural element is included on any of the following lists or surveys:

1. National Register of Historic Places, except that the mere location of any building, structure, or architectural element within a Gardner Historic District included on the National Register of Historic Places is insufficient;
2. Massachusetts State Register of Historic Places;
3. Massachusetts Historic Commission Inventory of Historic Assets of the Commonwealth (MACRIS); or
4. Gardner Historical Commission Inventory of Historic Assets.”

“HISTORIC SITE. Any natural, scenic or open condition or in agricultural, farming or forest use, to permit public recreational use which is included on any of the following lists or surveys:

1. National Register of Historic Places, except that the mere location of any building, structure, or architectural element within a Gardner

Historic District included on the National Register of Historic Places is insufficient;

2. Massachusetts State Register of Historic Places;
3. Massachusetts Historic Commission Inventory of Historic Assets of the Commonwealth (MACRIS); or
4. Gardner Historical Commission Inventory of Historic Assets.”

“PRESERVATION PROJECT. A Preservation Project is defined as a change, modification or expansion of the use of an Historic Structure or Historic Site, or an alteration, restoration, modification, addition or expansion of an Historic Structure or Historic Site, or the lot on which it is located, which promotes the maintenance, preservation, restoration, renovation, repair, or adaptive reuse of an Historic Structure or Historic Site.”

4. By amending Article VII, Off-Street Parking, Loading and Drive-Through Standards, §675-740, entitled “Relief from Parking Regulations”, as follows:
 - a. Insert at the end of the first paragraph of §675-740 after the words “may be granted”, “upon a finding that the detriment, if any, due to the waiver of any parking requirement is outweighed by the benefit to the City or the neighborhood of the proposed use.”.
 - b. Strike “pursuant to §675-1170, Special Permits:” from §675-740(A) without replacement.
 - c. Strike §675-740(A)(1) and (2) without replacement.
 - d. Strike from §675-740(B) the following words “where it determines the grant of a waiver would not be detrimental to the functioning of the site and would not create undue congestion of traffic hazards on or off the site” without replacement.
5. By amending §675-1170 B. (3) striking the words “provide adequate space for off-street” and inserting in their place “contain a plan to provide” and inserting at the end of the section “to serve the needs of the use”.

The proposed amendments to the Zoning Ordinance will allow an owner of an Historic Structure or Site to seek additional methods of preserving a building of significance to the City through a Historic Preservation Special Permit from the Board of Zoning Appeals. Available relief would include expanded and multiple uses on the lot, modification of dimensional, parking and sign standards. Special Permit conditions would ensure that the Historic Structure or Site is properly maintained, re-used or restored. An Historic Preservation Easement has been discussed, but is under legal review at this time.

The proposed amendments will further the purposes of Zoning as set forth in Section 675-110, “to encourage the most appropriate use of land throughout the City,” and “to preserve the cultural, historical and agricultural heritage of the community.” They will offer an incentive to property owners interested in historic, cultural or architectural preservation, but will not restrict property owners who do not seek relief, or interfere with the economic growth or development of properties within the City.

The Petitioner Chair City Church is the owner of Parcel R27-21-7, which parcel would be affected by the zoning ordinance amendment pursuant to M.G.L. c. 40A §5, and is therefore eligible to Petition for this zoning ordinance amendment.

ATTACHMENT A

§675-1180 Historic Preservation Project

A. PURPOSE. The purposes of this section are to:

1. Encourage and provide incentives for the preservation and improvement of buildings, structures, and architectural elements of historical or architectural significance through redevelopment and/or reuse that provides a variety of allowed uses;
2. Preserve structures of significance to Gardner's shared history and neighborhood character for the education, appreciation and enjoyment of future generations;
3. Establish criteria for buildings, structures, and architectural elements to be eligible for preservation relief under this section;
4. Expand economic options for owners of historic or architecturally significant structures by broadening the permitted uses in specified zoning districts;
5. Permit flexibility of reuse and redevelopment options by modification of parking and dimensional requirements that might be an impediment to historic preservation; and
6. Support the Community Development Plan, Master Plan, and other planning efforts of the City.
7. To allow for the maintenance, preservation, restoration, renovation, repair, adaptive reuse, or in limited instances, relocation of historic or architecturally significant buildings, structures, or elements, which is of substantial benefit to the City and its neighborhoods and fulfills the purposes of this Zoning Ordinance.

B. APPLICABILITY

1. A Historic Preservation Special Permit may be issued for a Preservation Project in the zoning districts designated in the Table of Uses and modified from time to time.
2. An Historic Structure or Historic Site shall continue to be subject to all zoning regulations and exemptions applicable to it, including but not limited to site plan review, except as modified by a Special Permit granted pursuant to this section or any other grant of zoning relief by the Special Permit Granting Authority. This includes but is not limited to any available treatment of an Historic Structure or Site as a prior lawfully existing nonconforming structure or use.

C. ALLOWED RELIEF

1. After making the findings required by §675-1170(B), Special Permits, the Zoning Board of Appeals may grant a special permit for a Preservation Project which grants the following types of relief:
 - a. Permit uses permitted as of right or by Special Permit in another residential or commercial zoning district but not in the zoning district where the Preservation Project is located;
 - b. Permit multiple primary uses on the same lot or structure;
 - c. Modify or waive the standards for signs as set forth in §675-910 through §675-990;
 - d. Modify or waive the standards for parking and loading as set forth in Article VII, Off-Street Parking, Loading and Drive-Through Standards;
 - e. Modify or waive the standards for bed-and-breakfast homes, in-law apartments in §675-820, and home occupations in §675-830;

- f. Modify and waive standards and dimensional controls contained within the Senior Residential Development provisions of § 675-840 B. (1) and D.; and
- g. Modify the standards and dimensional controls of §675-620 and the Table of Lot, Area, Frontage, Yard and Height Requirements.

D. SPECIAL PERMIT PROCEDURES

- 1. The Zoning Board of Appeals may set forth procedures for the application for a special permit under this section, including proof that the application is for a Preservation Project.
- 2. A copy of each application shall be sent to the Historical Commission for review.
 - a. The Historical Commission shall provide a written recommendation to the Zoning Board of Appeals on whether the Preservation Project preserves the historical and architectural features of the Historic Structure or Site if completed according to the submitted plan. The recommendation of the Historical Commission is not binding on the Zoning Board of Appeals.
 - b. If the Historical Commission does not issue its written recommendation within sixty (60) days from the date of application, the Zoning Board of Appeals may proceed without any written recommendation.

E. DECISION CRITERIA AND FINDINGS



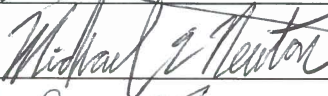


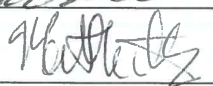

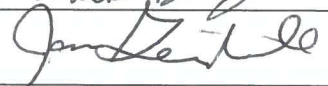


The Zoning Board of Appeals may grant a special permit for a Preservation Project upon its determination that the proposed relief will provide a benefit to the City by making a substantial contribution to the maintenance, preservation or restoration of an Historic Structure or Historic Site using the criteria set forth in §675-1170(B).

PETITION FOR OF ZONING CHANGE ATTACHMENT B

This petition is in support of the attached Petition to the City of Gardner for a particular zoning change. By signing this petition, you are stating that:

1. You have read the proposed Historic Preservation Project zoning change;
2. You are currently registered to vote in the City of Gardner;
3. You are in support of the proposed Historic Preservation Project zoning change in its entirety; and
4. Are willing to serve as Co-Petitioners as needed.

Only signatures from currently registered voters in the City of Gardner will be counted. By signing this petition the signee is stating the above statements are true. This serves to verify Petitioners' standing under M.G.L. c. 40A, §5.

Name (print)	Signature	Address	Registered voter?
Jillian Hildebrand		133 Barthel Ave. Gardner, MA	<input checked="" type="radio"/> Yes <input type="radio"/> No
Walter Hildebrand		133 Barthel Ave. Gardner, MA	<input checked="" type="radio"/> Yes <input type="radio"/> No
Michael Newton		55 Temple St. Gardner, MA	<input checked="" type="radio"/> Yes <input type="radio"/> No
Serena Bettez		269 Lovewell St Gardner MA 01440	<input checked="" type="radio"/> Yes <input type="radio"/> No
Peter C Colledge		157 Regan St Gardner MA 01440	<input checked="" type="radio"/> Yes <input type="radio"/> No
Matthew Bettez		269 Lovewell St, Gardner	<input checked="" type="radio"/> Yes <input type="radio"/> No
Krista Bettez		269 Lovewell St Gardner, MA	<input checked="" type="radio"/> Yes <input type="radio"/> No
Jane Gentile		126 Prospect St Gardner, MA	<input checked="" type="radio"/> Yes <input type="radio"/> No
C. Butler			Yes // No
Jackie Edme		62 Lincoln St Gardner, MA	<input checked="" type="radio"/> Yes <input type="radio"/> No
David Gentile		126 Prospect St. Gardner, MA, 01440	<input checked="" type="radio"/> Yes <input type="radio"/> No
			Yes // No
			Yes // No

CITY CLERK'S PROCEDURAL GUIDE TO ADOPTING OR AMENDING ZONING ORDINANCES

(Procedural summary derived from the provisions of G.L. c.40A, §5)

1. Adoption or changes to zoning ordinances may be initiated by the submission to the City Council of a proposed zoning ordinance by:
 - ✓ Gardner City Council
 - ✓ Gardner Zoning Board of Appeals
 - ✓ Gardner Planning Board
 - ✓ Montachusett Regional Planning Commission (Regional planning agency)
 - ✓ An individual owning land to be affected by change or adoption
 - ✓ Ten registered voters of the City of Gardner
2. Within fourteen (14) days of receipt of a zoning ordinance or amendment, the City Council must submit it to the Planning Board for review.
3. A zoning ordinance or amendment cannot be adopted until after the Planning Board and the City Council have held a public hearing, together or separately, at which interested persons are given an opportunity to be heard.
4. The Public Hearing must be held within 65 days after the City Council submits the proposed zoning ordinance to the Planning Board.
5. The Public Hearing Notice is published in *The Gardner News* as follows:
 - a. In each of two successive weeks.
 - b. First published not less than 14 days before the day of the hearing.
6. The Public Hearing Notice is posted with the City Clerk's Public Meeting notices not less than 14 days before the day of the Hearing.
7. The Hearing Notice is sent by First Class mail to:
 - a. Massachusetts Department of Housing and Community Development
 - b. Montachusett Regional Planning Commission
 - c. The Planning Boards of each abutting town, as follows:
 - i. Town of Ashburnham Planning Board
 - ii. Town of Hubbardston Planning Board
 - iii. Town of Templeton Planning Board
 - iv. Town of Westminster Planning Board
 - v. Town of Winchendon Planning Board
 - d. Nonresident property owners who may not have received notice by mail as specified in G. L. c. 40A, §5 may grant a waiver of notice or submit an affidavit of actual notice to the City Clerk prior to City Council action on the proposed zoning ordinance or amendment.
8. In cases involving **boundary, density or use changes** within a district, the notice is sent to any nonresident property owner who has filed a request with the City Clerk and whose property lies in the district where the change is sought. No defect in the form of any notice under the law shall invalidate any zoning ordinances unless the defect is found to be misleading.

9. Prior to the adoption of any zoning ordinance or amendment seeking to regulate matters established by G.L. c.131, §40 or regulations authorized thereunder relative to **agricultural** and **aquacultural** practices, the City Clerk shall, no later than seven (7) days prior to the City Council's public hearing, give notice of the proposed zoning ordinances to the **Farmland Advisory Board** established pursuant to G.L. c.131, §40.
10. The City Council may not vote to adopt any proposed ordinance or amendment until the Planning Board has submitted its report and recommendations to the City Council, or twenty-one (21) days after the hearing has elapsed without submission of the Planning Board's report.
11. The City Council may adopt, reject, or amend any proposed ordinance after due notice, hearing and report, or after twenty-one (21) days has elapsed after the hearing without submission of the Planning Board's report.
12. If the City Council fails to vote to adopt any proposed ordinance within ninety (90) days after the City Council hearing, no action can be taken until after another public hearing is held with proper notice and Planning Board report.
13. No zoning ordinance or amendment can be adopted or changed except by a two-thirds vote of all the members of the City Council (8/11). If, however, a written protest is filed against such change with the City Clerk prior to final City Council action, said protest stating the reasons duly signed by owners of twenty per cent (20%) or more of the area of the land proposed to be included in such change or of the area of the land immediately adjacent extending three hundred feet therefrom, no such change of any such ordinance shall be adopted except by a three-fourths vote of all members (9/11).
14. The City Council cannot consider the proposed zoning ordinance for two years after the date it acted unfavorably on it, unless the Planning Board recommends the proposed ordinance in its final report.
15. An ordinance or amendment takes effect on the date it is signed by the Mayor, or as otherwise prescribed by the provisions of Section 30 of the City Charter (e.g. veto override, 10-day "force of law").
16. First and Final Printing of the Ordinance must state the following: *Any claims of invalidity by reason of any defect in the procedure of adoption may only be made ninety days after the posting of the second publication.*
17. Upon implementation, the City Clerk forwards the zoning ordinance or amendments to the Attorney General's Office, Municipal Law Unit.
18. The City Clerk maintains for inspection a true copy of the zoning ordinance with any amendments.
19. No claim of invalidity of any zoning ordinance arising out of any possible defect in the procedure of adoption or amendment shall be made in any legal proceedings and no state, regional, county or municipal officer shall refuse, deny or revoke any permit, approval or certificate because of any such claim of invalidity unless legal action is commenced within the time period specified in G.L. c. 40, §§32,32A and notice specifying the court, parties, invalidity claimed, and date of filing is filed together with a copy of the petition with the City Clerk within seven (7) days after commencement of the action.



City of Gardner - *Executive Department*

Mayor Michael J. Nicholson

April 28, 2025

Hon. George C. Tyros, Council President

And City Councilors

Gardner City Hall, Rm 121

95 Pleasant Street

Gardner, MA 01440

RE: Additional Information: Item #11520: A Measure Authorizing the Administration to enter into an Intermunicipal Agreement with the Town of Winchendon for Veterans Services for FY2025 through FY2027.

Dear Mr. President and Councilors,

At the last City Council Meeting, it was voted to refer Item 11520 to the Finance Committee.

Attached, please find the attached agreements that have already been approved and signed by Town Manager Bill McKiney from Winchendon.

Respectfully Submitted,

Michael J. Nicholson

Mayor, City of Gardner

Mayor

From: Bill McKinney <BMcKinney@winchendon-ma.gov>
Sent: Tuesday, April 8, 2025 2:51 PM
To: Cory Hasselmann; Mayor
Cc: John Richard
Subject: [EXTERNAL] RE: IMA, Expansion
Attachments: Veterans Gardner 1.pdf; Veterans Gardner 2.pdf

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CAUTION: This email originated from a sender outside of the City of Gardner mail system. Do not click on links or open attachments unless you verify the sender and know the content is safe.

Cory,
 Attached are the signed documents. Look forward to working with you.

Thanks,
 Bill

Bill McKinney
 Town Manager
 Town Of Winchendon
 978-297-5404
www.townofwinchendon.com



From: Cory Hasselmann <chasselmann@gardner-ma.gov>
Sent: Thursday, April 3, 2025 1:39 PM
To: Mayor <Mayor@gardner-ma.gov>; Bill McKinney <BMcKinney@winchendon-ma.gov>
Cc: John Richard <jrichard@gardner-ma.gov>
Subject: IMA, Expansion

Good afternoon Mayor Nicholson and Manager Bill,

Please see the attached IMA and request for expansion that would need to be sent to Executive Office of Veterans Services. Please review and let me know if I need to make any changes. Bill you'll notice the amount listed that would go to Gardner, that is based off \$2 per person/population that is what we charge the other towns with a 3% increase for FY 27. Please reach out with any questions.

Thank you both,

Cory Hasselmann

President of Gardner's Veterans Council**Director of Veterans' Services, Wachusett District**

Serving Ashburnham, Ashby, Gardner, Princeton & Westminster

95 Pleasant Street, Room #14

Gardner, MA 01440

chasselmann@gardner-ma.gov

978.630.4017 (Office)

978.630.4057 (Fax)

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**TOWN OF WINCHENDON AND CITY OF GARDNER
MUNICIPAL AGREEMENT
VETERAN SERVICES**

This Intermunicipal Agreement, made and entered into this 1st day of May 2025, pursuant to the provisions of Massachusetts General Laws, Chapter 40, Section 4A, by and between the town of Winchendon, a municipal corporation within the County of Worcester and the Commonwealth of Massachusetts, acting by and through its Town Manager, hereinafter referred to as "Winchendon," and the City of Gardner, a municipal corporation within the County of Worcester and the Commonwealth of Massachusetts, acting by and through its Mayor, hereinafter referred to as "Gardner" (collectively referred to as the "Municipalities").

WITNESSETH

WHEREAS, the Municipalities have determined that they share a need for veteran services; and

WHEREAS, the Municipalities have determined that the sharing of the benefits and costs of those services would be beneficial to each Municipality, and

WHEREAS, this Agreement shall provide for the terms, conditions and liabilities of the parties with respect to these services, including, but not limited to terms of cooperation and obligations of each Municipality relative to cost of shared human resources, training, facilities, and operating costs; and

WHEREAS, the Winchendon Town Manager and the Gardner City Council authorized the Mayor to enter into this agreement in accordance with the provisions of G.L.c. 40, Section 4A.

NOW, THEREFORE, in consideration of the promises and mutual benefits to be derived by the parties hereto, the parties agree as follows:

1. The Winchendon Town Manager and the Gardner Mayor will be the Municipalities respective representatives to oversee the cooperative arrangement. The approval of the Winchendon Town Manager and Gardner Mayor will be required to amend this Agreement.
2. All the privileges and immunities from liability and exemptions from laws, by-laws, ordinances and regulations that veteran services officers employed by any of the parties hereto have in their own jurisdictions shall be effective in the jurisdiction in which they are giving assistance unless otherwise prohibited by law.
3. The shared veteran services officer shall have all of the authority under the applicable provisions of the Massachusetts General Laws as well as the by-laws of

Winchendon and the City of Gardner city ordinances in which veteran services are being provided.

4. Term. The term of this Agreement is for two (2) years and two (2) months from FY2025 through FY2027 commencing on May 1, 2025 and ending on June 30, 2027 unless or until terminated by the parties hereto on written notice. Such notice to dissolve this partnership or renew the contract shall be provided one hundred eighty (180) days prior to the end of the then current fiscal year and withdrawal from the agreement will be effective as of the last day of the fiscal year. In the event that Winchendon fails to pay any invoice to Gardner in a timely manner, or in the event Winchendon fails to approve a veteran services budget, as provided for herein and that is subject to appropriation by the Winchendon Town Manager, then Gardner may immediately suspend its services under this Agreement for non-performance. Upon receipt of the past due payments, together with adequate assurances of payment for future services, Gardner may commence performing its services again.
5. Cost sharing. During the term of this Agreement, Winchendon will bear the costs of the Veteran's Service Officer according to the following fee schedules:
 - a. Winchendon:
 - i. Fiscal Year 2025: \$3,454.66 (May 1, 2025 - June 30, 2025)
 - ii. Fiscal Year 2026: \$20,728.00
 - iii. Fiscal Year 2027: \$21,349.84

with said costs based upon an approved veteran service budget subject to appropriation by Town Meeting and appropriation by the Gardner City Council, which will provide for the complete cost of wages, maintenance of the Veterans' Services Office, employee stipends, and supplies and training. Any modification(s) to this schedule must be agreed to in writing by each of the respective Town Manager and Gardner City Council and will take effect in the following fiscal year.

6. Services and Office Community Hours. Veterans' Services to be provided as part of the intermunicipal agreement are outlined in Massachusetts General Law Chapter 115, the by-laws of Winchendon, Gardner ordinances, and the job description of the Veteran Services Officer, incorporated herein by reference.

Gardner, as the host municipality, shall provide office space and adequate support during designated office hours. Each municipality will allow the Veteran Services Officer to assist veterans and other eligible persons from each of the participating municipalities in this agreement during designated office hours to facilitate regional service delivery.

7. Dispute Resolution. In the event any disputes or questions arise between the parties as to the interpretation of the agreement or the satisfactory performance by any of the parties of the services and other responsibilities provided for in the

contract, the parties first agree to try in good faith to settle the dispute through negotiation, then try resorting to other dispute resolution procedures, before proceeding to litigation.

8. Reports. Gardner shall, upon request of Winchendon, provide Winchendon with reports on the services provided and annual reports of expenditures and revenues of all accounts necessary to provide a complete picture of the financial condition of the shared function.
9. Notice. Any and all notices, or other communications required or permitted under this Agreement, shall be in writing and delivered by hand or mailed postage prepaid, return receipt requested, by registered or certified mail or by other reputable delivery service, to the Town Manager and the Gardner Mayor at the addresses set forth below or furnished from time to time in writing hereafter by one party to the other party. Any such notice or correspondence shall be deemed given when so delivery by hand, if so mailed, when deposited with the U.S. Postal Service or, if sent by private overnight or other delivery service, when deposited with such delivery service.

Town Manager
Town of Winchendon
109 Front Street
Winchendon, MA 01475

Mayor
City of Gardner
95 Pleasant Street
Gardner, MA 01440

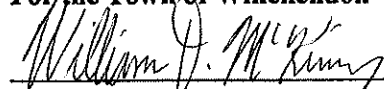
10. This Agreement constitutes the entire agreement of the parties and supersedes any prior agreements or understandings, whether oral or in writing, between them. This Agreement may not be changed or modified except by a written instrument in accordance with the provisions above.
11. This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, the provisions of which shall not be deemed waived by any provision hereof, and the parties hereto submit to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.
12. If any provision of this Agreement is declared to be illegal, unenforceable, or void, then the parties shall be relieved of all obligations under that provision provided, however, that the remainder of the Agreement shall be enforced to the fullest extent permitted by law.

In witness thereof, the parties hereto have executed this Agreement as of the first date written above.

For the City of Gardner

Michael J. Nicholson, Mayor

For the Town of Winchendon



Bill McKinney, Town Manager



Wachusett District

Veterans' Services

95 Pleasant Street, Room 14
Gardner, MA 01440
978.630.4017 (office)
chasselman@gardner-ma.gov

Cory Hasselmann
Veterans' Services Director

April 3, 2025

Commonwealth of Massachusetts
Executive Office of Veterans Services
600 Washington Street, 7th Floor
Boston, MA 02111

Ms. Rada:

Please be advised that the Town of Winchendon wishes to apply to be added to the Wachusett Veterans' Services District that currently includes the City and Towns of Gardner, Westminster, Ashburnham, Princeton, and Ashby pursuant to M.G.L. c. 115 §§ 10, 11 and 14; 108 CMR 12:00, and 1972 Mass. Acts c. 471 §§ 1-3, *et seq.*

Please see the below required information needed for this collaboration according to the April 2011 publication, "A Guide for Establishing Veterans' Services Districts Under Chapter 115."

District Name: Wachusett

Municipality Populations:

Gardner: 21,287
Westminster: 8,213
Ashburnham: 6,315
Princeton: 3,495
Ashby: 3,193
Winchendon: 10,364

District Total: 52,867

Ref: M.G.L. c. 115 §§ 2, 10 and 14; 1972 Mass. Acts c. 471, §§ 1-3, *et seq.*

Personnel Staffing for Wachusett District:

Full-time District Director (Currently staffed)

Full-time Assistant Director (In process of hiring)

Full-time Administrative Assistant (Currently staffed)

Ref: M.G.L. c. 4 § 7(43); M.G.L. c. 115 §§ 1, 3, 10, 11 and 14; 1972 Mass. Acts c. 471, §§ 1-3, *et seq.*; 108 CMR 2.02; 108 CMR 12.00

Reasonable Geographical Proximity of Municipalities within the District:

All cities and towns within this district are adjoining another community within the district.

Ref: M.G.L. c. 115 §§ 2, 10 and 14; 1972 Mass. Acts c. 471, §§ 1-3, *et seq.*; 108 CMR 12:00.

Business Hours and Locations within the District:

At the time of publishing, the Wachusett Veterans' Services District's main office is located in the Gardner city hall, separate and apart from other city offices and maintains regular business hours from 8:00 a.m. to 4:30 p.m. Monday through Thursday and Fridays from 8:00 a.m. to 1:00 p.m. The main office will be staffed with the full-time administrative assistant. Gardner, as the host municipality, shall provide office space and adequate support during designated office hours. Each municipality will allow the Veterans' Services District Director and Assistant District Director to assist veterans and other eligible persons from each of the participating municipalities in this agreement during designated office hours to facilitate regional service delivery. Veterans may request services in the town in which they reside by appointment and the Director and/or VSO will commute to such communities.

Inter-Municipal Agreement of the Wachusett Veterans' Services District:

VETERANS' SERVICES INTER-MUNICIPAL AGREEMENT

Between the City of Gardner and the Towns of Ashburnham, Princeton, Westminster, and Ashby. Pursuant to c. 40, sec. 4A, this Agreement, is hereby entered into and is effective from this first day of May 2025, by and between the City of Gardner and the Towns of Ashburnham, Ashby, Princeton, Westminster, and Winchendon. This agreement contractually enables the Director of Gardner's Veterans Services Office (hereafter "the Gardner Office"), and such other Veterans Service Officers as shall be on staff of such office, to perform the duties of such office for all of the towns which are party to this agreement. The term of this contract shall be for Fiscal Year 2025 through 2027.

1. Such duties will be performed in the Gardner's office of the City's Veterans' Services Officer during regularly scheduled business hours or in the member towns during weekly office hours there.
2. It is understood and agreed that the distribution of benefits payable to Veterans in the member towns under the provisions of Chapter 115 of the Massachusetts General Laws shall be paid by the Treasurer of the member Town in which that Veteran resides.

3. It is understood and agreed that the seventy-five percent (75%) reimbursement of Veterans' benefits from the Commonwealth of Massachusetts will be credited to the member Town in which that Veteran resides.

4. The Veterans' Service Officer of Gardner shall serve as the Director of the Gardner Office and will supervise all Staff in their duties as related to the Office in the various Towns.

5. For the Fiscal Year 2025, each member community will be responsible for its own procurement of flags. Beginning in FY 2026, each member town will contribute 25% of the cost of procuring flags for their community to the Gardner Office to procure and distribute all flags.

This agreement may be renewed following Fiscal Year 2027 and every 3 years after.

City of Gardner

Michael J. Nicholson, Mayor

Date

Town of Winchendon

Bill McKinney, Town Manager

4/8/25

Date



**Wachusett District
Veterans' Services**

95 Pleasant Street, Room 14
Gardner, MA 01440
978.630.4017 (office)
978.630.4057 (fax)

Cory Hasselmann
Veterans' Services Director
chasselmann@gardner-ma.gov

Dear President Tyros,

April 14, 2025

May I request The Welfare Committee have an emergency meeting to address the intermunicipal agreement ("IMA") between City of Gardner and Town of Winchendon so as to not interfere with Ch. 115 payments being sent to Town of Winchendon veterans and dependents?

My hope is the Gardner City Council can vote and finalize this agreement at the May 5th meeting.

Please let me know if I can provide anything to help this process.

Sincerely,

Cory Hasselmann



City of Gardner - *Executive Department*

Mayor Michael J. Nicholson

April 7, 2025

Hon. George C. Tyros, Council President
And City Councilors
Gardner City Hall, Rm 121
95 Pleasant Street
Gardner, MA 01440

RE: An Measure Authorizing the Administration to Enter into an Intermunicipal Agreement with the Town of Winchendon for Veterans Services for FY2025 through FY2027

Dear Mr. President and Councilors,

As you are well aware, the City of Gardner provides Veterans Services for Gardner, Ashburnham, Westminster, Princeton, and Ashby.

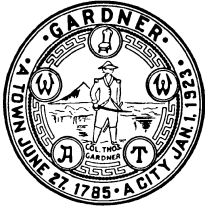
The Town of Winchendon has approached the City and is requesting to join our Veterans Service District. In conversations with Director Hasselman, the City does have the capacity to undertake this addition.

For the other towns that the City provides this service to, we charge \$2/population of the Community, since our minimum staffing levels, set by the General Laws of the Commonwealth, are dictated by full community population.

The City's current staffing in the Veterans Service Office is sufficient for this addition without the need for additional staff, per the minimum staffing requirements of the Commonwealth.

Respectfully Submitted,

Michael J. Nicholson
Mayor, City of Gardner



CITY of GARDNER
Office of the City Auditor

John Richard, City Auditor
 95 Pleasant Street, Room 114
 Gardner, MA 01440

Phone: 978-632-1900 ext. 8020 • Fax: 978-630-3778
 Email: jrichard@gardner-ma.gov

Date: 04/25/2025

To: Finance Committee Members

Re: Discuss SAR Audit

For FY24 SAR audit, our outside auditors CBIZ picked the below grants to review:

-Airport Runway Grant Project \$3,807,474 of Federal funds.

-Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) - ARPA \$1,098,289 of Federal funds

-FEMA Covid-19 and Vaccine Disaster Grant \$336,680 of Federal funds

The primary purpose of a Single Financial Audit Report is to provide assurance to the U.S. government that non-federal entities, like state and local governments, are using federal funds appropriately and complying with relevant regulations. It ensures the accuracy of financial statements, assesses the effectiveness of internal controls, and confirms compliance with federal laws and grant terms.

Financial Statement Assurance:

- The report verifies whether the organization's financial statements are fairly presented in accordance with accounting principles.
- It confirms that the financial statements accurately reflect the organization's financial position.

2. Internal Control Assessment:

- The audit evaluates the effectiveness of the organization's internal controls over financial reporting and federal programs.
- It assesses whether these controls are adequate to prevent fraud and ensure proper use of funds.

3. Compliance Verification:

- The report determines if the organization has complied with federal statutes, regulations, and the terms and conditions of its federal awards.
- It checks if the organization has followed all applicable rules and guidelines for using federal funds.

4. Compliance Supplement:

- The report includes a Compliance Supplement, which is a document that identifies specific compliance requirements for various federal programs.
- This supplement helps the auditor determine the specific compliance requirements that apply to the organization.

5. Reporting and Disclosure:

- The report includes an Auditor's Opinion on the financial statements, internal controls, and compliance.
- It also includes a Schedule of Findings and Questioned Costs if any issues or discrepancies are identified during the audit.
- The report is then submitted to the Federal Audit Clearinghouse.

As you can see from the results there were no findings and we fall into a low-risk category. This does not mean we are exempt from future audits. Just means our current internal controls are sufficient. This helps the City of Gardner in submitting applications for future Federal Funding programs.

Sincerely

John Richard
City Auditor

CITY OF GARDNER

Combined Balance Sheet - All Fund Types and Account Groups
as of June 30, 2024

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups	Totals
	General	Special Revenue	Capital Projects	Enterprise	Internal Services	Trust and Agency	Long-term Debt	(Memorandum Only)
<u>ASSETS</u>								
Cash and cash equivalents	7,416,829.80	11,195,934.13	10,557,401.96	10,885,205.49	1,805,225.86	8,769,188.15		50,629,785.39
Investments								0.00
Receivables:								
Personal property taxes	117,277.18							117,277.18
Real estate taxes	982,185.28							982,185.28
Allowance for abatements and exemptions	(65,550.22)							(65,550.22)
Tax liens	2,181,754.49			79,762.54				2,261,517.03
Motor vehicle excise	716,368.98							716,368.98
Departmental Veteran Benefits	463,078.81							463,078.81
Departmental Ambulance Fees	938,551.40							938,551.40
Departmental Receivables	214.32			2,300,274.79		61,767.37		2,362,256.48
Prepaid Payroll (Week of the Week&Sch								
Payroll now Bi-Weekly)	334,146.26							334,146.26
Other receivables				2,544.57				2,544.57
Foreclosures/Possessions	595,213.40							595,213.40
Amounts to be provided - payment of bonds							70,095,247.60	70,095,247.60
Amounts to be provided - vacation/sick leave								0.00
Total Assets	<u>13,680,069.70</u>	<u>11,195,934.13</u>	<u>10,557,401.96</u>	<u>13,267,787.39</u>	<u>1,805,225.86</u>	<u>8,830,955.52</u>	<u>70,095,247.60</u>	<u>129,432,622.16</u>
<u>LIABILITIES AND FUND EQUITY</u>								
Liabilities:								
Warrants payable								0.00
Accounts payable	547,419.17	614,416.26	429.27	78,186.84	67,800.27	144,057.77		1,452,309.58
Accrued payroll	1,061,800.52							1,061,800.52
A/P- Cont Pay-Retained Percentage		2,425.63	13,040.45					15,466.08
Other liabilities-Rehab Escrow		9,998.12						9,998.12
Deferred revenue:								
Real and personal property taxes	1,033,912.24							1,033,912.24
Tax liens	2,181,754.49			79,762.54				2,261,517.03
Foreclosures/Possessions	595,213.40							595,213.40
Motor vehicle excise	716,368.98							716,368.98
Departmental Veteran Benefit	463,078.81							463,078.81
Departmental Ambulance Fees	938,551.40							938,551.40
Departmental Receivables	214.32			2,302,819.36		61,767.37		2,364,801.05
Prepaid taxes/fees	62,500.00							62,500.00
IBNR					783,360.00			783,360.00
Agency Funds						1,052,463.22		1,052,463.22
Bonds payable							70,095,247.60	70,095,247.60
Vacation and sick leave liability	286,754.79							286,754.79
Total Liabilities	<u>7,887,568.12</u>	<u>626,840.01</u>	<u>13,469.72</u>	<u>2,460,768.74</u>	<u>851,160.27</u>	<u>1,258,288.36</u>	<u>70,095,247.60</u>	<u>83,193,342.82</u>
Fund Equity:								
Reserved for encumbrances	2,203,496.19			2,402,562.39				4,606,058.58

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups	Totals
	General	Special Revenue	Capital Projects	Enterprise	Internal Services	Trust and Agency	Long-term Debt	(Memorandum Only)
Reserved for expenditures								0.00
Reserved for continuing appropriations/stabilization						4,000,247.90		4,000,247.90
Reserved fund balance					954,065.59	3,540,441.09		4,494,506.68
Undesignated fund balance	3,589,005.39	10,569,094.12	10,543,932.24	8,404,456.26		31,978.17		33,138,466.18
Total Fund Equity	5,792,501.58	10,569,094.12	10,543,932.24	10,807,018.65	954,065.59	7,572,667.16	0.00	46,239,279.34
Total Liabilities and Fund Equity	13,680,069.70	11,195,934.13	10,557,401.96	13,267,787.39	1,805,225.86	8,830,955.52	70,095,247.60	129,432,622.16

PROOF BALANCE SHEET IS IN BALANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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PROOF FUND BALANCE DETAIL							
AGREES TO THE BALANCE SHEET	0.00	0.00	0.00	0.00	0.00	(0.00)	
PROOF RECEIVABLES DETAIL							
AGREES TO THE BALANCE SHEET		0.00	0.00	0.00	0.00	0.00	



City of Gardner - *Executive Department*

Mayor Michael J. Nicholson

April 5, 2025

Hon. George C. Tyros, Council President
And City Councilors
Gardner City Hall, Rm 121
95 Pleasant Street
Gardner, MA 01440

RE: A Communication from the Mayor regarding the FY2024 Single Financial Audit Report for Federal Grant Funding

Dear Mr. President and Councilors,

As you are aware, Federal Law requires municipalities who receive over a certain amount of federal grant funding to have all federal grant accounts audited by an external auditing firm to ensure compliance with federal regulations as set forth by the Comptroller General of the United States and the United States Office of Management and Budget under the Executive Office of the President of the United States, in accordance with 2 U.S.C. 200.

Attached to this correspondence is both the FY2024 City Single Financial Audit Report for Federal Grant Funding.

I am very happy to report that the City received a **clean audit report** with **no findings** by CBIZ CPAs, P.C.- the external auditing firm assigned to the City.

This is our fifth (5th) year in a row in which the City has not had any findings in our federal grant audits. In usual circumstances, after three (3) years of audit reports with no findings, a municipality is exempt from the requirement of having to undertake these audits on an annual basis. However, this exemption does not apply when a municipality takes in over a \$750,000 in federal grant funds in a single fiscal year. Since the City received over \$11 million in federal grant funds in FY2024, we were required to undertake this audit.

I would like to thank our financial team- Auditor John Richard, Treasurer Jennifer Dymek, Purchasing Director Joshua Cormier, and Assessor Christine Kumar for their work they do throughout the year that have allowed the City to continue our trend of a clean financial audit with no findings or reports for the last few years.

Respectfully Submitted,

Michael J. Nicholson
Mayor, City of Gardner

CITY OF GARDNER, MASSACHUSETTS

**INDEPENDENT AUDITORS' REPORTS REQUIRED BY TITLE 2 U.S. *CODE OF
FEDERAL REGULATIONS* PART 200, *UNIFORM ADMINISTRATIVE
REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL
AWARDS* (UNIFORM GUIDANCE) AND *GOVERNMENT AUDITING STANDARDS***

FOR THE YEAR ENDED JUNE 30, 2024

CITY OF GARDNER, MASSACHUSETTS**CONTENTS**

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CBIZ CPAs P.C.

9 Executive Park Drive
Suite 100
Merrimack, NH 03054

P: 603.882.1111

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

To the Honorable Mayor and City Council
City of Gardner, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Governmental Auditing Standards*"), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gardner, Massachusetts (the "City"), as of and for the year ended June 30, 2024, (except for the Gardner Contributory Retirement System (the "System") which is as of and for the year ended December 31, 2023), and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2025.

Our report includes a reference to other auditors who audited the financial statements of the System and the Levi Heywood Memorial Library (the "Library"), as described in our report on the City's financial statements. The financial statements of the System and the Library were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

Merrimack, NH
March 31, 2025



CBIZ CPAs P.C.

9 Executive Park Drive
Suite 100
Merrimack, NH 03054

P: 603.882.1111

**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

To the Honorable Mayor and City Council
City of Gardner, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Gardner, Massachusetts's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material, noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2024, (except for the Gardner Contributory Retirement System which is as of and for the year ended December 31, 2023), and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 31, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CBIZ CPAs P.C.

Merrimack, NH
March 31, 2025

CITY OF GARDNER, MASSACHUSETTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

<i>Federal Agency</i>	Federal	Pass-Through	
Cluster	Assistance	Identifying	Federal
Pass-Through Agency	Listing	Number	Expenditures
Program Title	Number		
<i>U.S. Department of Agriculture</i>			
Child Nutrition Cluster			
Passed Through the Massachusetts Department of Elementary and Secondary Education			
National School Breakfast Program	10.553	14-103	\$ 430,615
National School Lunch Program - Cash Assistance	10.555	14-103	999,440
National School Lunch Program - Non-Cash Assistance	10.555	14-103	110,417
National School Lunch Program - Supply Chain Assistance	10.555	14-103	65,873
Summer Food Service Program for Children	10.559	14-103	36,967
Total Child Nutrition Cluster			<u>1,643,312</u>
Total U.S. Department of Agriculture			1,643,312
<i>U.S. Department of Housing and Urban Development</i>			
Passed Through the Massachusetts Department of Housing and Community Development			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	ME-G-2018-2021	<u>689,011</u>
Total U.S. Department of Housing and Urban Development			689,011
<i>U.S. Department of Justice</i>			
Passed Through the Massachusetts Executive Office of Public Safety and Security			
Bulletproof Vest Partnership Program	16.607	Unknown	9,935
Public Safety Partnership and Community Policing Grants	16.588	Unknown	<u>408</u>
Total U.S. Department of Justice			10,343
<i>U.S. Department of Treasury</i>			
Direct Federal Program			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	<u>1,098,289</u>
Total U.S. Department of Treasury			1,098,289
<i>U.S. Department of Transportation</i>			
Passed Through the Massachusetts Aeronautics Commission			
Airport Improvement Program	20.106	3-25-0020-023-2024	3,150
Airport Improvement Program	20.106	3-25-0020-022-2023	73,225
Airport Improvement Program	20.106	3-25-0020-021-2022	<u>3,807,474</u>
Total U.S. Department of Transportation			3,883,849

See accompanying notes to this schedule.

CITY OF GARDNER, MASSACHUSETTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

<i>Federal Agency</i>	Federal	Pass-Through	Federal
Cluster	Assistance	Identifying	Expenditures
Pass-Through Agency	Listing	Number	
Program Title	Number		
Environmental Protection Agency			
Direct Federal Program			
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup			
Cooperative Agreements	66.818	N/A	20,038
Total Environmental Protection Agency			20,038
U.S. Department of Education			
Passed Through the Massachusetts Department of Elementary and Secondary Education			
Title I Grants to Local Educational Agencies	84.010	0305-000549-2024-0103	920,815
Total Title I Grants to Local Educational Agencies			920,815
Special Education Cluster			
Special Education Grants to States	84.027	0240-000558-2024-0103	920,794
Special Education Grants to States	84.027	0274-000662-2024-0103	35,935
Special Education Preschool Grants	84.173	0262-000559-2024-0103	24,765
Total Special Education Cluster			981,494
English Language Acquisition State Grants	84.365A	0180-000547-2024-0103	20,012
Total English Language Acquisition State Grants			20,012
Supporting Effective Instruction State Grants	84.367A	0140-000546-2024-0103	122,829
Total Supporting Effective Instruction State Grants			122,829
Student Support and Academic Enrichment Program	84.424A	309-688183-2023-0103	56,798
Total Student Support and Academic Enrichment Program			56,798
COVID-19 - Education Stabilization Fund - Homeless Emergency Support	84.425W	344-798391-2024-0103	147,220
COVID-19 - Education Stabilization Fund - Homeless Emergency Support	84.425W	344-798391-2024-0103	28,000
COVID-19 - Education Stabilization Fund - Investigating History Implementation Grant	84.425U	653-784341-2024-0103	13,787
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U	119-583087-2022-0103	1,860,478
Total COVID-19 - Education Stabilization Fund			2,049,485
Total U.S. Department of Education			4,151,433
U.S. Department of Homeland Security			
Passed Through the Massachusetts Emergency Management Agency			
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	330,991
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	5,688
Total U.S. Department of Homeland Security			336,679
Total Federal Expenditures			<u>\$ 11,832,954</u>

See accompanying notes to this schedule.

CITY OF GARDNER, MASSACHUSETTS**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the City of Gardner, Massachusetts (the “City”) under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

The amounts reported for the National School Lunch Program – Non-Cash Assistance represent the fair value of commodities received.

NOTE 3 – DE MINIMIS COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 - SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the City did not provide federal awards to subrecipients.

CITY OF GARDNER, MASSACHUSETTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2024

SECTION I — SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- | | | |
|---|------------------------------|---|
| • Material weakness(es) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| • Significant deficiency(ies) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |

Non-compliance material to financial statements noted?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
------------------------------	--

FEDERAL AWARDS

Internal control over major federal programs:

- | | | |
|---|------------------------------|---|
| • Material weakness(es) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| • Significant deficiency(ies) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Identification of major federal programs:

NAME OF FEDERAL PROGRAM OR CLUSTER**ASSISTANCE LISTING NUMBER(S)**

COVID-19 – Coronavirus State and Local Fiscal Recovery Fund

21.027

Airport Improvement Program

20.106

COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

97.036

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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CITY OF GARDNER, MASSACHUSETTS**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)****FOR THE YEAR ENDED JUNE 30, 2024**

SECTION II - FINANCIAL STATEMENT FINDINGS

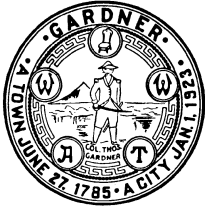
None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS

There were no findings in the prior year.



CITY of GARDNER
Office of the City Auditor

John Richard, City Auditor
 95 Pleasant Street, Room 114
 Gardner, MA 01440

Phone: 978-632-1900 ext. 8020 • Fax: 978-630-3778
 Email: jrichard@gardner-ma.gov

Date: 04/25/2025

To: Finance Committee Members

Re: Discuss Financial Audit Report

Looking at the Financial Audit report, because of Government vs Business Activities, this makes it hard to understand what kind of financial position the city is currently in. To simplify this I attached the FY24 combine balance sheet that was submitted and certified by the DOR in which free cash or net income is calculated.

The basic way to calculate free cash/net income is to take the Undesignated Fund Balance, which is Revenues minus Expenditures, and subtract items that go against free cash. In FY24 for General Fund undesignated Fund Balance totaled \$3,589,005. Items that went against FC were Prepaid School Salary of \$334,146 and projects that were in deficit as of 9/30/2024 totaled \$104,691 mostly Fed grants waiting for reimbursement to be rec'd. Total FY24 FC or Net Profit was \$3,150,168. Breakdown is below.

GENERAL FUND FY24 FREE CASH/NET INCOME CERTIFIED			
General Fund	Initial Certified		\$2,636,168.00
General Fund	Additional Certified		\$514,000.00
General Fund	Total		\$3,150,168.00

For Enterprise funds undesignated fund balance match exactly what was certified as retain earnings or net project for each funds. Breakdown is below.

ENTERPRISE FUND FY24 RETAINED EARNINGS/NET INCOME CERTIFIED		
Enterprise Fund	SEWER	\$5,364,214.00
Enterprise Fund	WATER	\$1,741,670.00
Enterprise Fund	GOLF COURSE	\$901,425.00
Enterprise Fund	LANDFILL	\$121,705.00
Enterprise Fund	SOLID WASTE	\$275,443.00
Enterprise Fund	TOTAL	\$8,404,457.00

Sincerely

John Richard
City Auditor

CITY OF GARDNER

Combined Balance Sheet - All Fund Types and Account Groups
as of June 30, 2024

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups	Totals
	General	Special Revenue	Capital Projects	Enterprise	Internal Services	Trust and Agency	Long-term Debt	(Memorandum Only)
<u>ASSETS</u>								
Cash and cash equivalents	7,416,829.80	11,195,934.13	10,557,401.96	10,885,205.49	1,805,225.86	8,769,188.15		50,629,785.39
Investments								0.00
Receivables:								
Personal property taxes	117,277.18							117,277.18
Real estate taxes	982,185.28							982,185.28
Allowance for abatements and exemptions	(65,550.22)							(65,550.22)
Tax liens	2,181,754.49			79,762.54				2,261,517.03
Motor vehicle excise	716,368.98							716,368.98
Departmental Veteran Benefits	463,078.81							463,078.81
Departmental Ambulance Fees	938,551.40							938,551.40
Departmental Receivables	214.32			2,300,274.79		61,767.37		2,362,256.48
Prepaid Payroll (Week of the Week&Sch								
Payroll now Bi-Weekly)	334,146.26							334,146.26
Other receivables				2,544.57				2,544.57
Foreclosures/Possessions	595,213.40							595,213.40
Amounts to be provided - payment of bonds							70,095,247.60	70,095,247.60
Amounts to be provided - vacation/sick leave								0.00
Total Assets	<u>13,680,069.70</u>	<u>11,195,934.13</u>	<u>10,557,401.96</u>	<u>13,267,787.39</u>	<u>1,805,225.86</u>	<u>8,830,955.52</u>	<u>70,095,247.60</u>	<u>129,432,622.16</u>
<u>LIABILITIES AND FUND EQUITY</u>								
Liabilities:								
Warrants payable								0.00
Accounts payable	547,419.17	614,416.26	429.27	78,186.84	67,800.27	144,057.77		1,452,309.58
Accrued payroll	1,061,800.52							1,061,800.52
A/P- Cont Pay-Retained Percentage		2,425.63	13,040.45					15,466.08
Other liabilities-Rehab Escrow		9,998.12						9,998.12
Deferred revenue:								
Real and personal property taxes	1,033,912.24							1,033,912.24
Tax liens	2,181,754.49			79,762.54				2,261,517.03
Foreclosures/Possessions	595,213.40							595,213.40
Motor vehicle excise	716,368.98							716,368.98
Departmental Veteran Benefit	463,078.81							463,078.81
Departmental Ambulance Fees	938,551.40							938,551.40
Departmental Receivables	214.32			2,302,819.36		61,767.37		2,364,801.05
Prepaid taxes/fees	62,500.00							62,500.00
IBNR					783,360.00			783,360.00
Agency Funds						1,052,463.22		1,052,463.22
Bonds payable							70,095,247.60	70,095,247.60
Vacation and sick leave liability	286,754.79							286,754.79
Total Liabilities	<u>7,887,568.12</u>	<u>626,840.01</u>	<u>13,469.72</u>	<u>2,460,768.74</u>	<u>851,160.27</u>	<u>1,258,288.36</u>	<u>70,095,247.60</u>	<u>83,193,342.82</u>
Fund Equity:								
Reserved for encumbrances	2,203,496.19			2,402,562.39				4,606,058.58

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups	Totals
	General	Special Revenue	Capital Projects	Enterprise	Internal Services	Trust and Agency	Long-term Debt	(Memorandum Only)
Reserved for expenditures								0.00
Reserved for continuing appropriations/stabilization						4,000,247.90		4,000,247.90
Reserved fund balance					954,065.59	3,540,441.09		4,494,506.68
Undesignated fund balance	3,589,005.39	10,569,094.12	10,543,932.24	8,404,456.26		31,978.17		33,138,466.18
Total Fund Equity	5,792,501.58	10,569,094.12	10,543,932.24	10,807,018.65	954,065.59	7,572,667.16	0.00	46,239,279.34
Total Liabilities and Fund Equity	13,680,069.70	11,195,934.13	10,557,401.96	13,267,787.39	1,805,225.86	8,830,955.52	70,095,247.60	129,432,622.16

PROOF BALANCE SHEET IS IN BALANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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PROOF FUND BALANCE DETAIL							
AGREES TO THE BALANCE SHEET	0.00	0.00	0.00	0.00	0.00	(0.00)	
PROOF RECEIVABLES DETAIL							
AGREES TO THE BALANCE SHEET		0.00	0.00	0.00	0.00	0.00	



City of Gardner - *Executive Department*

Mayor Michael J. Nicholson

April 5, 2025

Hon. George C. Tyros, Council President
And City Councilors
Gardner City Hall, Rm 121
95 Pleasant Street
Gardner, MA 01440

RE: A Communication from the Mayor regarding the FY2024 Full Financial Audit Report

Dear Mr. President and Councilors,

As you are aware, Federal Law requires the City to annually undergo a full external audit of all of the City's financials.

Attached to this correspondence is both the FY2024 City Financial Audit Report.

I am very happy to report that the City received a clean audit report with no findings by CBIZ CPAs, P.C.- the external auditing firm assigned to the City.

I would like to thank our financial team- Auditor John Richard, Treasurer Jennifer Dymek, Purchasing Director Joshua Cormier, and Assessor Christine Kumar for their work they do throughout the year that have allowed the City to continue our trend of a clean financial audit with no findings or reports for the last few years.

Respectfully Submitted,

Michael J. Nicholson
Mayor, City of Gardner



CBIZ CPAs P.C.

9 Executive Park Drive
Suite 100
Merrimack, NH 03054

P: 603.882.1111

March 31, 2025

To the City Council
City of Gardner, Massachusetts

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gardner, Massachusetts (the "City") for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*, and OMB Uniform Guidance

As stated in our engagement letter dated April 24, 2024, our responsibility, as described by professional standards, was to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements were free of material misstatement, we also performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to Management's Discussion and Analysis, General Fund budgetary comparison information, and certain pension and OPEB schedule, which supplements the basic financial statements, was to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures did not provide us with sufficient evidence to express an opinion or provide any assurance, we did not express an opinion or provide any assurance on the RSI.

Planned Scope, Timing of the Audit, Significant Risks, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing,

and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risk of material misstatement as part of our audit planning:

- Management override of controls.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2024. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Allowance for uncollectable receivables.
- Capital Asset Depreciation – Useful Life/ Method.
- Total/Net OPEB Liability and related deferred outflows and inflows, and allocation.
- Net Pension Liability and related deferred outflows and inflows, and allocation. Net Present Value of Leases/Fair Value of Investments.

Management's estimate of the above are based on various criteria. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive disclosures affecting the City's financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Independence

During the year ended June 30, 2024, we were engaged to prepare the government-wide financial statements by consolidating various funds into governmental activities and business-type activities, converting to the modified accrual and accrual basis of accounting, and recording all long-term assets, long-term liabilities, and net position classifications based on information from the City's accounting records. In addition, we assisted with the capital asset schedule maintenance, allocation of employee benefits on the Statement of Activities, allocation of net pension liability and total/net OPEB liability by opinion unit, and helped prepare the Data Collection Form (DCF). We reviewed the nature of the requested work, our role and management's role and determined that our independence would not be impaired, in fact or appearance.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements. The table below summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Governmental activities					
To report accrued interest					
	Interest expense		583,007		
	Accrued interest payable			583,007	
General fund					
To report additional GASB 87 leases					
	Lease receivable		100,000		
	Deferred inflows related to leases			100,000	
To report allowance for doubtful accounts					
	Property tax revenue		525,736		
	Excise tax revenue		299,978		
	Charges for services revenue - public safety		226,930		
	Property taxes receivable			89,385	
	Tax lien receivable			436,351	
	Excise taxes receivable			299,978	
	Departmental and other receivable			226,930	
Special Revenue fund					
To report quarter 4 grant receivable					
	Circuit Breaker receivable		219,433		
	Circuit Breaker revenue			219,433	

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 31, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, General Fund budgetary comparison information, and certain pension and OPEB schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Very truly yours,

CBIZ CPAs P.C.

CBIZ CPAs P.C.
Merrimack, NH



CITY OF GARDNER, MASSACHUSETTS

Financial Statements
For the Year Ended June 30, 2024

(With Independent Auditors' Report Thereon)

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CBIZ CPAs P.C.

9 Executive Park Drive
Suite 100
Merrimack, NH 03054

P: 603.882.1111

Independent Auditors' Report

To the Honorable Mayor and City Council
City of Gardner, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gardner, Massachusetts (the City), as of and for the year ended June 30, 2024 (except for the Gardner Contributory Retirement System (the System) which is as of and for the year ended December 31, 2023), and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gardner, Massachusetts, as of June 30, 2024 (except for the System which is as of and for the year ended December 31, 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.

We did not audit the financial statements of the Levi Heywood Library Association (the Library), which represents 100% of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Library, is based solely on the report of the other auditor. Additionally, we did not audit the financial statements of the System, which represents 99.7% of total assets and 80.9% of total additions of the Pension and OPEB fiduciary fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the System, is based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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. The financial statements of the System and the Library were not audited in accordance with *Government Auditing Standards*.

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 City's 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.

Auditors' Responsibility 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 auditors' 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 GAAS 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 GAAS 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 City's 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 City's 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 Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Merrimack, NH
March 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Gardner, Massachusetts (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources 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 City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, interest, and intergovernmental. The business-type activities include water, sewer, golf, solid waste, and landfill 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. The City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for water, sewer, and golf operations, which are considered to be major funds, as well as solid waste and landfill operations, which are considered to be nonmajor funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. Specifically, internal service funds are used to account for self-insured employee health programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs.

Notes to Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

- As of the close of the current fiscal year, the City reported a total net position deficit of \$11,185,558. Out of the total net position, the unrestricted net position was a deficit of \$144,071,645. The City has recognized a substantial net pension and OPEB (other postemployment benefits) liabilities of \$36,429,368 and \$106,868,186, respectively, contributing to the deficit in its unrestricted net position.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$28,287,270, which includes \$8,849,938 remaining from the issuance of debt for the Waterford Street Elementary School that will be used for ongoing construction in fiscal year 2025.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,465,557 representing 8.7% of total General Fund expenditures. For this calculation, expenditures did not include the state on-behalf contribution for teachers' retirement.

Government-Wide Financial Analysis

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

	NET POSITION					
	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets						
Current and other assets	\$ 42,279,679	\$ 46,825,963	\$ 14,447,873	\$ 15,587,811	\$ 56,727,552	\$ 62,413,774
Capital assets	<u>149,867,659</u>	<u>144,691,297</u>	<u>38,310,780</u>	<u>40,012,263</u>	<u>188,178,439</u>	<u>184,703,560</u>
Total Assets	192,147,338	191,517,260	52,758,653	55,600,074	244,905,991	247,117,334
Deferred Outflows of Resources	12,604,733	21,698,504	506,759	849,892	13,111,492	22,548,396
Liabilities						
Long-term liabilities outstanding	198,566,673	204,364,452	25,321,141	26,888,813	223,887,814	231,253,265
Other liabilities	<u>6,750,584</u>	<u>7,996,886</u>	<u>417,375</u>	<u>70,830</u>	<u>7,167,959</u>	<u>8,067,716</u>
Total Liabilities	205,317,257	212,361,338	25,738,516	26,959,643	231,055,773	239,320,981
Deferred Inflows of Resources	37,931,075	43,929,024	216,193	413,283	38,147,268	44,342,307
Net Position						
Invested in capital assets, net	104,642,825	98,801,080	18,090,681	19,257,487	122,733,506	118,058,567
Restricted	10,152,581	10,004,266	-	-	10,152,581	10,004,266
Unrestricted	<u>(153,291,667)</u>	<u>(151,879,944)</u>	<u>9,220,022</u>	<u>9,819,553</u>	<u>(144,071,645)</u>	<u>(142,060,391)</u>
Total Net Position	\$ <u>(38,496,261)</u>	\$ <u>(43,074,598)</u>	\$ <u>27,310,703</u>	\$ <u>29,077,040</u>	\$ <u>(11,185,558)</u>	\$ <u>(13,997,558)</u>

Current and other assets decreased \$5,686,223 from the previous fiscal year. The decrease related primarily to governmental activities. The Waterford Street Elementary School project unspent debt decreased by \$2,481,112. Capital assets increased \$3,474,879 primarily due to the same project which incurred \$2,125,142 of costs in fiscal year 2024. Deferred outflows decreased \$9,436,904 from the previous year primarily due to changes in assumptions related to the OPEB liability. Long-term liabilities decreased \$7,365,451 as no new long-term debt was issued. Deferred inflows decreased \$6,195,039 from the previous year primarily due to the prior year change from expected to actual earnings on investments for the Gardner Contributory Retirement System (the System), which incurred a loss in the prior year, that was partly amortized in the current year.

The largest portion of net position \$122,733,506 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$10,152,581 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(144,071,645) primarily resulting from unfunded pension and OPEB liabilities.

CHANGE IN NET POSITION						
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 5,035,398	\$ 5,592,431	\$ 10,461,528	\$ 10,212,768	\$ 15,496,926	\$ 15,805,199
Operating grants and contributions	52,432,819	44,069,288	22,082	-	52,454,901	44,069,288
Capital grants and contributions	944,967	9,456,071	-	29,580	944,967	9,485,651
General revenues:						
Property taxes	32,722,330	31,984,768	-	-	32,722,330	31,984,768
Excises	2,624,885	2,839,424	-	-	2,624,885	2,839,424
Penalties, interest, and other taxes	465,995	506,306	-	-	465,995	506,306
Grants and contributions not restricted to specific programs	5,464,876	5,141,537	-	-	5,464,876	5,141,537
Investment income (loss)	1,165,192	1,027,238	230,528	208,190	1,395,720	1,235,428
Miscellaneous	1,267,652	1,761,625	36,676	41,083	1,304,328	1,802,708
Total Revenues	102,124,114	102,378,688	10,750,814	10,491,621	112,874,928	112,870,309
Expenses						
General government	8,107,888	9,027,869	-	-	8,107,888	9,027,869
Public safety	24,287,604	16,077,535	-	-	24,287,604	16,077,535
Education	52,458,451	55,426,760	-	-	52,458,451	55,426,760
Public works	6,489,693	6,322,852	-	-	6,489,693	6,322,852
Health and human services	1,653,373	1,755,749	-	-	1,653,373	1,755,749
Culture and recreation	1,785,050	2,271,304	-	-	1,785,050	2,271,304
Interest on long-term debt	1,918,327	1,658,165	-	-	1,918,327	1,658,165
Intergovernmental	1,756,927	1,921,942	-	-	1,756,927	1,921,942
Water operations	-	-	4,334,822	3,394,282	4,334,822	3,394,282
Sewer operations	-	-	4,343,619	3,886,641	4,343,619	3,886,641
Golf operations	-	-	1,042,299	927,623	1,042,299	927,623
Solid waste and landfill	-	-	1,884,875	2,092,810	1,884,875	2,092,810
Total Expenses	98,457,313	94,462,176	11,605,615	10,301,356	110,062,928	104,763,532
Change in net position before transfers	3,666,801	7,916,512	(854,801)	190,265	2,812,000	8,106,777
Transfers, net	911,536	(2,005,525)	(911,536)	2,005,525	-	-
Change in Net Position	4,578,337	5,910,987	(1,766,337)	2,195,790	2,812,000	8,106,777
Net Position - Beginning of Year	(43,074,598)	(48,985,585)	29,077,040	26,881,250	(13,997,558)	(22,104,335)
Net Position - End of Year	\$ (38,496,261)	\$ (43,074,598)	\$ 27,310,703	\$ 29,077,040	\$ (11,185,558)	\$ (13,997,558)

Governmental Activities

As of the close of the current fiscal year, net position in governmental activities was a deficit of \$(38,496,261), a change of \$4,578,337, primarily due to increase of \$8,363,531 in operating grants and contributions. Capital grants and contributions included in the prior year a grant from Massachusetts School Building Authority (MSBA) of \$8,466,269 to subsidize the improvement of the Waterford Street Elementary School. No MSBA grant was received in the current year, which contributed to the decrease in capital grants and contributions of \$8,518,602 from the prior year. Overall revenues remained steady while expenses increased by \$3,995,137 from the prior year due to increase in public safety costs.

Business-Type Activities

As of the close of the current fiscal year, net position in business-type activities was \$27,310,703, a decrease of \$1,766,337 primarily due to a decrease of net position in sewer fund of \$1,119,907.

Financial Analysis of the City's Funds

Governmental Funds

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

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,465,557, while total fund balance was \$9,003,199. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/24</u>	<u>6/30/23</u>	<u>Change</u>	<u>% of General Fund Expenditures*</u>
Unassigned - General Fund	\$ 3,304,672	\$ 2,825,925	\$ 478,747	4.4%
Unassigned - Stabilization Fund	<u>3,160,885</u>	<u>3,765,254</u>	<u>(604,369)</u>	<u>4.2%</u>
Total Unassigned Fund Balance	<u>\$ 6,465,557</u>	<u>\$ 6,591,179</u>	<u>\$ (125,622)</u>	<u>8.7%</u>
Total Fund Balance	\$ 9,003,199	\$ 9,861,946	\$ (858,747)	12.1%

* Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$4,509,008.

The total fund balance of the General Fund decreased by \$185,735 during the current fiscal year.

School Improvement Bond Fund

The fund balance of the School Improvement Bond Fund of \$8,847,515 at June 30, 2024 mostly represents unspent bonds for the Waterford Street School project.

City Federal Grants Fund

The City Federal Grants Fund mostly contains the ARPA grant funding, for which the unspent amount is reported as unearned of \$2,265,424 at June 30, 2024.

School State Grants Fund

The School State Grants Fund has a fund balance of \$4,736,091 at June 30, 2024, out of which School Choice represents \$4,129,738 which has been accumulated for the HVAC upgrade which began in July of 2024.

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds of \$5,675,088 primarily represents grants restricted for specific purposes.

Proprietary Funds

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

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall change in appropriations and other financing uses of \$5,253,242. This was funded primarily from free cash of \$2,164,539 and use of assigned fund balance of \$2,738,675. Use of assigned fund balance represents prior year unspent encumbrances that were rolled into final budget for the current fiscal year.

Investment income exceeded budget by \$948,007 primarily due to conservative budgeting of investment results.

Capital Assets and Debt Administration***Capital Assets***

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$188,178,439 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, and furnishings, infrastructure, and construction in progress.

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

- \$2,125,142 – Waterford Street school project
- \$1,058,409 – Road improvement projects

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$61,335,000, all of which was backed by the full faith and credit of the City. The S&P Global credit rating was reaffirmed at AA-.

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

Requests for Information

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

Mr. John Richard, City Auditor
City of Gardner
Gardner City Hall
95 Pleasant Street
Gardner, MA 01440

CITY OF GARDNER, MASSACHUSETTS

Statement of Net Position
June 30, 2024

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Levi Heywood</u> <u>Library Association</u>
Assets				
Current:				
Cash and short-term investments	\$ 25,982,595	\$ 10,871,376	\$ 36,853,971	\$ 108,804
Investments	9,747,682	-	9,747,682	948,746
Receivables:				
Property taxes	3,281,217	-	3,281,217	-
Excises	716,369	-	716,369	-
User fees	-	3,576,497	3,576,497	-
Departmental	1,463,612	-	1,463,612	-
Intergovernmental	-	-	-	294,510
Leases	62,997	-	62,997	-
Prepaid expenses	334,146	-	334,146	9,531
Total Current Assets	41,588,618	14,447,873	56,036,491	1,361,591
Noncurrent:				
Receivables:				
Leases	691,061	-	691,061	-
Nondepreciable capital assets	96,727,353	1,097,995	97,825,348	487,212
Capital assets, net of accumulated depreciation	53,140,306	37,212,785	90,353,091	3,609,805
Total Noncurrent Assets	150,558,720	38,310,780	188,869,500	4,097,017
Total Assets	192,147,338	52,758,653	244,905,991	5,458,608
Deferred Outflows of Resources				
Related to pension	3,584,611	478,709	4,063,320	-
Related to OPEB	9,020,122	28,050	9,048,172	-
Total Deferred Outflows of Resources	12,604,733	506,759	13,111,492	-

(continued)

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

CITY OF GARDNER, MASSACHUSETTS

Statement of Net Position
June 30, 2024

(continued)

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	<u>Activities</u>	<u>Activities</u>		Levi Heywood
Liabilities				<u>Library Association</u>
Current:				
Accounts payable	1,374,123	179,271	1,553,394	4,776
Accrued payroll and withholdings	1,348,555	-	1,348,555	146,895
Guaranteed deposits	892,293	-	892,293	-
Accrued interest payable	-	238,104	238,104	-
Accrued claims payable	783,360	-	783,360	-
Unearned revenue	2,327,924	-	2,327,924	-
Other current liabilities	24,329	-	24,329	-
Current portion of long-term liabilities:				
Bonds and loans payable	2,464,554	1,328,706	3,793,260	-
Equipment notes payable	296,204	-	296,204	-
Landfill liability	-	50,900	50,900	-
Total Current Liabilities	9,511,342	1,796,981	11,308,323	151,671
Noncurrent:				
Bonds and loans payable, net of current portion	51,607,795	18,756,051	70,363,846	-
Equipment notes payable, net of current portion	4,665,560	-	4,665,560	-
Landfill liability, net of current portion	-	509,000	509,000	-
Net pension liability	32,137,547	4,291,821	36,429,368	-
Net OPEB liability	106,536,894	331,292	106,868,186	-
Compensated absences liability	858,119	53,371	911,490	-
Total Noncurrent Liabilities	195,805,915	23,941,535	219,747,450	-
Total Liabilities	205,317,257	25,738,516	231,055,773	151,671
Deferred Inflows of Resources				
Related to pension	771,148	102,984	874,132	-
Related to OPEB	36,405,869	113,209	36,519,078	-
Related to leases	754,058	-	754,058	-
Total Deferred Inflows of Resources	37,931,075	216,193	38,147,268	-
Net Position				
Invested in capital assets	104,642,825	18,090,681	122,733,506	4,097,017
Restricted for:				
School choice	4,129,738	-	4,129,738	-
Other purposes	5,517,615	-	5,517,615	-
Permanent funds:				
Nonexpendable	452,771	-	452,771	400,200
Expendable	52,457	-	52,457	-
Unrestricted	(153,291,667)	9,220,022	(144,071,645)	809,720
Total Net Position	\$ (38,496,261)	\$ 27,310,703	\$ (11,185,558)	\$ 5,306,937

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

CITY OF GARDNER, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2024

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
		Charges for	Operating	Capital	Governmental	Business-	Total	Component
	Expenses	Services	Grants and	Grants and	Activities	Type		Unit
			Contributions	Contributions		Activities		Levi Heywood
								Library Association
Governmental Activities								
General government	\$ 8,107,888	\$ 1,968,543	\$ 2,593,393	\$ -	\$ (3,545,952)	\$ -	\$ (3,545,952)	\$ -
Public safety	24,287,604	2,491,488	2,847,123	-	(18,948,993)	-	(18,948,993)	-
Education	52,458,451	357,722	41,848,002	-	(10,252,727)	-	(10,252,727)	-
Public works	6,489,693	80,959	4,465,006	944,967	(998,761)	-	(998,761)	-
Health and human services	1,653,373	33,351	523,935	-	(1,096,087)	-	(1,096,087)	-
Culture and recreation	1,785,050	103,335	155,360	-	(1,526,355)	-	(1,526,355)	-
Interest	1,918,327	-	-	-	(1,918,327)	-	(1,918,327)	-
Intergovernmental	1,756,927	-	-	-	(1,756,927)	-	(1,756,927)	-
Total Governmental Activities	98,457,313	5,035,398	52,432,819	944,967	(40,044,129)	-	(40,044,129)	-
Business-Type Activities								
Water operations	4,334,822	3,933,223	13,626	-	-	(387,973)	(387,973)	-
Sewer operations	4,343,619	3,451,430	8,456	-	-	(883,733)	(883,733)	-
Golf operations	1,042,299	1,205,321	-	-	-	163,022	163,022	-
Solid waste operations	1,725,102	1,871,554	-	-	-	146,452	146,452	-
Landfill operations	159,773	-	-	-	-	(159,773)	(159,773)	-
Total Business-type Activities	11,605,615	10,461,528	22,082	-	-	(1,122,005)	(1,122,005)	-
Total Primary Government	\$ 110,062,928	\$ 15,496,926	\$ 52,454,901	\$ 944,967	(40,044,129)	(1,122,005)	(41,166,134)	-
Component Unit								
Levi Heywood Library Association	\$ 1,367,965	\$ -	\$ 1,110,665	\$ -	-	-	-	(257,300)
General Revenues and Transfers								
Property taxes					32,722,330	-	32,722,330	-
Excises					2,624,885	-	2,624,885	-
Penalties, interest, and other taxes					465,995	-	465,995	-
Grants and contributions not restricted to specific programs					5,464,876	-	5,464,876	-
Investment income					1,165,192	230,528	1,395,720	97,462
Miscellaneous					1,267,652	36,676	1,304,328	-
Transfers					911,536	(911,536)	-	-
Total General Revenues and Transfers					44,622,466	(644,332)	43,978,134	97,462
Change in Net Position					4,578,337	(1,766,337)	2,812,000	(159,838)
Net Position								
Beginning of Year					(43,074,598)	29,077,040	(13,997,558)	5,466,775
End of Year					\$ (38,496,261)	\$ 27,310,703	\$ (11,185,558)	\$ 5,306,937

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

CITY OF GARDNER, MASSACHUSETTS

Governmental Funds
Balance Sheet
June 30, 2024

	General Fund	School Improvement Bond Fund	City Federal Grants Fund	School State Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and short-term investments	\$ 5,434,432	\$ 8,849,938	\$ 2,306,254	\$ 4,772,355	\$ 4,619,616	\$ 25,982,595
Investments	7,232,641	-	-	-	503,134	7,735,775
Due from other funds	-	-	-	-	1,138,506	1,138,506
Receivables:						
Property taxes	1,099,462	-	-	-	-	1,099,462
Tax title	2,181,754	-	-	-	-	2,181,754
Excises	716,369	-	-	-	-	716,369
Departmental	1,401,845	-	-	-	61,767	1,463,612
Leases	754,058	-	-	-	-	754,058
Prepaid expenses	334,146	-	-	-	-	334,146
Total Assets	<u>\$ 19,154,707</u>	<u>\$ 8,849,938</u>	<u>\$ 2,306,254</u>	<u>\$ 4,772,355</u>	<u>\$ 6,323,023</u>	<u>\$ 41,406,277</u>
Liabilities						
Accounts payable	\$ 557,302	\$ 2,423	\$ 15,453	\$ 36,264	\$ 586,168	\$ 1,197,610
Accrued payroll and withholdings	1,347,419	-	-	-	-	1,347,419
Guaranteed deposits	892,293	-	-	-	-	892,293
Unearned revenue	62,500	-	2,265,424	-	-	2,327,924
Due to other funds	<u>1,138,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,138,506</u>
Total Liabilities	3,998,020	2,423	2,280,877	36,264	586,168	6,903,752
Deferred Inflows of Resources						
Unavailable revenues	5,399,430	-	-	-	61,767	5,461,197
Lease related	<u>754,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>754,058</u>
Total Deferred Inflows of Resources	6,153,488	-	-	-	61,767	6,215,255
Fund Balances						
Nonspendable	334,146	-	-	-	452,771	786,917
Restricted	-	8,847,515	25,377	4,943,019	7,319,964	21,135,875
Assigned	2,203,496	-	-	-	-	2,203,496
Unassigned	<u>6,465,557</u>	<u>-</u>	<u>-</u>	<u>(206,928)</u>	<u>(2,097,647)</u>	<u>4,160,982</u>
Total Fund Balances	<u>9,003,199</u>	<u>8,847,515</u>	<u>25,377</u>	<u>4,736,091</u>	<u>5,675,088</u>	<u>28,287,270</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,154,707</u>	<u>\$ 8,849,938</u>	<u>\$ 2,306,254</u>	<u>\$ 4,772,355</u>	<u>\$ 6,323,023</u>	<u>\$ 41,406,277</u>

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

CITY OF GARDNER, MASSACHUSETTS

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
June 30, 2024

Total Governmental Fund Balances	\$ 28,287,270
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	149,867,659
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	5,461,196
Internal service funds are used by management to account for health insurance activities. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.	1,026,572
Long-term liabilities, including bonds and loans payable, liabilities for landfill and compensated absences, and net pension liability and net OPEB liability (net of related deferrals) are not due and payable in the current period and, therefore are not reported in governmental funds.	<u>(223,138,958)</u>
Net Position of Governmental Activities	\$ <u>(38,496,261)</u>

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

CITY OF GARDNER, MASSACHUSETTS

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2024

	General Fund	School Improvement Bond Fund	City Federal Grants Fund	School State Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 32,432,647	\$ -	\$ -	\$ -	\$ -	\$ 32,432,647
Excises	2,600,104	-	-	-	-	2,600,104
Penalties, interest, and other taxes	465,995	-	-	-	-	465,995
Charges for services	3,285,340	-	-	-	956,622	4,241,962
Intergovernmental	38,152,420	-	5,087,365	2,500,416	9,438,320	55,178,521
Licenses and permits	512,179	-	-	-	-	512,179
Fines and forfeitures	88,370	-	-	-	-	88,370
Investment income	973,007	-	-	-	10,137	983,144
Miscellaneous	<u>1,001,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,812</u>	<u>1,408,004</u>
Total Revenues	79,511,254	-	5,087,365	2,500,416	10,811,891	97,910,926
Expenditures						
Current:						
General government	3,632,722	-	49,021	-	3,806,947	7,488,690
Public safety	9,479,715	-	842,970	-	570,828	10,893,513
Education	37,712,111	2,125,142	-	1,992,135	6,674,540	48,503,928
Public works	3,670,024	-	3,961,781	-	1,388,383	9,020,188
Health and human services	1,127,144	-	-	-	126,990	1,254,134
Culture and recreation	1,116,914	-	-	-	231,441	1,348,355
Employee benefits	15,804,415	-	-	-	-	15,804,415
Debt service:						
Principal	2,535,328	-	-	-	-	2,535,328
Interest	2,087,881	-	-	-	-	2,087,881
Intergovernmental	<u>1,756,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,756,927</u>
Total Expenditures	<u>78,923,181</u>	<u>2,125,142</u>	<u>4,853,772</u>	<u>1,992,135</u>	<u>12,799,129</u>	<u>100,693,359</u>
Excess (Deficiency) of Revenues Over Expenditures	588,073	(2,125,142)	233,593	508,281	(1,987,238)	(2,782,433)
Other Financing Sources (Uses)						
Transfers in	986,536	-	-	-	1,800,344	2,786,880
Transfers out	<u>(1,760,344)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(115,000)</u>	<u>(1,875,344)</u>
Total Other Financing Sources (Uses)	<u>(773,808)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,685,344</u>	<u>911,536</u>
Change in fund balance	<u>(185,735)</u>	<u>(2,125,142)</u>	<u>233,593</u>	<u>508,281</u>	<u>(301,894)</u>	<u>(1,870,897)</u>
Fund Balance at Beginning of Year	9,188,934	10,972,657	(208,216)	-	10,204,792	30,158,167
Major Fund Reclassification	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,227,810</u>	<u>(4,227,810)</u>	<u>-</u>
Fund Balance at Beginning of Year, as reclassified	<u>9,188,934</u>	<u>10,972,657</u>	<u>(208,216)</u>	<u>4,227,810</u>	<u>5,976,982</u>	<u>30,158,167</u>
Fund Balance at End of Year	<u>\$ 9,003,199</u>	<u>\$ 8,847,515</u>	<u>\$ 25,377</u>	<u>\$ 4,736,091</u>	<u>\$ 5,675,088</u>	<u>\$ 28,287,270</u>

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

CITY OF GARDNER, MASSACHUSETTS

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Net Changes in Fund Balances - Total Governmental Funds	\$ (1,870,897)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital purchases	9,416,442
Depreciation	(4,240,080)
The repayment of the principal of long-term debt consumes the financial resources of governmental funds, but has no effect on net position.	2,535,328
Amortization of bond premiums reduces interest expense on the statement of net position.	169,554
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, loans, etc.) differ between the two statements. This amount represents the net change in unavailable revenues.	507,348
The internal service fund is used by management to account for health insurance activities. The net activity of the internal service fund is reported with governmental activities.	(1,829,981)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in pension expense from GASB 68	1,507,361
Change in OPEB expense from GASB 75	(1,750,078)
Change in compensated absences	<u>133,340</u>
Change in Net Position of Governmental Activities	\$ <u><u>4,578,337</u></u>

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

CITY OF GARDNER, MASSACHUSETTS

 Proprietary Funds
 Statement of Net Position
 June 30, 2024

	Business-Type Activities Enterprise Funds					Governmental Activities
	Water Fund	Sewer Fund	Golf Fund	Nonmajor Funds	Total	Internal Service Fund
Assets						
Current:						
Cash and short-term investments	\$ 2,697,628	\$ 6,419,979	\$ 971,889	\$ 781,880	\$ 10,871,376	\$ -
Investments	-	-	-	-	-	2,011,907
User fees receivable	<u>1,413,230</u>	<u>1,472,968</u>	<u>-</u>	<u>690,299</u>	<u>3,576,497</u>	<u>-</u>
Total Current Assets	4,110,858	7,892,947	971,889	1,472,179	14,447,873	2,011,907
Noncurrent:						
Land and construction in progress	600,759	77,583	419,653	-	1,097,995	-
Capital assets, net of accumulated depreciation	<u>21,776,201</u>	<u>15,197,639</u>	<u>221,931</u>	<u>17,014</u>	<u>37,212,785</u>	<u>-</u>
Total Noncurrent Assets	<u>22,376,960</u>	<u>15,275,222</u>	<u>641,584</u>	<u>17,014</u>	<u>38,310,780</u>	<u>-</u>
Total Assets	26,487,818	23,168,169	1,613,473	1,489,193	52,758,653	2,011,907
Deferred Outflows of Resources						
Related to pension	153,371	161,525	121,737	42,076	478,709	-
Related to OPEB	<u>11,763</u>	<u>5,429</u>	<u>9,048</u>	<u>1,810</u>	<u>28,050</u>	<u>-</u>
Total Deferred Outflows of Resources	165,134	166,954	130,785	43,886	506,759	-

(continued)

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

CITY OF GARDNER, MASSACHUSETTS

 Proprietary Funds
 Statement of Net Position
 June 30, 2024

(continued)

	Business-Type Activities Enterprise Funds					Governmental Activities
	Water <u>Fund</u>	Sewer <u>Fund</u>	Golf <u>Fund</u>	Nonmajor <u>Funds</u>	<u>Total</u>	Internal Service <u>Fund</u>
Liabilities						
Current:						
Accounts payable	146,512	5,426	20,343	6,990	179,271	201,975
Accrued interest payable	141,252	96,852	-	-	238,104	-
Accrued claims payable	-	-	-	-	-	783,360
Current portion of long-term liabilities:						
Bonds and loans payable	676,276	652,430	-	-	1,328,706	-
Landfill liability	-	-	-	50,900	50,900	-
Total Current Liabilities	964,040	754,708	20,343	57,890	1,796,981	985,335
Noncurrent:						
Bonds and loans payable, net of current portion	9,545,000	9,211,051	-	-	18,756,051	-
Landfill liability, net of current portion	-	-	-	509,000	509,000	-
Net pension liability	1,375,035	1,448,137	1,091,420	377,229	4,291,821	-
Net OPEB liability	138,929	64,121	106,868	21,374	331,292	-
Compensated absences liability	-	-	53,371	-	53,371	-
Total Noncurrent Liabilities	11,058,964	10,723,309	1,251,659	907,603	23,941,535	-
Total Liabilities	12,023,004	11,478,017	1,272,002	965,493	25,738,516	985,335
Deferred Inflows of Resources						
Related to pension	32,994	34,749	26,189	9,052	102,984	-
Related to OPEB	47,475	21,911	36,519	7,304	113,209	-
Total Deferred Inflows of Resources	80,469	56,660	62,708	16,356	216,193	-
Net Position						
Invested in capital assets, net of related debt	12,020,342	5,411,741	641,584	17,014	18,090,681	-
Unrestricted	2,529,137	6,388,705	(232,036)	534,216	9,220,022	1,026,572
Total Net Position	\$ 14,549,479	\$ 11,800,446	\$ 409,548	\$ 551,230	\$ 27,310,703	\$ 1,026,572

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

CITY OF GARDNER, MASSACHUSETTS

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Fund
	Water Fund	Sewer Fund	Golf Fund	Nonmajor Funds	Total	
Operating Revenues						
Charges for services	\$ 3,933,223	\$ 3,451,430	\$ 1,205,321	\$ 1,871,554	\$ 10,461,528	\$ -
Employee contributions	-	-	-	-	-	2,881,358
Employer contributions	-	-	-	-	-	8,604,113
Other	-	-	34,845	1,831	36,676	-
Total Operating Revenues	3,933,223	3,451,430	1,240,166	1,873,385	10,498,204	11,485,471
Operating Expenses						
Salary and benefits	572,610	474,747	420,601	14,377	1,482,335	13,497,686
Other operating expenses	2,430,526	2,341,112	575,795	1,866,245	7,213,678	-
Depreciation	763,756	1,203,816	45,903	4,253	2,017,728	-
Total Operating Expenses	3,766,892	4,019,675	1,042,299	1,884,875	10,713,741	13,497,686
Operating Income (Loss)	166,331	(568,245)	197,867	(11,490)	(215,537)	(2,012,215)
Nonoperating Revenues (Expenses)						
Intergovernmental revenue	13,626	8,456	-	-	22,082	-
Insurance reimbursement	-	-	-	-	-	183
Investment income	83,689	117,753	13,557	15,529	230,528	182,050
Interest expense	(567,930)	(323,944)	-	-	(891,874)	-
Total Nonoperating Revenues (Expenses), Net	(470,615)	(197,735)	13,557	15,529	(639,264)	182,233
Income (Loss) Before Transfers	(304,284)	(765,980)	211,424	4,039	(854,801)	(1,829,982)
Transfers in	-	-	-	75,000	75,000	-
Transfers out	(632,609)	(353,927)	-	-	(986,536)	-
Change in Net Position	(936,893)	(1,119,907)	211,424	79,039	(1,766,337)	(1,829,982)
Net Position at Beginning of Year	15,486,372	12,920,353	198,124	472,191	29,077,040	2,856,554
Net Position at End of Year	\$ 14,549,479	\$ 11,800,446	\$ 409,548	\$ 551,230	\$ 27,310,703	\$ 1,026,572

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

CITY OF GARDNER, MASSACHUSETTS

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2024

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Fund
	Water Fund	Sewer Fund	Golf Fund	Nonmajor Funds	Total	
Cash Flows From Operating Activities						
Receipts from customers and users	\$ 3,911,902	\$ 3,627,137	\$ 1,240,166	\$ 1,847,389	\$ 10,626,594	\$ -
Payments to employees	(545,950)	(525,494)	(433,079)	(148,145)	(1,652,668)	-
Payments to vendors	(2,336,426)	(2,341,283)	(567,676)	(1,792,556)	(7,037,941)	-
Receipts from employees and employer	-	-	-	-	-	11,485,652
Payments of employee benefits and expenses	-	-	-	-	-	(13,530,817)
Net Cash Provided By (Used For) Operating Activities	1,029,526	760,360	239,411	(93,312)	1,935,985	(2,045,165)
Cash Flows From Non-Capital Financing Activities						
Transfer in/(out)	(632,609)	(353,927)	-	75,000	(911,536)	-
Net Cash Provided By (Used For) Non-Capital Activities	(632,609)	(353,927)	-	75,000	(911,536)	-
Cash Flows From Capital and Related Financing Activities						
Receipts from governments	13,626	8,456	-	-	22,082	-
Acquisition and construction of capital assets	(248,420)	(67,825)	-	-	(316,245)	-
Principal payments on bonds	(672,633)	(645,957)	-	-	(1,318,590)	-
Interest paid	(426,678)	(227,092)	-	-	(653,770)	-
Net Cash (Used For) Capital and Related Financing Activities	(1,334,105)	(932,418)	-	-	(2,266,523)	-
Cash Flows From Investing Activities						
Sale of investments	-	-	-	-	-	1,542,203
Investment income	83,689	117,753	13,557	15,529	230,528	182,050
Net Cash Provided By (Used For) Investing Activities	83,689	117,753	13,557	15,529	230,528	1,724,253
Net Change in Cash and Short-Term Investments	(853,499)	(408,232)	252,968	(2,783)	(1,011,546)	(320,912)
Cash and Short-Term Investments, Beginning of Year	3,551,127	6,828,211	718,921	784,663	11,882,922	320,912
Cash and Short-Term Investments, End of Year	\$ 2,697,628	\$ 6,419,979	\$ 971,889	\$ 781,880	\$ 10,871,376	\$ -

(continued)

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

CITY OF GARDNER, MASSACHUSETTS

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2024

(continued)

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Fund
	Water Fund	Sewer Fund	Golf Fund	Nonmajor Funds	Total	
Reconciliation of Operating Income (Loss) to Net						
Cash Provided By (Used For) Operating Activities						
Operating income (loss)	\$ 166,331	\$ (568,245)	\$ 197,867	\$ (11,490)	\$ (215,537)	\$ (2,012,215)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	763,756	1,203,816	45,903	4,253	2,017,728	-
Changes in assets, liabilities, and deferred outflows/inflows:						
User fees receivable	(21,321)	175,707	-	(25,995)	128,391	-
Deferred outflows - related to pension	80,311	104,331	72,383	15,224	272,249	-
Deferred outflows - related to OPEB	19,154	13,121	14,140	24,469	70,884	-
Accounts and other payables	94,100	(171)	8,119	6,394	108,442	(122,226)
Accrued/other liabilities	-	-	-	67,294	67,294	89,276
Compensated absences liability	-	-	1,019	-	1,019	-
Net OPEB liability	(73,785)	(63,508)	(52,668)	(159,433)	(349,394)	-
Net pension liability	49,471	(59,933)	(9,731)	52,192	31,999	-
Deferred inflows - related to pension	(11,716)	(16,118)	(10,952)	(1,911)	(40,697)	-
Deferred inflows - related to OPEB	(36,775)	(28,640)	(26,669)	(64,309)	(156,393)	-
Net Cash Provided By (Used For) Operating Activities	\$ <u>1,029,526</u>	\$ <u>760,360</u>	\$ <u>239,411</u>	\$ <u>(93,312)</u>	\$ <u>1,935,985</u>	\$ <u>(2,045,165)</u>

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

CITY OF GARDNER, MASSACHUSETTS

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2024

	<u>Private Purpose Trust Funds</u>	<u>Pension and OPEB Trust Funds</u>	<u>Custodial Funds</u>
Assets			
Cash and short-term investments	\$ -	\$ 10,319	\$ 161,306
Investments:			
Corporate equities	868,771	-	-
Mutual funds	388,065	250,783	-
Exchange-traded products	2,601,421	-	-
External investment pool	<u>-</u>	<u>75,922,878</u>	<u>-</u>
Total Investments	3,858,257	76,173,661	-
Accounts receivable	<u>-</u>	<u>468,376</u>	<u>-</u>
Total Assets	3,858,257	76,652,356	161,306
Liabilities			
Accounts payable	<u>-</u>	<u>336,318</u>	<u>-</u>
Total Liabilities	-	336,318	-
Net Position			
Restricted for pension	-	76,065,255	-
Restricted for OPEB purposes	-	250,783	-
Restricted for individuals and organizations	<u>3,858,257</u>	<u>-</u>	<u>161,306</u>
Total Net Position	\$ <u><u>3,858,257</u></u>	\$ <u><u>76,316,038</u></u>	\$ <u><u>161,306</u></u>

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

CITY OF GARDNER, MASSACHUSETTS
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024

	<u>Private Purpose Trust Funds</u>	<u>Pension and OPEB Trust Funds</u>	<u>Custodial Funds</u>
Additions			
Contributions:			
Employer	\$ -	\$ 9,351,363	\$ -
Other systems and Commonwealth of Massachusetts	-	194,494	-
Plan members	-	1,740,630	-
Transfers from other systems	-	228,471	-
Other	<u>142,060</u>	<u>8</u>	<u>129,591</u>
Total Contributions	142,060	11,514,966	129,591
Investment Income:			
Interest and dividends	326,478	-	-
Appreciation (depreciation) in fair value of investments	-	7,904,365	-
Less: Management fees	<u>-</u>	<u>(362,742)</u>	<u>-</u>
Net Investment Income (Loss)	<u>326,478</u>	<u>7,541,623</u>	<u>-</u>
Total Additions	468,538	19,056,589	129,591
Deductions			
Benefit payments to plan members and beneficiaries	-	11,295,686	-
Transfers to other systems	-	322,003	-
Reimbursements to other systems	-	307,610	-
Administrative expenses	-	198,617	-
Student activity expenses	-	-	115,300
Scholarships	<u>112,219</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>112,219</u>	<u>12,123,916</u>	<u>115,300</u>
Change in Net Position	356,319	6,932,673	14,291
Restricted Net Position			
Beginning of Year	<u>3,501,938</u>	<u>69,383,365</u>	<u>147,015</u>
End of Year	\$ <u><u>3,858,257</u></u>	\$ <u><u>76,316,038</u></u>	\$ <u><u>161,306</u></u>

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

CITY OF GARDNER, MASSACHUSETTS

Notes to Financial Statements

For the Year Ended June 30, 2024

1. **Summary of Significant Accounting Policies**

The accounting policies of the City of Gardner, Massachusetts (the City) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies:

Reporting Entity

The City is a municipal corporation governed by an elected City Council. As required by GAAP, these financial statements present the City and applicable component units for which the City is considered to be financially accountable. The criteria provided in GASB Codification section 2100 have also been considered and as a result, the component units discussed below are included in the City's reporting entity because of their operational significance and financial relationship with the City.

Discretely Presented Component Unit

The Levi Heywood Library Association (the Association) is a Massachusetts nonprofit corporation that is exempt from federal income taxes under Section 501 (a) of the Internal Revenue Code (IRC) as an organization described in IRC Section 501 (c)(3). The mission of the Association is to provide library services to the citizens of Gardner and neighboring cities.

The Association's staff is employed by the City and this support accounts for over 90% of the Association's operating revenue. Due to the significance of the City's support to the Association's operations, it has been determined to be a component unit of the City.

The Association was audited by other auditors. Additional financial information can be obtained by contacting the Association located at 55 West Lynde Street, Gardner, Massachusetts 01440.

Fiduciary Component Unit

The Gardner Contributory Retirement System (the System), which was established to provide retirement benefits primarily to employees and their beneficiaries. The System's pension trust fund is included in fiduciary funds and is presented using the accrual basis of accounting.

Additional financial information of the System can be obtained by contacting the System located at Gardner Retirement Board, 95 Pleasant St. #17, Gardner, Massachusetts 01440.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

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

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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenue items to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *School Improvement Bond Fund* is used to account for long-term capital projects related to various school properties. The projects are mostly funded by borrowing and the use of free cash.
- The *City Federal Grants Fund* is used to account for revenue and expenditures related to various federal grants.
- The *School State Grants Fund* is used to account for revenue and expenditures related to various state grants.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when 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 a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

- *Water Fund*
- *Sewer Fund*
- *Golf Fund*

The City's self-insured employee health program is reported as an internal service fund in the accompanying financial statements.

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

The City reports the following fiduciary funds:

- The *Private Purpose Trust Funds* are used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals and private organizations.
- The *Pension and OPEB Trust Funds* are used to accumulate resources for retiree post-employment benefits.
- The *Custodial Funds* account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include student activity funds.

Cash and Investments

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

Deposits with financial institutions consist primarily of demand deposits, market-linked certificates of deposits, money markets, and savings accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments."

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

Investments, generally, are presented at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution.

Property Tax Limitations

Legislation known as “Proposition 2½” has limited the amount of revenue that can be derived from property taxes. The prior fiscal year’s tax levy limit is used as a base and cannot increase by more than 2.5% (excluding new growth), unless an override is voted. Certain provisions of Proposition 2 ½ can be overridden by a referendum.

Leases Receivable

The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the effective interest method. The following assumptions are made:

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases receivable and will remeasure a lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund type Statement of Net Position. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Infrastructure	30 - 50
Machinery and equipment	5 - 10
Office equipment and furniture	5 - 10
Vehicles	5

Compensated Absences

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

Long-Term Liabilities

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

Fund Equity

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

Fund Balance

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The City has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions, as follows:

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This fund balance classification includes nonmajor governmental fund reserves for the principal portion of permanent trust funds.

- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes capital projects funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.
- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. This fund balance classification includes General Fund encumbrances for non-lapsing special article appropriations approved by City Council.
- *Assigned* represents amounts that are constrained by the City's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various City departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.
- *Unassigned* represents amounts that are available to be spent in future periods and deficit balances in non-General Fund accounts.

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

Net Position

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

Use of Estimates

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

2. Stewardship, Compliance, and Accountability

Budgetary Information

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

Departments are limited to the line items as voted. Certain items may exceed the line-item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by Massachusetts General Laws and must be raised in the next year's tax rate. At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year. Formal budgetary integration is employed as a management control device during the year for the General Fund and proprietary funds.

Deficit Fund Equity

Certain nonmajor governmental funds reflected deficit balances as of June 30, 2024:

FY23 ESSER III Grant	\$	767,654
MWIP Grant Rear Main St Phase 2		105,051
Innovation Pathway Grant/ESSER		206,928
Waterford St Building Improvement		514,224
Complete St Grant		372,693
Other Grants		<u>131,097</u>
Total	\$	<u><u>2,097,647</u></u>

It is anticipated that the deficits in these funds will be eliminated through future departmental revenues and transfers from other funds.

3. Deposits and Investments – City (Excluding the Pension Trust Fund)

Massachusetts General Laws (MGL) Chapter 44, Section 55 place certain limitation on the nature of deposits and investments available to the City. Deposits, including demand deposits, money market funds, and certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks, and Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by GASB 79, *Certain External Investment Pools and Pool Participants*, to report its investments at amortized cost, which approximates the net asset value of \$1.00 per share. MMDT has an average maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust, and OPEB funds.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. The City's policies related to the custodial credit risk of deposits consist of complying with applicable Massachusetts General Laws and obtaining collateralization agreements for any amounts in excess of FDIC or DIF.

As of June 30, 2024, \$31,135,478 of the City's bank balance was either insured or collateralized and \$6,299,885 was on deposit with the Massachusetts Municipal Depository Trust, which is the state investment pool as authorized by Massachusetts General Laws, Chapter 29, Section 38A.

Investments

The following is a summary of the City's investments as of June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 4,485,017
Corporate equities	2,117,022
Fixed income mutual funds	3,208,970
U.S. Treasury notes	3,176,841
Federal agencies	<u>868,872</u>
Total investments	<u>\$ 13,856,722</u>

Custodial Credit Risk

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

As of June 30, 2024, the City did not have investments subject to custodial credit risk exposure as all assets were held in the City's name.

Credit Risk – Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The City does not have formal investment policies related to credit risk.

As of June 30, 2024, the City's investments in U.S. Treasury notes had Standard & Poor's (S&P Global) rating of AA+, while the remaining fixed-income securities were rated as follows by S&P Global Ratings:

<u>Investment Type</u>	<u>Amount</u>	<u>AAA</u>	<u>AA - A-</u>	<u>BBB+ - B</u>	<u>Unrated</u>
Corporate bonds	\$ 4,485,017	\$ -	\$ 2,982,955	\$ 1,502,062	\$ -
Fixed income mutual funds	3,208,970	343,392	1,157,029	211,114	1,497,435
Federal agencies	<u>868,872</u>	<u>868,872</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,562,859</u>	<u>\$ 1,212,264</u>	<u>\$ 4,139,984</u>	<u>\$ 1,713,176</u>	<u>\$ 1,497,435</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investment in a single issuer. The City places no limit on the amount invested in any one issuer. The City does not have formal investment policies related to concentration of credit risk exposure.

As of June 30, 2024, the City did not have investments in any one issuer that exceeded 5% of total investments.

Interest Rate Risk – Investments in Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, however, it manages risk by the diversification and prudent selection of investment instruments and choice of depository.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations was as follows at June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>	<u>Average Maturity (Years)</u>
Corporate bonds	\$ 4,485,017	2.09
Fixed income mutual funds	3,208,970	2.26
U.S. Treasury notes	3,176,841	1.71
Federal agencies	<u>868,872</u>	2.13
Total	<u>\$ 11,739,700</u>	

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The City does not permit investments in foreign currency, which is prohibited under Massachusetts General Laws.

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.

Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The City had the following fair value measurements as of June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>	
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)
Corporate bonds	\$ 4,485,017	\$ -	\$ 4,485,017
Corporate equities	2,117,022	2,117,022	-
Fixed income mutual funds	3,208,970	1,207,412	2,001,558
U.S. Treasury notes	3,176,841	3,176,841	-
Federal agencies	<u>868,872</u>	<u>-</u>	<u>868,872</u>
Total	\$ <u>13,856,722</u>	\$ <u>6,501,275</u>	\$ <u>7,355,447</u>

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the security's relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

4. Investments – Levi Heywood Memorial Library Association (Component Unit)

The following is a summary of the Levi Heywood Memorial Library Association (the Association)'s investments as of June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>
Fixed income securities	\$ 251,534
Domestic equities	<u>697,212</u>
Total investments	\$ <u>948,746</u>

Fair Value

The Association categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The Association's investments are classified in Level 1, with inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.

5. Investments - Pension Trust Fund

At December 31, 2023, all of the Pension Trust Fund's investments totaling \$75,922,878 were in an external investment pool, the Pension Reserves Investment Trust (PRIT) Fund. The PRIT Fund was created under Massachusetts General Laws, Chapter 32, Section 22, in December 1983. Fair value is the same as the value of the pool share. The PRIT Fund is operated under contract with a private investment advisor, approved by the Pension Reserves Investment Management Board. The Pension Reserves Investment Management Board shall choose an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted under Massachusetts General Laws, Chapter 30B.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the System will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The System does not have a formal investment policy for custodial credit risk but manages custodial risk through diversification and "prudent person" principles outlined in Public Employee Retirement Administration Commission (PERAC) guidelines.

All the Pension Trust Fund's investments were comprised of pooled investment funds at December 31, 2023, which are exempt from custodial risk disclosure.

Credit Risk – Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Massachusetts General Laws, Chapter 32, Section 23, limits the investment of pension trust funds, to the extent not required for current disbursements, in the PRIT Fund or in securities, other than mortgages or collateral loans, which are legal for the investment of funds in savings banks under the laws of the Commonwealth of Massachusetts, provided that no more than the established percentage of assets, is invested in any one security.

At December 31, 2023, all of the Pension Trust Fund's investments were comprised of pooled investment funds, which are exempt from credit risk disclosure.

Concentration of Credit Risks

Massachusetts General Laws, Chapter 32, Section 23 limit the amount of pension trust funds that may be invested in any one issuer or security type, with the exception of the PRIT Fund. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit disclosure.

At December 31, 2023, all of the Pension Trust Fund's investments were in the PRIT Fund, which is exempt from concentration of credit risk disclosure.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The System does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Pension Trust Fund's investments to market interest rate fluctuations is not applicable as all of the Pension Trust Fund's investments are immediately liquid.

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The System does not have formal investment policies related to foreign currency risk and the Pension Trust Fund's investments are not subject to foreign currency risk.

Fair Value

The System categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The net asset value (NAV) per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to hierarchy level classification.

The Pension Trust Fund's fair value measurements as of December 31, 2022 were as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
Investments measured using net asset value (NAV):				
PRIT Fund	\$ 75,922,878	\$ -	Monthly	30 Days

6. Property Taxes and Excises Receivable

Real and personal property taxes are based on market values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the accrual and modified accrual basis of accounting in the government-wide and fund basis statements, respectively.

The City bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the City's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid generally occurs annually. The City ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2 ½" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assessed value of all taxable property within the City. Secondly, the tax levy cannot increase by more than 2 1/2 % of the prior year's levy plus the taxes on property newly added to the tax rolls. The actual fiscal year 2024 tax levy reflected an excess capacity of \$163,389.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth of Massachusetts. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Property taxes and departmental receivables at June 30, 2024 consisted of the following:

	<u>Gross Amount</u>
Real estate taxes	\$ 982,185
Personal property taxes	117,277
Tax liens	<u>2,181,754</u>
Total Property Taxes	<u>\$ 3,281,216</u>
 Ambulance	 \$ 938,551
Other departmental	<u>525,061</u>
Total Departmental	<u>\$ 1,463,612</u>

7. Interfund Receivable/Payable

The general stabilization investment account included in the General Fund owed the nonmajor capital project funds \$1,138,506 at June 30, 2024, which included \$625,000 for a salt shed and \$513,506 for a new fire truck.

8. Leases Receivable

Leases receivable consisted of the following at June 30, 2024:

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Net Present Value End of Year</u>
Governmental Activities/General Fund:			
Airport hangers	2.56%	04/01/40	\$ 257,286
Solar easements	2.56%	12/27/32	<u>496,772</u>
Total Governmental Activities/General Fund			<u>\$ 754,058</u>

The lease related inflows of resources totaled \$85,600 in fiscal year 2024.

9. Unearned Revenue

The balance reported in unearned revenue primarily represents the unspent portion of the American Rescue Plan Act (ARPA) grant at June 30, 2024.

10. Capital Assets – Primary Government

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 59,653,555	\$ -	\$ (660,487)	\$ 58,993,068
Machinery, equipment, and furnishings	16,316,036	1,073,327	(101,485)	17,287,878
Infrastructure	<u>45,176,933</u>	<u>1,453,890</u>	<u>-</u>	<u>46,630,823</u>
Total Capital Assets, Being Depreciated	121,146,524	2,527,217	(761,972)	122,911,769
Less accumulated depreciation for:				
Buildings and improvements	(31,943,385)	(1,629,343)	660,487	(32,912,241)
Machinery, equipment, and furnishings	(12,060,595)	(1,101,356)	101,485	(13,060,466)
Infrastructure	<u>(22,289,375)</u>	<u>(1,509,381)</u>	<u>-</u>	<u>(23,798,756)</u>
Total Accumulated Depreciation	<u>(66,293,355)</u>	<u>(4,240,080)</u>	<u>761,972</u>	<u>(69,771,463)</u>
Total Capital Assets, Being Depreciated, Net	54,853,169	(1,712,863)	-	53,140,306
Capital assets, not being depreciated:				
Land	4,373,157	-	-	4,373,157
Construction in progress (CIP)	<u>85,464,971</u>	<u>7,292,835</u>	<u>(403,610)</u>	<u>92,354,196</u>
Total capital assets, not being depreciated	<u>89,838,128</u>	<u>7,292,835</u>	<u>(403,610)</u>	<u>96,727,353</u>
Governmental Activities Capital Assets, Net	<u>\$ 144,691,297</u>	<u>\$ 5,579,972</u>	<u>\$ (403,610)</u>	<u>\$ 149,867,659</u>
Business-Type Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,316,918	\$ -	\$ -	\$ 21,316,918
Machinery, equipment, and furnishings	6,155,071	293,131	-	6,448,202
Infrastructure	<u>33,339,212</u>	<u>12,324,771</u>	<u>-</u>	<u>45,663,983</u>
Total Capital Assets, Being Depreciated	60,811,201	12,617,902	-	73,429,103
Less accumulated depreciation for:				
Buildings and improvements	(13,774,753)	(520,561)	-	(14,295,314)
Machinery, equipment, and furnishings	(4,544,209)	(484,451)	-	(5,028,660)
Infrastructure	<u>(15,879,628)</u>	<u>(1,012,716)</u>	<u>-</u>	<u>(16,892,344)</u>
Total Accumulated Depreciation	<u>(34,198,590)</u>	<u>(2,017,728)</u>	<u>-</u>	<u>(36,216,318)</u>
Total Capital Assets, Being Depreciated, Net	26,612,611	10,600,174	-	37,212,785
Capital assets, not being depreciated:				
Land	1,011,422	-	-	1,011,422
Construction in progress (CIP)	<u>12,388,230</u>	<u>18,323</u>	<u>(12,319,980)</u>	<u>86,573</u>
Total Capital Assets, Not Being Depreciated	<u>13,399,652</u>	<u>18,323</u>	<u>(12,319,980)</u>	<u>1,097,995</u>
Business-Type Activities Capital Assets, Net	<u>\$ 40,012,263</u>	<u>\$ 10,618,497</u>	<u>\$ (12,319,980)</u>	<u>\$ 38,310,780</u>

Depreciation expense was charged to functions of the City for the year ended June 30, 2024 as follows:

Governmental Activities

General government	\$ 547,953
Public safety	898,480
Education	977,217
Public works	1,697,865
Human services	70,107
Culture and recreation	<u>48,458</u>
Total Depreciation Expense - Governmental Activities	\$ <u>4,240,080</u>

Business-Type Activities

Water	\$ 763,756
Sewer	1,203,816
Golf	45,903
Solid Waste	<u>4,253</u>
Total Depreciation Expense - Business-Type Activities	\$ <u>2,017,728</u>

11. Capital Assets – Levi Heywood Memorial Library Association (Component Unit)

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 7,202,108	\$ -	\$ -	\$ 7,202,108
Furniture and fixtures	552,100	-	-	552,100
Equipment	<u>125,443</u>	<u>-</u>	<u>-</u>	<u>125,443</u>
Total Capital Assets, Being Depreciated	7,879,651	-	-	7,879,651
Less accumulated depreciation	<u>(4,047,671)</u>	<u>(222,175)</u>	<u>-</u>	<u>(4,269,846)</u>
Total Capital Assets, Being Depreciated, Net	3,831,980	(222,175)	-	3,609,805
Capital assets, not being depreciated:				
Land	389,162	-	-	389,162
Art collection	<u>98,050</u>	<u>-</u>	<u>-</u>	<u>98,050</u>
Total Capital Assets, Not Being Depreciated	<u>487,212</u>	<u>-</u>	<u>-</u>	<u>487,212</u>
Total Capital Assets, Net	\$ <u>4,319,192</u>	\$ <u>(222,175)</u>	\$ <u>-</u>	\$ <u>4,097,017</u>

12. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the City that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more formally discussed in the corresponding pension and OPEB notes.

13. Long-Term Debt***General Obligation Bonds and Loans***

The City issues general obligation bonds and direct borrowings to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

Equipment Bank Note Payable

In August 2016, the City signed an agreement with a total cost of \$6.7 million to upgrade and/or replace numerous items throughout the City with more energy efficient alternatives.

General obligation bonds and direct borrowings outstanding at June 30, 2024 were as follows:

Governmental Activities

	Original	Issue	Serial	Interest	Amount
<u>General Obligation Bonds</u>	<u>Borrowing</u>	<u>Date</u>	<u>Maturities</u>	<u>Rate(s) %</u>	<u>Outstanding</u>
			<u>Through</u>		<u>as of</u>
					<u>June 30, 2024</u>
Public offerings:					
Police Station 2014	\$ 12,000,000	03/07/14	03/01/34	3.0-5.0%	\$ 7,160,000
General Obligation 2020	5,659,000	12/08/20	12/15/40	1.0-4.0%	4,705,000
Elementary School 2021	18,778,000	08/12/21	08/01/51	2.0-5.0%	17,495,000
Elementary School 2022	22,121,187	06/23/22	01/15/52	4.0-5.0%	<u>20,640,000</u>
Total public offerings					<u>\$ 50,000,000</u>

Business-Type Activities

	Original	Serial	Serial	Interest	Amount
<u>General Obligation Bonds</u>	<u>Borrowing</u>	<u>Maturities</u>	<u>Maturities</u>	<u>Rate(s) %</u>	<u>Outstanding</u>
		<u>Through</u>	<u>Through</u>		<u>as of</u>
					<u>June 30, 2024</u>
Public offerings:					
Water Mains and Treatment Facility 2012	\$ 3,205,000	12/08/20	12/15/40	1.0-4.0%	\$ 1,190,000
Water Mains and Treatment Facility 2021	2,727,000	08/12/21	08/01/41	2.0-5.0%	2,425,000
Sewer Mains 2021	640,000	08/12/21	08/01/41	2.0-5.0%	570,000
Sewer Mains 2022	815,000	06/23/22	01/15/52	4.0-5.0%	755,000
Water Mains and Repaving 2022	6,883,813	06/23/22	01/15/52	4.0-5.0%	<u>6,395,000</u>
Total public offerings					11,335,000

Loans - Direct Borrowings

Water treatment (MWPAT 03-10)	2,895,502	02/01/07	08/01/24	2.0%	211,276
Sewer treatment (MWPAT 03-10)	840,630	02/01/07	08/01/24	2.0%	62,321
Sewer treatment (MCWT 15-21)	4,433,242	04/13/17	01/15/37	2.0%	3,093,062
Sewer Treatment (CWP-17-23)	5,802,527	05/11/21	01/15/41	2.0%	4,932,146
Sewer Treatment (CWP-17-23A)	530,533	05/11/21	01/15/41	2.0%	<u>450,952</u>
Total loans - direct borrowings					<u>8,749,757</u>
Total business-type activities					<u>\$ 20,084,757</u>

Future Debt Service

The annual payments to retire all general obligation bonds and loans payable outstanding (excluding bond premium amortization) as of June 30, 2024 were as follows:

<u>Governmental</u>	<u>Bonds - Public Offerings</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 2,295,000	\$ 1,823,601
2026	2,310,000	1,724,301
2027	2,325,000	1,624,501
2028	2,345,000	1,523,432
2029	2,365,000	1,421,839
2030 - 2034	12,155,000	5,626,965
2035 - 2039	8,215,000	3,699,283
2040 - 2044	7,370,000	2,375,630
2045 - 2049	6,825,000	1,279,144
2050 - 2055	<u>3,795,000</u>	<u>234,340</u>
Total	\$ <u>50,000,000</u>	\$ <u>21,333,035</u>

<u>Business-Type</u>	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 530,000	\$ 463,147	\$ 798,706	\$ 169,524
2026	525,000	437,347	529,641	159,021
2027	525,000	411,797	534,270	148,428
2028	525,000	386,247	538,999	137,743
2029	525,000	360,697	543,831	126,964
2030 - 2034	2,530,000	1,454,350	2,795,395	469,658
2035 - 2039	2,415,000	978,561	2,375,610	190,244
2040 - 2044	1,830,000	573,631	633,305	18,999
2045 - 2049	1,210,000	303,312	-	-
2050 - 2055	<u>720,000</u>	<u>61,202</u>	<u>-</u>	<u>-</u>
Total	\$ <u>11,335,000</u>	\$ <u>5,430,291</u>	\$ <u>8,749,757</u>	\$ <u>1,420,580</u>

The following represents future payments on the equipment bank note payable:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 296,204	\$ 103,796	\$ 400,000
2026	302,528	97,473	400,001
2027	318,764	91,236	410,000
2028	356,002	83,998	440,000
2029	393,761	76,239	470,000
2030 - 2034	2,223,095	246,905	2,470,000
2035 - 2036	<u>1,071,410</u>	<u>28,589</u>	<u>1,099,999</u>
Total	\$ <u>4,961,764</u>	\$ <u>728,236</u>	\$ <u>5,690,000</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
Bonds payable	\$ 52,265,000	\$ -	\$ (2,265,000)	\$ 50,000,000	\$ (2,295,000)	\$ 47,705,000
Unamortized bond premium	4,241,903	-	(169,554)	4,072,349	(169,554)	3,902,795
Subtotal	56,506,903	-	(2,434,554)	54,072,349	(2,464,554)	51,607,795
Note payable - direct borrowing	5,232,092	-	(270,328)	4,961,764	(296,204)	4,665,560
Net pension liability	35,957,533	-	(3,819,986)	32,137,547	-	32,137,547
Net OPEB liability	105,676,465	860,429	-	106,536,894	-	106,536,894
Compensated absences liability	991,459	-	(133,340)	858,119	-	858,119
Total	\$ 204,364,452	\$ 860,429	\$ (6,658,208)	\$ 198,566,673	\$ (2,760,758)	\$ 195,805,915
Business-Type Activities						
Bonds payable	\$ 11,865,000	\$ -	\$ (530,000)	\$ 11,335,000	\$ (530,000)	\$ 10,805,000
Direct borrowings	9,538,347	-	(788,590)	8,749,757	(798,706)	7,951,051
Subtotal	21,403,347	-	(1,318,590)	20,084,757	(1,328,706)	18,756,051
Net pension liability	4,259,822	31,999	-	4,291,821	-	4,291,821
Net OPEB liability	680,686	-	(349,394)	331,292	-	331,292
Landfill liability	492,606	67,294	-	559,900	(50,900)	509,000
Compensated absences liability	52,352	1,019	-	53,371	-	53,371
Total	\$ 26,888,813	\$ 100,312	\$ (1,667,984)	\$ 25,321,141	\$ (1,379,606)	\$ 23,941,535

Long-Term Debt Supporting Governmental and Business-Type Activities

Bonds and loans issued by the City for various municipal projects are approved by City Council and repaid with revenues recorded in the General Fund and user fees recorded in enterprise funds. All other long-term debt is repaid from the funds that the cost related to, primarily the General Fund and enterprise funds.

14. Landfill Closure and Post -Closure Care Costs

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$559,900 reported as landfill post-closure care liability at June 30, 2024 represents the remaining estimated post-closure costs. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City's Landfill Enterprise Fund is expected to fund the future monitoring costs, with funds transferred from the General Fund.

15. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets by the City that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Unavailable revenues are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year. Deferred inflows of resources related to leases are reported in fund-basis and government-wide financial statements.

16. Governmental Funds – Fund Balances

The City's fund balances at June 30, 2024 were comprised of the following:

	General Fund	School Improvement Bond Fund	City Federal Grants Fund	School State Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Prepaid expenses	\$ 334,146	\$ -	\$ -	\$ -	\$ -	\$ 334,146
Permanent funds	-	-	-	-	452,771	452,771
Total Nonspendable	334,146	-	-	-	452,771	786,917
Restricted						
Bonded projects	-	8,847,515	-	-	3,782,893	12,630,408
School choice	-	-	-	4,129,738	-	4,129,738
School lunch	-	-	-	-	836,684	836,684
Cable commission fees	-	-	-	-	766,985	766,985
Other purposes	-	-	25,377	813,281	1,880,945	2,719,603
Permanent funds	-	-	-	-	52,457	52,457
Total Restricted	-	8,847,515	25,377	4,943,019	7,319,964	21,135,875
Assigned						
General government	541,874	-	-	-	-	541,874
Public safety	517,639	-	-	-	-	517,639
Education	323,119	-	-	-	-	323,119
Public works	771,877	-	-	-	-	771,877
Health and human services	23,286	-	-	-	-	23,286
Culture and recreation	20,201	-	-	-	-	20,201
Other	5,500	-	-	-	-	5,500
Total Assigned	2,203,496	-	-	-	-	2,203,496
Unassigned						
General Fund	3,304,672	-	-	-	-	3,304,672
Stabilization Fund	3,160,885	-	-	-	-	3,160,885
Deficit fund balances	-	-	-	(206,928)	(2,097,647)	(2,304,575)
Total Unassigned	6,465,557	-	-	(206,928)	(2,097,647)	4,160,982
Total Fund Balances	<u>\$ 9,003,199</u>	<u>\$ 8,847,515</u>	<u>\$ 25,377</u>	<u>\$ 4,736,091</u>	<u>\$ 5,675,088</u>	<u>\$ 28,287,270</u>

17. Transfers

The City reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is a schedule of major interfund transfers for the year ended June 30, 2023:

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 986,536	\$ 1,760,344
Nonmajor Governmental funds:		
Special revenue funds	-	115,000
Capital project funds	<u>1,800,344</u>	<u>-</u>
Subtotal Nonmajor Governmental Funds	1,800,344	115,000
 <u>Business-Type Funds:</u>		
Water Fund	-	632,609
Sewer Fund	-	353,927
Nonmajor Funds:		
Landfill	<u>75,000</u>	<u>-</u>
Subtotal Business-Type Funds	<u>75,000</u>	<u>986,536</u>
Total	\$ <u>2,861,880</u>	\$ <u>2,861,880</u>

The City's routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the General Fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

18. Gardner Contributory Retirement System

The City follows the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* with respect to employees' retirement funds.

Plan Description

The System is a cost sharing plan governed by Chapter 32 of Massachusetts General Laws. Because of the significance of its operational and financial relationship with the City, the System's trust fund is included as a pension trust fund in the City's basic financial statements.

Substantially all employees of the City (except teachers and administrators under contract employed by the School Department) scheduled to work a minimum of 20 hours per week, are members of the Gardner Contributory Retirement System, a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid.

The System is governed by a five-member board. The five members include two appointed by the City, two elected by the members and retirees, and a fifth member chosen by the other four members with the approval of the Public Employee Retirement Administration Commission. The System Retirement Board does not have the authority to amend benefit provisions.

Membership of the System consisted of the following at January 1, 2023:

Retirees and beneficiaries receiving benefits	271
Terminated plan members entitled to but not yet receiving benefits	153
Active plan members	<u>323</u>
Total	<u><u>747</u></u>
Number of participating employers	2

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the System. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

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

For those members entering the System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

Participation is mandatory for all full-time employees whose employment commences before age 65. There are three classes of members in the retirement system:

- Group 1 – General employees, including clerical, administrative, and technical employees
- Group 2 – Employees in specified hazardous occupations (i.e., electricians)
- Group 4 – Police and firefighters

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left City employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.

- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member—provided, however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree’s beneficiary or beneficiaries of choice.
- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member’s designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or “pops up” to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable “pops up” to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The City’s contribution to the System for the year ended June 30, 2024 was \$5,742,292.

Summary of Significant Accounting Policies

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 System and additions to/deductions from System’s fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to Pension

At June 30, 2024, the City reported a liability of \$36,429,368 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the City's proportion was 96.27%, which was a decrease of 0.11% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the City recognized pension expense of \$4,284,295. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 2,602,106	\$ -
Changes in assumptions	1,094,506	289,717
Differences between expected and actual experience	232,779	547,271
Changes in proportion and differences between contributions and proportionate share of contributions	<u>133,929</u>	<u>37,144</u>
Total	\$ <u>4,063,320</u>	\$ <u>874,132</u>

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

Year Ended June 30:

2025	\$ 339,964
2026	906,932
2027	2,410,142
2028	(471,900)
2029	<u>4,050</u>
Total	\$ <u>3,189,188</u>

Actuarial Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Valuation Date	1/1/2023
Actuarial cost method	Entry Age Normal Cost Method
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	9.00 - 25.55% in year 1-2, 3.25% - 8.25% thereafter
Inflation rate	2.60% per year
Post-retirement cost-of-living adjustment	3.00% on first \$14,000

Ongoing actuarial valuation of the System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Mortality rates were based on RP-2014 table adjusted to 2006 and projected generationally with MP-2021. Mortality rates for disabled retirees follows the same table as non-disabled retirees, set forward two years.

Target Allocations

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building-block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	31-41%	
U.S. equity		4.19%
International equities		3.90%
Emerging equities		6.43%
Core fixed income	12-18%	
Core bonds		2.24%
Short-term fixed income		1.56%
Treasury STRIPS		1.56%
TIPS/ILBS		1.66%
Value-added fixed income	6-12%	5.07%
Private equity	13-19%	7.41%
Real estate	7-13%	3.90%
Timberland	1-7%	4.29%
Portfolio completion (PCS)	7-13%	3.70%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

1% Decrease	Current Discount Rate	1% Increase
<u>(6.00%)</u>	<u>(7.00.%)</u>	<u>(8.00%)</u>
\$48,065,506	\$36,429,368	\$26,592,210

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial report.

19. Massachusetts Teachers' Retirement System (MTRS)

Plan Description

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing, multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth of Massachusetts on behalf of municipal teachers and municipal teacher retirees. The Commonwealth of Massachusetts is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth of Massachusetts's reporting entity and does not issue a standalone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members – two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Contributions

Member contributions for MTRS vary depending on the most recent date of membership:

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

In addition, members who join MTRS on or after April 2, 2012 will have their withholding rates reduced to 8% for those participating in retirement, otherwise the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of creditable service.

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. This valuation used the following assumptions:

- (a) 2.50% inflation rate, (b) 7.00% investment rate of return, (c) 3.50% interest rate credited to the annuity savings fund and (d) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality from 2012-2020.
- Mortality rates were as follows:
 - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
 - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
 - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).

Target Allocations

Investment assets of the MTRS are with the PRIT Fund. 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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	37.0%	4.9%
Core fixed income	15.0%	1.9%
Private equity	16.0%	7.4%
Portfolio completion strategies	10.0%	3.8%
Real estate	10.0%	3.0%
Value added fixed income	8.0%	5.1%
Timber/natural resources	4.0%	4.3%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate (in thousands):

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$33,378,000	\$26,290,271	\$20,292,000

Special Funding Situation

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and the Commonwealth of Massachusetts is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

City Proportions

In fiscal year 2023 (the most recent measurement period), the City's proportionate share of the MTRS' collective net pension liability was \$55,170,272 based on a proportionate share of 0.210%. As required by GASB 68, the City has recognized its portion of the Commonwealth of Massachusetts's contribution of \$4,509,008 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and its portion of the collective pension expense of \$5,151,256 as both a revenue and expense on the Statement of Activities.

20. Other Postemployment Benefits (GASB 74 and GASB 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2017, the City established a single-employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a standalone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2024.

General Information about the OPEB Plan

Plan Description

The City provides postemployment healthcare benefits for retired employees through the City's plan. The City provides health insurance coverage through Blue Cross/Blue Shield. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

Benefits Provided

The City provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the City and meet the eligibility criteria will receive these benefits.

Funding Policy

The City's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on actuarially determined amounts or annual budget limitations/authorizations.

Plan Membership

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	410
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	15
Active employees	<u>509</u>
Total	<u><u>934</u></u>

Investments

The OPEB Trust Fund's assets consisted of mutual funds at June 30, 2024.

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 11.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Investment rate of return	6.00%
Municipal bond rate	3.93%
Discount rate	3.93%
Healthcare cost trend rates	7.50% for 2023, decreasing .1%-.5% per year to an ultimate rate of 5.00%

Mortality rates were based on Pub-2010 Headcount-weighted Mortality Tables, sex-distinct, for Employees (for pre-retirement) and Pub-2010 Headcount-weighted Mortality Tables, sex-distinct, for Healthy Retirees (for post-retirement), projected using generational mortality and scale MP-2021.

Target Allocations

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 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 target asset allocation as of June 30, 2024 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	29.00%	4.24%
International equity	19.00%	5.34%
Domestic bond	26.00%	1.84%
International bond	6.00%	1.68%
Alternatives	<u>20.00%</u>	5.10%
Total	<u>100.00%</u>	

Contributions

In addition to the implicit subsidy contribution, the City's policy is to contribute amounts provided annually by the budget.

Discount Rate

The discount rate used to measure the net OPEB liability was 3.93%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, the discount rate was based on the municipal bond rate of 3.93%.

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2024, were as follows:

Total OPEB liability	\$ 107,118,969
Plan fiduciary net position	<u>(250,783)</u>
Net OPEB liability	<u>\$ 106,868,186</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.23%

The fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable.

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability for the past year:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 106,557,180	\$ 200,029	\$ 106,357,151
Changes for the year:			
Service cost	4,498,943	-	4,498,943
Interest	3,988,154	-	3,988,154
Contributions - employer	-	3,609,071	(3,609,071)
Net investment income	-	24,958	(24,958)
Differences between expected and actual experience	-	-	-
Changes in assumptions*	(4,342,033)	-	(4,342,033)
Benefit payments	<u>(3,583,275)</u>	<u>(3,583,275)</u>	<u>-</u>
Net Changes	<u>561,789</u>	<u>50,754</u>	<u>511,035</u>
Balances, end of year	<u>\$ 107,118,969</u>	<u>\$ 250,783</u>	<u>\$ 106,868,186</u>

* Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2024.

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
\$ 123,731,062	\$ 106,868,186	\$ 93,367,327

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

1% Decrease (6.5%)	Current Healthcare Cost Trend Rates (7.5%)	1% Increase (8.5%)
\$ 90,035,939	\$ 106,868,186	\$ 128,871,283

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

For the year ended June 30, 2024, the City recognized an OPEB expense of \$4,924,249. At June 30, 2024, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 13,942,684
Change in assumptions	9,048,172	22,566,223
Net difference between projected and actual OPEB investment earnings	-	10,171
Total	\$ 9,048,172	\$ 36,519,078

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

<u>Year Ended June 30:</u>	
2024	\$ (3,684,035)
2025	(6,230,658)
2026	(9,430,504)
2027	(7,012,679)
2028	(1,113,030)
Total	\$ (27,470,906)

21. Consolidation of Pension and OPEB Trust Funds

The Gardner Contributory Retirement System and the City's OPEB Trust Fund are presented in a single column on pages 24 and 25. Details of the financial position as of June 30, 2024 and changes in net position for the year then ended are as follows.

	Pension Trust Fund (December 31, 2023)	Other Post-Employment Benefits Trust Fund	Pension and OPEB Trust Funds
Assets			
Cash and short-term investments	\$ 10,319	\$ -	\$ 10,319
Investments:			
Mutual funds	-	250,783	250,783
External investment pool	<u>75,922,878</u>	<u>-</u>	<u>75,922,878</u>
Total Investments	75,922,878	250,783	76,173,661
Accounts receivable	<u>468,376</u>	<u>-</u>	<u>468,376</u>
Total Assets	76,401,573	250,783	76,652,356
Liabilities			
Accounts payable	<u>336,318</u>	<u>-</u>	<u>336,318</u>
Total Liabilities	336,318	-	336,318
Net Position			
Restricted for pension	76,065,255	-	76,065,255
Restricted for OPEB purposes	<u>-</u>	<u>250,783</u>	<u>250,783</u>
Total Net Position	\$ <u>76,065,255</u>	\$ <u>250,783</u>	\$ <u>76,316,038</u>
Additions			
Contributions:			
Employer	\$ 5,742,292	\$ 3,609,071	\$ 9,351,363
Other systems and Commonwealth of Massachusetts	194,502	-	194,502
Plan members	1,740,630	-	1,740,630
Transfers from other systems	<u>228,471</u>	<u>-</u>	<u>228,471</u>
Total Contributions	7,905,895	3,609,071	11,514,966
Investment Income:			
Appreciation (depreciation) in fair value of investments	7,879,407	24,958	7,904,365
Less: Management fees	<u>(362,742)</u>	<u>-</u>	<u>(362,742)</u>
Net Investment Income (Loss)	<u>7,516,665</u>	<u>24,958</u>	<u>7,541,623</u>
Total Additions	15,422,560	3,634,029	19,056,589
Deductions			
Benefit payments to plan members and beneficiaries	7,712,411	3,583,275	11,295,686
Transfers to other systems	322,003	-	322,003
Reimbursements to other systems	307,610	-	307,610
Administrative expenses	<u>198,617</u>	<u>-</u>	<u>198,617</u>
Total Deductions	<u>8,540,641</u>	<u>3,583,275</u>	<u>12,123,916</u>
Change in Net Position	6,881,919	50,754	6,932,673
Restricted Net Position			
Beginning of Year	<u>69,183,336</u>	<u>200,029</u>	<u>69,383,365</u>
End of Year	\$ <u>76,065,255</u>	\$ <u>250,783</u>	\$ <u>76,316,038</u>

22. Self-Insurance

The City self-insures against claims for most employee health coverage. Annual estimated requirements for claims are provided in the City's annual operating budget.

The City's insurance plans are retrospectively rated policies. In other words, the City contributes a level monthly premium which is adjusted quarterly for actual claims paid.

The City contracts with an insurance carrier for excess liability coverage and an insurance consultant for claims processing. Under the terms of its insurance coverage, the City is liable for up to \$110,000 per incident. The City has no maximum aggregate liability for all claims paid within one year. The claims liability represents an estimate of claims incurred but unpaid at year-end, based on past historical costs and claims paid subsequent to year-end.

Changes in the aggregate liability for claims for the years ended June 30, 2024 and 2023 are as follows:

	2024 Health <u>Coverage</u>	2023 Health <u>Coverage</u>
Claims liability, beginning of year	\$ 694,267	\$ 607,698
Claims incurred/recognized	13,497,684	13,232,549
Claims paid	<u>(13,408,591)</u>	<u>(13,145,980)</u>
Claims liability, end of year	\$ <u>783,360</u>	\$ <u>694,267</u>

The claims liability at year-end was comprised entirely of an estimate of claims incurred but not reported by year-end.

23. Subsequent Events

Management has evaluated subsequent events through March 31, 2025, which is the date the financial statements were available to be issued.

24. Commitments and Contingencies

Outstanding Legal Issues

On an ongoing basis, there are typically pending legal issues in which the City is involved. The City's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants

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

Encumbrances

At year-end the City's General Fund had \$2,203,496 in encumbrances that will be honored in the next fiscal year.

25. New Pronouncement

The following Governmental Accounting Standards Board (GASB) pronouncements will be implemented in the future, as applicable:

- The GASB issued Statement No. 101, *Compensated Absences*, which is required to be implemented in fiscal year 2025.
- The GASB issued Statement No. 102, *Certain Risk Disclosures*, which is required to be implemented in fiscal year 2025.
- The GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which is required to be implemented in fiscal year 2026.
- The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which is required to be implemented in fiscal year 2026.

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

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CITY OF GARDNER, MASSACHUSETTS

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Other Financing Sources/(Uses) –

Budget and Actual

For the Year Ended June 30, 2024

(unaudited)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues				
Property taxes	\$ 32,579,306	\$ 32,677,115	\$ 32,432,647	\$ (244,468)
Excises	2,244,986	2,244,986	2,600,104	355,118
Penalties, interest, and other taxes	381,161	381,161	465,995	84,834
Charges for services	3,134,634	3,175,459	3,285,340	109,881
Intergovernmental	33,514,662	33,514,662	33,643,412	128,750
Licenses and permits	283,616	283,616	512,179	228,563
Fines and forfeitures	73,330	73,330	88,370	15,040
Investment income	25,000	25,000	973,007	948,007
Miscellaneous	<u>407,684</u>	<u>619,078</u>	<u>1,001,192</u>	<u>382,114</u>
Total Revenues	72,644,379	72,994,407	75,002,246	2,007,839
Expenditures				
General government	3,473,852	4,330,590	4,180,096	150,494
Public safety	9,502,623	10,187,637	9,997,354	190,283
Education	32,371,386	33,526,222	33,526,222	-
Public works	2,863,946	4,441,901	4,441,901	-
Health and human services	1,060,721	1,182,493	1,150,430	32,063
Culture and recreation	1,024,479	1,143,452	1,137,115	6,337
Employee benefits	16,287,892	16,287,892	15,804,415	483,477
Debt service	4,661,106	4,661,106	4,623,209	37,897
Intergovernmental	<u>1,995,594</u>	<u>1,756,936</u>	<u>1,756,927</u>	<u>9</u>
Total Expenditures	<u>73,241,599</u>	<u>77,518,229</u>	<u>76,617,669</u>	<u>900,560</u>
Excess (Deficiency) of Revenues over Expenditures	(597,220)	(4,523,822)	(1,615,423)	2,908,399
Other Financing Sources/(Uses)				
Transfers in	597,220	597,220	631,762	34,542
Transfers out	-	(976,612)	(976,612)	-
Use of assigned fund balance	-	2,738,675	-	(2,738,675)
Use of free cash	<u>-</u>	<u>2,164,539</u>	<u>-</u>	<u>(2,164,539)</u>
Total Other Financing Sources/(Uses)	<u>597,220</u>	<u>4,523,822</u>	<u>(344,850)</u>	<u>(4,868,672)</u>
Overall Budgetary Excess (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(1,960,273)</u>	\$ <u>(1,960,273)</u>

See Independent Auditors' Report.

**Notes to Required Supplementary Information
for General Fund Budget**

Budgetary Basis

The General Fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from GAAP. Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP Basis	\$ 79,511,254	\$ 78,923,181	\$ (773,808)
Add end of year appropriation carryforwards to expenditures	-	2,203,496	-
To reverse the effect of non-budgeted State contributions for teachers retirement	(4,509,008)	(4,509,008)	-
To add back stabilization transfer			354,774
Other differences	<u>-</u>	<u>-</u>	<u>74,184</u>
Budgetary Basis	<u>\$ 75,002,246</u>	<u>\$ 76,617,669</u>	<u>\$ (344,850)</u>

CITY OF GARDNER, MASSACHUSETTS
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
(Unaudited)
(Amounts expressed in thousands)

Gardner Contributory Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2024	December 31, 2023	96.27%	\$36,429	\$16,248	224.21%	66.8%
June 30, 2023	December 31, 2022	96.38%	\$40,217	\$15,663	256.76%	62.4%
June 30, 2022	December 31, 2021	95.85%	\$28,356	\$15,303	185.30%	72.8%
June 30, 2021	December 31, 2020	95.82%	\$36,972	\$14,560	253.93%	63.4%
June 30, 2020	December 31, 2019	95.69%	\$41,591	\$14,156	293.80%	58.2%
June 30, 2019	December 31, 2018	96.05%	\$42,854	\$12,527	342.09%	54.5%
June 30, 2018	December 31, 2017	95.76%	\$35,854	\$12,285	291.85%	59.8%
June 30, 2017	December 31, 2016	95.51%	\$39,812	\$11,762	338.48%	53.9%
June 30, 2016	December 31, 2015	95.43%	\$38,336	\$10,920	351.06%	53.6%
June 30, 2015	December 31, 2014	95.79%	\$34,546	\$10,465	330.11%	56.6%

Massachusetts Teachers' Retirement System								
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the City</u>	<u>Total Net Pension Liability Associated with the City</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2024	June 30, 2023	0.21%	\$0	\$55,170	\$55,170	\$18,563	N/A	58.5%
June 30, 2023	June 30, 2022	0.21%	\$0	\$54,047	\$54,047	\$15,425	N/A	57.8%
June 30, 2022	June 30, 2021	0.21%	\$0	\$48,112	\$48,112	\$16,695	N/A	62.0%
June 30, 2021	June 30, 2020	0.21%	\$0	\$59,865	\$59,865	\$15,590	N/A	50.7%
June 30, 2020	June 30, 2019	0.21%	\$0	\$54,016	\$54,016	\$15,413	N/A	54.0%
June 30, 2019	June 30, 2018	0.22%	\$0	\$52,040	\$52,040	\$14,939	N/A	54.8%
June 30, 2018	June 30, 2017	0.22%	\$0	\$50,640	\$50,640	\$15,255	N/A	54.3%
June 30, 2017	June 30, 2016	0.23%	\$0	\$51,852	\$51,852	\$14,904	N/A	52.7%
June 30, 2016	June 30, 2015	0.24%	\$0	\$48,175	\$48,175	\$14,565	N/A	55.4%
June 30, 2015	June 30, 2014	0.24%	\$0	\$37,761	\$37,761	\$14,565	N/A	61.6%

See Independent Auditors' Report.

CITY OF GARDNER, MASSACHUSETTSRequired Supplementary Information
Schedule of Pension Contributions

(Unaudited)

(Amounts expressed in thousands)

Gardner Contributory Retirement System

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2024	\$5,519	\$5,519	\$0	\$16,248	33.97%
June 30, 2023	\$5,164	\$5,181	(\$17)	\$15,663	33.08%
June 30, 2022	\$4,799	\$4,834	(\$35)	\$15,303	31.59%
June 30, 2021	\$4,425	\$4,433	(\$8)	\$14,560	30.45%
June 30, 2020	\$4,075	\$4,075	\$0	\$14,156	28.79%
June 30, 2019	\$3,901	\$3,901	\$0	\$12,527	31.14%
June 30, 2018	\$3,686	\$3,686	\$0	\$12,285	30.00%
June 30, 2017	\$3,485	\$3,485	\$0	\$11,762	29.63%
June 30, 2016	\$3,279	\$3,279	\$0	\$10,920	30.03%
June 30, 2015	\$3,105	\$3,105	\$0	\$10,465	29.67%

Massachusetts Teachers' Retirement System

Fiscal Year	Actuarially Determined Contribution Provided by Commonwealth	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2024	\$4,509	\$4,509	\$0	\$18,119	24.89%
June 30, 2023	\$4,394	\$4,394	\$0	\$18,563	23.67%
June 30, 2022	\$3,705	\$3,705	\$0	\$15,425	24.02%
June 30, 2021	\$3,258	\$3,258	\$0	\$16,695	19.51%
June 30, 2020	\$3,093	\$3,093	\$0	\$15,590	19.84%
June 30, 2019	\$2,886	\$2,886	\$0	\$15,413	18.72%
June 30, 2018	\$2,734	\$2,734	\$0	\$14,939	18.30%
June 30, 2017	\$2,608	\$2,608	\$0	\$15,255	17.10%
June 30, 2016	\$2,403	\$2,403	\$0	\$14,904	16.12%
June 30, 2015	\$2,227	\$2,227	\$0	\$14,565	15.29%

See Independent Auditors' Report.

CITY OF GARDNER, MASSACHUSETTS
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability
(Unaudited)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability								
Service cost	\$ 4,498,943	\$ 4,394,045	\$ 6,478,240	\$ 6,201,627	\$ 5,133,601	\$ 4,562,376	\$ 4,790,887	\$ 5,736,706
Interest	3,988,154	4,151,715	3,083,054	3,379,232	4,086,663	3,871,913	3,566,773	3,063,959
Changes of benefit terms	-	-	-	-	(1,707,462)	-	-	-
Differences between expected and actual experience	-	(13,055,833)	-	(11,993,763)	-	(1,066,547)	-	-
Changes of assumptions	(4,342,033)	(30,727)	(29,362,261)	(4,468,843)	30,962,161	11,893,059	(4,854,961)	(13,084,732)
Benefit payments, including refunds of member contributions	<u>(3,583,275)</u>	<u>(3,576,119)</u>	<u>(3,561,368)</u>	<u>(3,573,204)</u>	<u>(3,223,547)</u>	<u>(3,015,765)</u>	<u>(2,694,837)</u>	<u>(2,598,945)</u>
Net Change in Total OPEB Liability	561,789	(8,116,919)	(23,362,335)	(10,454,951)	35,251,416	16,245,036	807,862	(6,883,012)
Total OPEB Liability - Beginning	<u>106,557,180</u>	<u>114,674,099</u>	<u>138,036,434</u>	<u>148,491,385</u>	<u>113,239,969</u>	<u>96,994,933</u>	<u>96,187,071</u>	<u>103,070,083</u>
Total OPEB Liability - Ending (a)	107,118,969	106,557,180	114,674,099	138,036,434	148,491,385	113,239,969	96,994,933	96,187,071
Plan Fiduciary Net Position								
Contributions - employer	3,609,071	3,602,283	3,597,485	3,596,224	3,254,532	3,030,661	2,717,578	2,623,310
Net investment income (loss)	24,958	13,747	(28,513)	26,197	2,435	7,447	(230)	658
Benefit payments, including refunds of member contributions	<u>(3,583,275)</u>	<u>(3,576,119)</u>	<u>(3,561,368)</u>	<u>(3,573,204)</u>	<u>(3,223,547)</u>	<u>(3,015,765)</u>	<u>(2,694,837)</u>	<u>(2,598,945)</u>
Net Change in Plan Fiduciary Net Position	50,754	39,911	7,604	49,217	33,420	22,343	22,511	25,023
Plan Fiduciary Net Position - Beginning	<u>200,029</u>	<u>160,118</u>	<u>152,514</u>	<u>103,297</u>	<u>69,877</u>	<u>47,534</u>	<u>25,023</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u>250,783</u>	<u>200,029</u>	<u>160,118</u>	<u>152,514</u>	<u>103,297</u>	<u>69,877</u>	<u>47,534</u>	<u>25,023</u>
Net OPEB Liability - Ending (a-b)	<u>\$ 106,868,186</u>	<u>\$ 106,357,151</u>	<u>\$ 114,513,981</u>	<u>\$ 137,883,920</u>	<u>\$ 148,388,088</u>	<u>\$ 113,170,092</u>	<u>\$ 96,947,399</u>	<u>\$ 96,162,048</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the City's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

CITY OF GARDNER, MASSACHUSETTS
Required Supplementary Information
Schedules of the Net OPEB Liability, Contributions, and Investment Returns
(Unaudited)

Schedule of Net OPEB Liability	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$ 107,118,969	\$ 106,557,180	\$ 114,674,099	\$ 138,036,434	\$ 148,491,385	\$ 113,239,969	\$ 96,994,933	\$ 96,187,071
Plan fiduciary net position	<u>(250,783)</u>	<u>(200,029)</u>	<u>(160,118)</u>	<u>(152,514)</u>	<u>(103,297)</u>	<u>(69,877)</u>	<u>(47,534)</u>	<u>(25,023)</u>
Net OPEB liability	<u>\$ 106,868,186</u>	<u>\$ 106,357,151</u>	<u>\$ 114,513,981</u>	<u>\$ 137,883,920</u>	<u>\$ 148,388,088</u>	<u>\$ 113,170,092</u>	<u>\$ 96,947,399</u>	<u>\$ 96,162,048</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.20%	0.10%	0.10%	0.06%	0.06%	0.05%	0.03%
Covered employee payroll	\$ 35,787,251	\$ 34,744,904	\$ 37,307,849	\$ 30,424,259	\$ 30,177,268	\$ 28,202,316	\$ 27,635,969	\$ 26,575,037
Net OPEB liability as a percentage of covered employee payroll	298.62%	306.11%	306.94%	453.20%	491.72%	401.28%	350.80%	361.85%
Schedule of Contributions*	<u>2024*</u>	<u>2023*</u>	<u>2022*</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ 11,920,000	\$ 9,218,000	\$ 8,272,000	\$ 8,319,000	\$ 7,413,000
Contributions in relation to the actuarially determined contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,589,000</u>	<u>3,255,000</u>	<u>3,031,000</u>	<u>2,718,000</u>	<u>2,623,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,331,000</u>	<u>\$ 5,963,000</u>	<u>\$ 5,241,000</u>	<u>\$ 5,601,000</u>	<u>\$ 4,790,000</u>
Contributions as a percentage of covered employee payroll				24.10%	19.76%	18.58%	20.27%	18.02%
Schedule of Investment Returns	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money weighted rate of return, net of investment expense	11.39%	7.85%	-16.22%	22.45%	2.77%	14.93%	-0.60%	5.48%

*The actuary has not calculated an actuarially determined contribution.

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the City's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.