



## Northern Middlesex Council of Governments

A Multi-Disciplinary Regional Planning Agency Serving:

Billerica – Chelmsford – Dracut – Dunstable – Lowell – Pepperell – Tewksbury – Tyngsborough – Westford

### NOTICE OF MEETING

The next meeting of the Northern Middlesex Council of Governments (NMCOG) will be held on **Wednesday, March 20, 2024 at 7:00 p.m. at NMCOG, 672 Suffolk Street, Suite 100, Lowell, MA 01854** with optional remote access via Zoom. To join this meeting via Zoom, please go to: <https://us02web.zoom.us/j/83176268692>. The Meeting ID is: 831 7626 8692. If you are joining by phone, dial (309) 205-3325, Meeting ID# 831 7626 8692#

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### AGENDA

1. **Call to Order and Roll Call**
2. **Meeting Minutes** – (Vote Required)  
Minutes from NMCOG Council Meeting 2/21/24
3. **Financial Report and Warrant** - (Vote Required)
4. **FY2023 NMCOG Audit Presentation** – Representatives from Anstiss & Co., P.C.
5. **2024 Greater Lowell Comprehensive Economic Development Strategy (CEDS) Annual Performance Report** (Endorsement Vote Required)  
-presentation by Christopher Glenn Hayes, Housing and Economic Development Manager
6. **Report of the Executive Director** – February 2024
7. **Community Exchange**
8. **Reminders and Announcements**  
*NMMPO Meeting* - March 27, 2024, 2 PM  
*NMCOG Council Meeting* – April 17, 2024, 7 PM
9. **Other Business** not known at the time of posting of this agenda
10. **Adjourn**

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### CITY/TOWN CLERKS: PLEASE POST PURSUANT TO OPEN MEETING LAW

Please contact Lesley Shahbazian at [lshahbazian@nmcog.org](mailto:lshahbazian@nmcog.org) with any questions on this agenda.

**Northern Middlesex Council of Governments**  
**672 Suffolk Street, Suite 100**  
**Lowell, MA 01854**

**Minutes from Council Meeting February 21, 2024**

**I.** The February 21, 2024 meeting of the Northern Middlesex Council of Governments (NMCOG) was held hybrid at 672 Suffolk Street, Suite 100, in the conference room and via Zoom. The meeting was called to order by Andrew Deslaurier at 7:00 PM. The following were in attendance:

Councilors:

- Andrew Deslaurier, Chair, Billerica Select Board
- Christopher Tribou, Assistant Clerk, Billerica Planning Board
- Mary McBride, Clerk, Billerica Alternate
- Pat Wojtas, MPO Rep, Chelmsford Select Board
- Annita Tanini, Chelmsford Planning Board
- Douglas Bruce, Chelmsford Alternate
- Heather Santiago-Hutchings, Dracut Select Board
- Philippe Thibault – Dracut Alternate
- Jim Wilkie, Dunstable Planning Board
- Gerard Frechette, Treasurer, Lowell Planning Board
- Chuck Walkovich, Pepperell Select Board
- Stephen Themelis, Vice Chair, Pepperell Alternate
- Jayne Wellman, Assistant Treasurer, Tewksbury Select Board
- Darrin Wizst, Westford Planning Board

Staff:

- Jennifer Raitt, Executive Director
- Kelly Lynema, Deputy Director

**II. Approval of Minutes**

The Minutes of the January 13, 2024 Special Council meeting were distributed to all Councilors for review. Based on a Motion by Stephen Themelis, seconded by Mary McBride on a roll call vote, the Council approved the Minutes of the January 13, 2024 Special Council Meeting.

The Minutes of the Council meeting on January 17, 2024 were distributed to all Councilors for review. Based on a Motion by Stephen Themelis, seconded by Mary McBride on a roll call vote, the Council approved the Minutes of the January 17, 2024 Council meeting.

### **III. Financial Report and Warrant**

Gerard Frechette, Treasurer, Lowell Planning Board, presented the Financial Report and Warrant for review and approval. Based on a Motion by Philippe Thibault, seconded by Mary McBride, following a roll call vote, the Council unanimously approved the Financial Report and Warrant.

### **IV. Finance Committee Report – Approval of Community Assessments for FY 2025 (Vote Required)**

Gerard Frechette presented the Finance Committee Report. The Finance Committee – consisting of Gerard, Andrew, Jayne, Ms. Raitt, Kelly, and Sara- met on February 6, 2024 to discuss increasing the Community Assessments.

The objective was to bring the assessments up to where they reflect the services we provide. The Finance Committee voted to recommend to the Council the next fiscal year assessment. A three year plan was proposed, but each year will require a separate vote.

Stephen Themelis recommended an explanation of services be provided to each municipality so they know what they are getting for their money. Gerard Frechette agreed.

Pat Wojtas asked if there is a requirement to get permission to go above the 2½%. Ms. Raitt explained that there is not an additional step for approval by each community.

Ms. Raitt will send a letter updating Town Treasurers with the assessment for FY25. She will also explain the assessments and approach to the municipal CEOs. Invoices will be sent this spring prior to the start of the fiscal year. These steps follow the same process as prior years.

Based on a Motion by Stephen Themelis, seconded by Mary McBride, following a roll call vote, the Council unanimously approved the FY 2025 recommended increase in the Community Assessments.

### **V. Presentation and Discussion of Development Schedules for: FFY 2025 – 2029 Transportation Improvement Plan (TIP) Development and FFY 2025 Unified Planning Work Program (UPWP)**

Ms. Raitt presented the Development Schedule for the FFY 2025 – 2029 Transportation Improvement Plan (TIP). All the information presented is also included in the Envision 2050 plan, which is our regional transportation plan.

Details of this presentation are in the meeting materials that were distributed prior to this meeting.

Ms. Raitt also presented the Development Schedule for the FFY 2025 Unified Planning Work Program (UPWP). This is for informational purposes only – a Council vote is not required. Details of this presentation are in the meeting materials that were distributed prior to this meeting.

Ms. Raitt also explained that for the last three fiscal years NMCOG did not spend approximately \$280,000 in MassDOT funding. If we do not use this money it becomes de-obligated. In the future with a proper plan, we will aim to spend the full annual obligation and propose to MassDOT ways to utilize de-obligated funds in alignment with MassDOT's allowable uses and spending requirements.

## **VI. Schedule of NMCOG meetings March through June (Vote Required)**

Ms. Raitt presented the Proposed FY25 and FY26 budget process and Council meeting timeline that the Finance Committee discussed to better align with our municipalities with Town government structures. Towns' follow fiscal year budget planning that begins in the fall and ends by the time the Council approved the recommended next fiscal year assessments. Moving this schedule up will better align with our work and communities processes moving forward.

Additionally, Ms. Raitt request moving the May 15<sup>th</sup> Council meeting to May 22<sup>nd</sup>. At this meeting the Council will review and may approve the Council budget for the next fiscal year. Ms. Raitt also proposed canceling the June Council meeting and instead have our final strategic planning meeting on Thursday, June 13<sup>th</sup> at 7:00 PM. We may include a brief business meeting at the start of this meeting if needed.

Further details of this budget process and timeline can be found in the handout that was distributed at the meeting.

Based on a Motion by Jayne Wellman, seconded by Mary McBride, following a roll call vote, the Council unanimously approved changing the May 15<sup>th</sup> Council meeting to May 22<sup>nd</sup> and cancelling the June Council meeting and replacing it with a Thursday night meeting on June 13<sup>th</sup> as part of the Strategic Planning retreat.

## **VII. Report of the Executive Director – January 2024**

The Executive Director's report was distributed for review to the Council in advance of this meeting. Ms. Raitt shared some highlights:

The Federal Transit Administration and Federal Highway Administration conducted a four-year Federal Certification Review. The full day in-person meeting was well-orchestrated and attended by many NMCOG staff. Ms. Raitt thanked multiple staff

who helped pull together the review materials to prepare for the day, the presentation materials, the logistics, and other details. She also thanked those staff present who helped with brief presentations and answering questions about MPO activities. Attendees included MassDOT and LRTA staff. The results of this meeting will be solidified in draft report in May and finalized in June.

Next week we will hold our first public forum for the Greater Lowell Vision Zero Plan.

The Town of Pepperell requested our assistance with a Sealer for Weights and Measures. NMCOG will be providing services through the end of this fiscal year and will be contracting for the next fiscal year as well.

Due to the predicted snow storm, the "At Home in Greater Lowell" meeting was rescheduled to March 12<sup>th</sup>.

The Northern Middlesex Stormwater Collaborative hosted a meeting this week and it was well attended with all members present.

NMCOG provided assistance to the Town of Dunstable with preparing and submitting a MassTrails grant application. NMCOG is available to provide these services to all our communities to research and help pursue state and federal funding opportunities.

The Northern Middlesex CEO group supporting NMCOG applying for a Community Compact Regionalization Grant to fund a regional housing coordinator and help develop a regional housing services office.

The audit is in progress and will be presented as the March or April Council meeting.

NMCOG is in the process of hiring a new transportation planning program manager following Paul Christner's departure. NMCOG also welcomed Meghan Tenhoff as the new Sustainability Planner II.

## **VIII. Community Exchange**

Westford – Darrin Wizst – MBTA communities is still on top of the agenda. Westford had their second public meeting where there was a consultant there to answer any questions. Another public outreach session will be held in a few weeks prior to Annual Town Meeting.

Pepperell – Stephen Themelis – a new gluten free bakery just opened up at 49 Main Street in a renovated building. It has been very well received in the community.

Lowell – Gerard Frechette – reported on accessory dwelling units. More details on this are provided in the handout he provided during the meeting.

Dunstable – Jim Wilkie – He thanked Kelly Lynema for her help with the MassTrails grant application. The Town is forecasting a three-year shortfall of about \$2.5 million. An operating override is being discussed.

Dracut – Heather Santiago – She thanked Kelly Lynema for attending their first MBTA public session. A survey is being distributed. They are facing a \$3 million deficit. Town leaders are exploring solutions. A friendly 40B was endorsed. It is a 40 unit rental on the corner of Bridge Street and Cross Road and it will add to their affordable housing inventory.

Chelmsford – Pat Wojtas – Today was the soft opening for the first brewery in Chelmsford. Annita Tanini – the MBTA is coming up for Annual Town Meeting.

Billerica – Andrew Deslaurier – there is another MBTA community information session next Monday, which have been positive and well attended overall. The Town Center vote was overturned by ballot and this was very disappointing.

## **IX. Reminders and Announcements**

Greater Lowell Vision Zero Public Forum – February 27, 6-8 PM

NMCOG Open House – March 14, 4-6 PM

NMCOG Council Meeting – March 20, 7 PM

NMMPO Meeting February 28, 2:00 PM

At Home in Greater Lowell – March 12, 1-4 PM

## **X. Adjournment**

Following a motion made by Mary McBride and seconded by Jayne Wellman on a voice vote the Council unanimously adjourned the meeting at 8:32 pm.

### **CLERK'S CERTIFICATE**

I certify that this is a true copy of the Minutes of the meeting of  
February 21, 2024.

Attest:



Mary K. McBride, Clerk

Northern Middlesex Council of Governments  
Vendor & Payroll Warrant  
03/21/2024 through 04/17/2024

Date: March 20, 2024

Amount: \$

106,600.35

WE THE COUNCILORS OF NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS BY A MOTION TO APPROVE, VOTE IN FAVOR TO AUTHORIZE PAYMENT OF THIS WARRANT.

SIGNED:  \_\_\_\_\_, Executive Director  
Jennifer Raitt

- \_\_\_\_\_, Billerica
- \_\_\_\_\_, Billerica
- \_\_\_\_\_, Billerica
- \_\_\_\_\_, Chelmsford
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- \_\_\_\_\_, Westford
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- \_\_\_\_\_, Westford

Northern Middlesex Council of Governments  
Warrant Report

Vendor	Amount	Description
AMPO	175.00	Job Posting
Canon Financial Services	682.83	Copier Lease March 2024
Carbon Colors	1,710.00	W&M labels
Comcast	144.32	Business Internet
Cytracom	468.25	Telephone
Fortune Lowell LLC	6,832.11	Rent April 2024
GMS	250.00	Accounting Program
Guardian Life Insurance	400.25	Life Insurance April 2024
Khmerpost USA LLC	448.64	Transportation Advertising/translation
MMA	75.00	Job Posting
National Grid - Electric	377.62 *	Estimated
National Grid - Gas	525.70 *	Estimated
PCG	125.00	IT Maintenance
Renaissance Alliance Insurance	2,457.76	Office Insurance
Rice Lake	44.80	Shipping for W&M Cases
Staples	771.59	Office Supplies
The Lowell Publishing Group	691.18	Transportation Advertising/translation
Verizon	50.00	Stormwater Mobile Broadband 4GB SHR
<b>Vendor Totals</b>	<b>16,230.05</b>	

Payroll & Taxes	Amount	Description
PR-07	45,185.15	Pay period 03/09/24-03/22/24
PR-08	45,185.15	Pay period 03/23/24-04/05/24
<b>Payroll &amp; Taxes Totals</b>	<b>90,370.30</b>	

**Warrant Total** **106,600.35**



**NORTHERN MIDDLESEX COUNCIL  
OF GOVERNMENTS**

**Financial Statements and  
Auditor's Reports**

**June 30, 2023**

DRAFT

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## **Independent Auditor's Report**

To the Council  
Northern Middlesex Council of Governments  
Lowell, Massachusetts

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities of Northern Middlesex Council of Governments (the Council), as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Northern Middlesex Council of Governments as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northern Middlesex Council of Governments, 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.

#### ***Other Information***

##### ***State Board of Retirement Dispute***

The Council has not recorded retirement plan liabilities and expenses relating to its participation in the Massachusetts State Employee's Retirement System (MSERS). Please refer to Note 14 - Contingencies included in these financial statements.

### ***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 Northern Middlesex Council of Governments' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northern Middlesex Council of Governments' 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 Northern Middlesex Council of Governments' ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison schedule, schedule of Council’s proportionate share of net pension liability, schedule of pension contributions, schedule of changes in the Council’s net OPEB liability and related ratios, schedule of OPEB contributions, and schedule of investment returns – OPEB as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Middlesex Council of Governments’ basic financial statements. The accompanying schedule of indirect cost rate, combining schedules of revenue and expenses, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 basic 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, schedule of indirect cost rate and combining schedules of revenue and expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reports Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024 on our consideration of Northern Middlesex Council of Governments’ internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations,

contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northern Middlesex Council of Governments' the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Northern Middlesex Council of Governments' internal control over financial reporting and compliance.

Anstiss & Co., P.C.  
Chelmsford, Massachusetts  
March 20, 2024

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**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Required Supplementary Information (unaudited)**  
**Management's Discussion and Analysis**  
**June 30, 2023**

The following is offered to the readers of the Northern Middlesex Council of Governments' financial statements. It is a narrative overview and analysis of the financial performance of the Northern Middlesex Council of Governments (the Council) during the fiscal year ended June 30, 2023. Please read this discussion and analysis in conjunction with the Council's basic financial statements, which begin on page 7. This financial report is designed to provide a general overview of the Council's finances for all those with an interest in the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Council at 672 Suffolk Street Suite 100, Lowell, MA 01854.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council is a special-purpose government agency engaged in only business type activities. As such, its financial statements consist of only those financial statements required for proprietary funds and the related notes.

Revenue is recorded when earned and expenses are recorded when incurred. The financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. These are followed by the notes to the financial statements. In addition to the financial statements, this report also contains supplemental schedules presenting a calculation of the Council's indirect cost rate used for contract reimbursement purposes, a combining schedule of grant/contract revenue and expenses and a schedule comparing actual operating results with the related budgeted amounts.

The statement of net position presents information on the assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The statement of revenues, expenses and changes in net position reports the operating revenues and expenses for the fiscal year used to determine the net change in position. That change combined with the previous year's end net position total reconciles to the net position total at the end of this fiscal year.

The statement of cash flows reports cash activities for the fiscal year resulting from operating activities. The net result of these activities added to the beginning of the year cash balance reconciles to the cash balance at the end of the current fiscal year.

The notes to the financial statements provide additional information that is essential to the understanding of the data provided in the basic financial statements. The notes to the financial statements can be found beginning on page 12 of the report.

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Required Supplementary Information (unaudited)**  
**Management's Discussion and Analysis**  
**June 30, 2023**

**Condensed Financial Information**

	<u>FY 2023</u>	<u>FY 2022</u>
Current and other assets	\$ 1,462,522	\$ 1,298,041
Non-current assets	48,167	128,682
Total assets	<u>1,510,689</u>	<u>1,417,723</u>
Current liabilities	383,718	520,723
Non-current liabilities	499,794	955,083
Total liabilities	<u>883,512</u>	<u>1,475,806</u>
Net position	<u>627,177</u>	<u>(58,083)</u>
Revenues – operating	1,792,474	1,402,501
Expenses and other charges	1,107,214	1,388,675
Change in net position	<u>\$ 685,260</u>	<u>\$ 13,826</u>

**Financial Highlights**

The assets of the Council exceeded its liabilities at the close of the most recent fiscal year by \$627,177. Total net position increased by \$685,260 for the year ended June 30, 2023. The expenses, except for depreciation and amortization, are funded annually through assessments and a combination of federal, state, and local assistance. The Council’s net position consists primarily of cash and accounts receivable.

Key factors in the changes in net assets are as follows:

- Contract revenue decreased by \$381,434 or 29%.
- Total expenses decreased by \$281,461 or 20%.
- Revenues from assessments from member communities were \$105,591.

**Economic Factors and Next Year’s Budget**

Although NMCOG continued to experience significant staff turnover throughout fiscal year 2023, the outcome was a positive upward trend. It is anticipated that revenue will remain steady during FY 2024. The Council approved FY 2024 operating budget on June 21, 2023 for total expenditures of \$2,168,423.



**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**

**Statement of Net Position**

**June 30, 2023**

**Assets**

Current assets:

Cash and cash equivalents - unrestricted	\$ 1,147,473
Accounts receivable	303,119
Prepaid expenses	<u>11,930</u>
Total current assets	<u>1,462,522</u>

Non-current assets:

Right-of-use asset, net of accumulated amortization	30,986
Fixed assets, net	<u>17,181</u>
Total non-current assets	<u>48,167</u>

Total assets	<u><u>\$ 1,510,689</u></u>
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**Liabilities**

Current liabilities:

Accounts payable	\$ 4,179
Accrued compensation	87,306
Contract advances	237,964
Deferred revenue	20,920
Interest payable - lease liability	166
Lease liability - current	<u>33,183</u>
Total current liabilities	<u>383,718</u>

Non-current liabilities:

Other post employment benefits	<u>499,794</u>
Total non-current liabilities	<u>499,794</u>

Total liabilities	<u>883,512</u>
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**Net position**

Unrestricted - OPEB	(499,794)
Unrestricted - general	<u>1,111,971</u>
Total unrestricted net position	612,177
Restricted net position	<u>15,000</u>

Total net position	<u>627,177</u>
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Total liabilities and net position	<u><u>\$ 1,510,689</u></u>
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*The accompanying notes are an integral part of these financial statements.*

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2023**

<b>Operating revenues</b>	
Federal, state and local grants	\$ 1,555,708
Local assessments	105,591
Other income	<u>131,175</u>
Total operating revenues	<u>1,792,474</u>
Other revenue - pension support from nonemployer contributing entity (Note 10)	<u>92,615</u>
Total revenue	<u>1,885,089</u>
<b>Expenses</b>	
Direct payroll	666,507
Other direct costs	81,345
Unallowed costs / adjustments	(421,514)
Indirect costs	<u>780,876</u>
Total operating expenses	1,107,214
Pension expense (Note 10)	<u>92,615</u>
Total expenses	<u>1,199,829</u>
<b>Change in net position</b>	<u>685,260</u>
<b>Net position - beginning</b>	<u>(58,083)</u>
<b>Net position - ending</b>	<u><u>\$ 627,177</u></u>

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

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**

**Statement of Cash Flows  
For the Year ended June 30, 2023**

<b>Cash flows from operating activities</b>	
Cash received from grants and assessments	\$ 1,781,203
Other income	5,348
Cash payments to employees	(969,298)
Cash payments to suppliers	(600,052)
Net cash provided by operating activities	<u>217,201</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Capital expenditures	(18,230)
Net cash used for capital and related financing activities	<u>(18,230)</u>
Net increase in cash	198,971
<b>Cash and cash equivalents - beginning</b>	<u>948,502</u>
<b>Cash and cash equivalents - ending</b>	<u><u>\$ 1,147,473</u></u>
<b><i>Reconciliation of Change in Net Position to Net Cash Used by Operating Activities</i></b>	
Change in net position	\$ 685,260
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation	1,049
Amortization of right-of-use asset	97,696
Repayment of lease liability	(95,333)
Change in assets and liabilities:	
Increase in accounts receivable	(3,961)
Decrease in prepaid expenses	29,451
Decrease in accounts payable	(5,566)
Decrease in accrued compensation	(65,555)
Increase in contract advances	106,356
Increase in deferred revenue	17,508
Decrease in grants payable	(125,827)
Decrease in other post employment benefits	(423,877)
Net cash provided by operating activities	<u><u>\$ 217,201</u></u>

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

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Statement of Fiduciary Net Position**  
**June 30, 2023**

	<u>OPEB Trust</u>
<b>Assets</b>	
Cash and short term investments	\$ -
Investments	<u>336,545</u>
Total Assets	<u><u>\$ 336,545</u></u>
<b>Net position</b>	
Net position restricted to postemployment benefits other than pensions	<u><u>\$ 336,545</u></u>

DRAFT

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Statement of Change in Fiduciary Net Position**  
**For the Year Ended June 30, 2023**

	OPEB Trust
<b>Additions</b>	
Employer contributions	\$ 60,540
Investment income:	
Net increase in value of investments	31,802
Less: investment expenses	-
Net investment income	31,802
Total additions	92,342
<b>Deductions</b>	
Benefits paid	(60,540)
<b>Change in net position</b>	31,802
<b>Net position - beginning</b>	304,743
<b>Net position - ending</b>	\$ 336,545

DRAFT

# NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS

## Notes to Financial Statements

June 30, 2023

### NOTE 1. Nature of the Organization

The Northern Middlesex Council of Governments was established as a public body corporate in accordance with Section 3, Chapter 40B of the General Laws of the Commonwealth of Massachusetts on July 20, 1959. The Council was established primarily to assist a city or town to plan jointly with other cities and towns, and to promote with the greatest efficiency and economy the coordinated and orderly development of areas within its jurisdiction and the general welfare and prosperity of its citizens. The member municipalities of Billerica, Chelmsford, Dracut, Dunstable, Lowell, Pepperell, Tewksbury, Tyngsboro and Westford are each represented on the council. The Council members, alternates and advisory committee members receive no compensation other than reimbursements for certain allowable expenses. The Council is directed by statute to make certain studies of the District's resources, possibilities and needs and, on the basis of such comprehensive study plans, to recommend undertakings for the physical, social and economic improvements of the District. The criteria provided in Government Accounting Standards Board (GASB) Statement No. 14, as modified, have been considered and there are no agencies which should be presented as component units in these financial statements of the Council.

### NOTE 2. Summary of Significant Accounting Policies

#### A. Basis of Presentation

The financial statements of the Council have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Council applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails, and all of the GASB pronouncements issued subsequently. The more significant of the Council's accounting policies are described below:

The operations of the Council are accounted for as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the Council are included in the Statement of Net Position.

Fiduciary Fund Component Unit: The NMCOG OPEB Trust was established for the sole purpose of providing funding for post-employment health care benefits. The Trust is presented using accrual basis accounting and is reported in the fiduciary funds statement. The Trust did not issue a separate audited statement.

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements**

**June 30, 2023**

**NOTE 2. Summary of Significant Accounting Policies (continued)**

**B. Budget**

The Council must establish an operating budget each year so that the amounts reflect the sum of (a) the aggregate of all revenue projected to be received by the Council, including available surplus funds less (b) the aggregate of all annual appropriations for expenditures. The budget for all operations of the Council is prepared by the Executive Director and is acted upon by the full Council. The budget is prepared on the accrual basis.

**C. Cash and Cash Equivalents**

Cash includes amounts in demand deposits. Cash equivalents include all highly liquid deposits with an original maturity of three months or less when purchased. These deposits are fully collateralized or covered by federal deposit insurance except as stated in Note 3. The carrying amount of the cash equivalents is fair value. For purposes of the statement of cash flows, the Council considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**D. Compensated Absences**

Employees of the Council are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. The Council's policy is to recognize the costs of vacation when earned, not when paid. Accordingly, a liability in the amount of \$44,101 is included in accrued compensation on the accompanying Statement of Net Position at June 30, 2023.

**E. Capital Assets and Depreciation**

Fixed assets are recorded at cost. Depreciation is computed by using the straight-line method based upon the estimated useful lives of the assets. Assets acquired under federal or state grants and contracts are recorded at cost, are capitalized directly to net assets and are depreciated over their estimated useful lives using the straight-line method. Depreciation on general fixed assets is charged to operations as an indirect cost. Depreciation on grant assets is charged directly against net position. Capital assets are defined as assets with initial costs exceeding \$5,000. Expenditures for repair and maintenance are expensed.

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements**

**June 30, 2023**

**NOTE 2. Summary of Significant Accounting Policies (continued)**

**F. Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

**G. Concentration of Credit Risk**

Financial instruments which potentially subject the Council to concentrations of credit risk consist principally of accounts receivable. The Council's primary accounts receivable are due from Massachusetts State Agencies. The Council places its cash investments with high credit banks. Management routinely assesses the financial strength of the institutions as a means to minimize this risk. Management considers credit risks to be minimal.

**H. Allocation of Indirect Expenses**

Indirect expenses are allocated to contracts at the end of each month based upon the ratio of direct salaries for each grant or contract to total direct salaries for the month.

**I. Pensions**

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

**J. Other Postemployment Benefits**

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



**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements**

**June 30, 2023**

**NOTE 2. Summary of Significant Accounting Policies (continued)**

**K. Leases**

The Council follows GASB Statement No. 87, “Leases” which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard establishes the right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term of more than twelve months. Leases with terms of twelve months or less are exempt from being capitalized.

The Council has measured and recorded its lease obligations at the present value of future lease payments using a discount rate of 6.0% based on its incremental borrowing rate as of the effective date of the lease.

**L. Completed Grants**

Completed grants are subject to audit by the appropriate grantor agency. These audits sometimes disclose differences between actual overhead and applied overhead costs, which result in charges or payments to the Council. Any net position or liability at June 30, 2023 resulting from potential audits is not considered material by management and no amount has been recorded on the books for potential grantor agency audit adjustments.

**M. Statement of Net Position**

The statement of net position presents all of the Council’s assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

**Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed of the acquisition, construction or improvement of those assets.

**Restricted net position** results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation. \$15,000 was restricted for the Council’s work on the regional housing strategy plan at June 30, 2023.

**Unrestricted net position** consists of net position which does not meet the definition of the two preceding categories.

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Notes to Financial Statements**  
**June 30, 2023**

**NOTE 2. Summary of Significant Accounting Policies (continued)**

**N. Revenue**

The principal revenues of the Council are revenues received from federal, state and local contracts. The Council also recognizes as operating revenue the assessments received from member communities. Operating expenses for the Council include the direct costs of performing the required services under the planning contracts, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Grant/contract revenue received in excess of the related program expenses incurred is reflected on the statement of Net Position as contract advances. Program expenses incurred in excess of related grant/contract revenue received is reflected on the statement of net position as accounts receivable (if recoverable from the contract). The Council also recognizes as operating revenue the assessments received from member communities

**O. New Accounting Pronouncements**

During 2023, the following GASB Pronouncements were adopted and implemented, when necessary, the Council. The adoption of these statements did not have a material impact on the Council's financial statements.

- No. 91, *Conduit Debt Obligations*
- No. 94, *Public-Private and Public-Private Partnerships and Availability Payment Agreements*
- No. 96, *Subscription-Based Information Technology Arrangements*
- No. 99, *Omnibus 2022*
- No. 100, *Accounting Change and Error Corrections*
- No. 101, *Compensated Absences*

The GASB has not issued any further statements which require adoption subsequent to June 30, 2023.

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Notes to Financial Statements**  
**June 30, 2023**

**NOTE 3. Cash and Investments**

The following represents essential risk information about the Council's deposits and investments.

**A. Investment Policy**

State and local statutes place certain limitations on the nature of deposits and investments available to the Council. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved.

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. Government or Agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

It is the Council's policy to invest in money market, certificate of deposit, savings or checking accounts insured by the FDIC and Depositors Insurance Fund (DIF). Deposits at year-end in the amount of \$1,147,473 were held in accounts of this type.

**B. Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Council does not have a deposit policy for custodial risk. As of June 30, 2023, \$-0- of the Council's bank balance of \$1,147,473 was exposed to custodial credit risk as uninsured and uncollateralized.

**C. Fair Value Measurements**

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

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Notes to Financial Statements**  
**June 30, 2023**

**NOTE 3. Cash and Investments (continued)**

**D. OPEB Trust Investment Summary**

**(a) Investment Summary**

The OPEB Trust investments at June 30, 2023 are presented below. All investments are presented by investment type.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>	
		<u>Less Than One</u>	<u>One - Five</u>
MSQ II Model Port Moderate Portfolio	\$ 336,545	\$ 336,545	\$ -
Total investments	<u>\$ 336,545</u>	<u>\$ 336,545</u>	<u>\$ -</u>

**(b) Credit Risk**

As of June 30, 2023, the OPEB Trust's investment in fixed income mutual funds were rated at AA+ and the investments in money market mutual funds were not rated.

As of June 30, 2023, the OPEB Trust's investments were not exposed to custodial or concentration credit risk.

**NOTE 4. Accounts Receivable**

All grant amounts and their related receivables are subject to final audit by the applicable Federal and State grantor agencies with the possibility of claims of overpayment being made by those agencies. Management believes that no significant liabilities will arise from audits to be performed. The Federal government has a reversionary interest in the unused balances of advance payments, any funds improperly applied, and in property and facilities purchased or otherwise made available under the grant. At June 30, 2023 all accounts receivable were deemed to be collectable.

**NOTE 5. Fixed Assets**

Fixed assets consisted of the following as of the fiscal year ending.

	<u>Grant Asset</u>	<u>Fixed Assets</u>	<u>Total</u>
Fixed Assets	\$ -	\$ 115,264	\$ 115,264
Accumulated depreciation	-	(98,083)	(98,083)
Balance – June 30, 2023	<u>\$ -</u>	<u>\$ 17,181</u>	<u>\$ 17,181</u>

Depreciation expense charged to operations for the year ended June 30, 2023 was \$1,049.

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements**

**June 30, 2023**

**NOTE 6. Local Assessments**

The Council received local matching funds of \$105,591 through an assessment of its member communities. The assessments are calculated on a per capita formula based on the most recent U.S. Census. These funds are distributed to the active grants during the period based upon costs incurred and the required matching formula.

**NOTE 7. Employee Termination Liabilities**

In accordance with its personnel policies, the Council is liable to its employees at time of separation for accumulated vacation time.

**NOTE 8. Risk Management**

In conjunction with its normal operations, the Council is exposed to various risks related to the damage or destruction of its assets from both natural and man-made occurrences, tort/liability claims, errors and omissions claims and professional liability claims. As a result of these exposures, the Council has developed a comprehensive risk management program. There have been no significant reductions in coverage from the prior year.

**NOTE 9. Other Postemployment Benefit (OPEB) Disclosures**

**A. Plan Description**

The Council's healthcare plan (the Plan) is a single employer defined benefit healthcare plan administered by the Council. The Council provides medical benefits to eligible retirees and their spouses. Chapter 32B of the Massachusetts General Laws assigns the authority to establish and amend benefit provisions. The Plan does not issue a separate report.

**B. Benefits Provided**

Personnel retiring from the Council after ten years of service, and their spouses, dependents and survivors may continue in the Council's least cost group health and/or dental insurance plan until such time as they are Medicare eligible. The retiree shall reimburse the Council for the cost of the insurance plan in an amount equivalent to the cost share for the Council's current active employees. Upon becoming Medicare eligible, the retiree must enroll in Medicare, and is then eligible for Medicare supplemental insurance through the Council's group plan. While under the Council's group plan, the retiree must provide the same cost share contributions as the Council's active employees. The retiree is also eligible for dental insurance coverage through the Council's group plan at the same contribution rate as an active employee.

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements**

**June 30, 2023**

**NOTE 9. Other Postemployment Benefit (OPEB) Disclosures (continued)**

**C. Funding Policy**

The contribution requirements of Plan members and the Council are established and may be amended by the state legislature. The required contribution is based on the current pay-as-you-go financing requirement. In addition, the Council may pre-fund an additional amount as determined annually by the Council.

The Council has established an Other Post-Employment Benefits (OPEB) Irrevocable Trust. The trust was established for the sole purpose of providing for the advance funding of future costs of retired employee health insurance and other benefits provided to retirees.

**D. Net OPEB Liability**

The Council's net OPEB liability was measured as of June 30, 2023 for the year ended June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

**E. Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2022	\$1,228,414	\$304,743	\$923,671
Changes for the year:			
Service cost	52,885	-	52,885
Interest	44,223	-	44,223
Differences between expected and actual experience	(428,643)	-	(428,643)
Employer contributions	-	60,540	(60,540)
Net investment income	-	31,802	(31,802)
Benefit payments	(60,540)	(60,540)	-
Administrative expense	-	-	-
Net Changes	(392,075)	31,802	(423,877)
Balance at June 30, 2023	\$ 836,339	\$336,545	\$499,794

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Notes to Financial Statements**  
**June 30, 2023**

**NOTE 9. Other Postemployment Benefit (OPEB) Disclosures (continued)**

**E. Changes in the Net OPEB Liability (continued)**

*Sensitivity of the total OPEB liability to changes in the discount rate.* In the event the discount rate were 1 percent higher or lower than forecast and employee contributions were to increase at the forecast rates, the total OPEB liability as of June 30, 2023 would change as follows:

	1% Decrease 2.6%	Current Discount Rate 3.6%	1% Increase 4.6%
Net OPEB liability (asset)	\$ 577,110	\$ 499,794	\$ 431,838

*Sensitivity of the total OPEB liability to changes in the healthcare trend.* In the event that healthcare trend rates were 1 percent higher or lower than forecast and employee contributions were to increase at the forecast rates, the total OPEB liability as of June 30, 2023 would change as follows:

	Healthcare Cost Trend - 1%	Healthcare Cost Trend Assumed	Healthcare Cost Trend +1%
Net OPEB liability (asset)	\$ 432,238	\$ 499,794	\$ 576,830

**F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the Council recognized OPEB expense of \$(423,877). At June 30, 2023, the Council had fully amortized the deferred inflows of resources related to OPEB.

**NOTE 10. Retirement Plans**

**General Information about the Pension Plan**

This footnote is required by GASB 68 and is presented in its entirety for informational purposes only as the state has the responsibility for the net pension liability and annual contributions based on the Council's position noted below.

# NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS

## Notes to Financial Statements

June 30, 2023

### NOTE 10. Retirement Plans (continued)

#### A. Plan Description

Effective January 1, 1972 the Council established a contributory retirement system for its employees pursuant to Section 28 (4) of Chapter 32 of the General Laws. The Council has become a member of the MSERS. MSERS is a public employees retirement system (PERS) that administers a cost-sharing, multiple-employer, defined benefit pension plan. The Council has traditionally not been required to contribute since their admission and is reporting the plan's activities as a "special funding situation" as defined in GASB 68.

The Retirement System provides retirement, disability, and death benefits to plan members and beneficiaries. Chapter 32 of Massachusetts General Laws (MGL) assigns Council to establish and amend benefit provisions of the plan. Management of MSERS is vested in the Massachusetts State Retirement Board. The Retirement System issues a publicly available financial report, which can be obtained through the Commonwealth of Massachusetts, Public Employee Retirement Administration Council, One Ashburton Place, Boston, Massachusetts 02108.

#### B. Benefits Provided

MSERS provides retirement, disability, cost of living adjustments, 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 three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any consecutive five years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, group creditable service level of compensation, and group classification. The Council for amending these provisions rests with the Legislature.

#### C. Funding Policy

Plan members are required to contribute to the Retirement System at rates ranging from 5% to 11% of annual covered compensation. The Council is required to pay into the Retirement System its share of the systemwide actuarially determined contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth reimburses the Retirement System for a portion of benefit payments attributed to cost-of-living increases granted prior to July 1, 1998. Chapter 32 of the MGL governs the contributions of plan members and the Council. Through the year ended June 30, 2023 the Council has not contributed to the Retirement System. For the year ended June 30, 2023 the Council's "actual required contribution" of \$92,615 was assumed by parties other than the Council through the special funding arrangement referred to above.



**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Notes to Financial Statements**  
**June 30, 2023**

**NOTE 10. Retirement Plans (continued)**

**D. Pension Liabilities, Pension expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the Council has a liability of \$1,852,012 for its proportionate share of the net pension liability. The presentation of this amount is for disclosure purposes only and has not been recorded on the Council's financial statements as it will be funded under the special funding arrangement referred to above. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. Updated procedures were used to roll forward the total pension liability to June 30, 2022. The Council's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Council's proportion of net pension liability was 13.314%.

Since MSERS performs an actuarial valuation bi-annually, there are no reported amounts for changes in benefit terms differences between expected and actual experience and changes in assumptions as of June 30, 2022.

In the MSERS retirement system report for the year ended June 30, 2022, in addition to assets, the statement of fiduciary net position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of fiduciary net position that applies to a future period (s) and so will not be recognized as an outflow of resources (deduction) until then.

In addition to liabilities, the statement of fiduciary net position will sometimes report a separate section for deferred inflow of resources. This separate financial element, *deferred inflow of resources*, represents an acquisition of net position that applies to future period (s) and so will not be recognized as an inflow of resources (addition) until that time. MSERS netted the inflows and outflows of the system and reported them as deferred inflows.

For the year ended June 30, 2023, the Council recognized pension expense of \$92,615 offset by a corresponding amount labeled as other revenue – pension support from non-employer contributing entity. At June 30, 2023, the Council had net outflows related to pensions from the following sources:

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements**

**June 30, 2023**

**NOTE 10. Retirement Plans (continued)**

**D. Pension Liabilities, Pension expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on pension plan investments	\$ 46,070	\$ 72,285
Changes of assumptions	50,989	-
Net differences between projected and actual investment earnings	-	9,873
Changes in proportions	40,935	214,2038
	\$ 137,994	\$ 296,361

Amounts reported as deferred inflows and out flows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:  
2024 31,035

**E. Actuarial Assumptions**

The total pension liability in the January 1, 2021 actuarial valuation and the related update to June 30, 2022 (the measurement date), were determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method	Individual entry age normal cost method
Asset valuation method	Uses a corridor approach where the actuarial value of assets cannot be less than 90% nor greater than 110% of the market value.
Inflation	2.5%
Salary increases	Based on analysis of past experience but range from 4.0% to 9.0% depending on group and length of service.
Investment rate of return	7.00% per year of net investment expenses.

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Notes to Financial Statements**  
**June 30, 2023**

**NOTE 10. Retirement Plans (continued)**

**E. Actuarial Assumptions**

Cost of living adjustments	3.0% cost of living increase per year.
Mortality rates:	
Pre-retirement	The RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2020 and set forward one year for females.
Post-retirement	The RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2020 and set forward one year for females.
Disability	Mortality rate is assumed to be in accordance with the RP-2014 Healthy Annuitant Table projected generationally with Scale MP-2020 and set forward one year.

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022.

Investment assets of MSERS are with the Pension Reserve Investment Trust (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 weighing 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 PTIT's target asset allocation of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	38.0%	4.2%
Core fixed income	15.0%	0.5%
Private equity	15.0%	7.3%
Portfolio Completion Strategies	10.0%	2.7%
Real estate	10.0%	3.3%
Value added fixed income	8.0%	3.7%
Timber/natural resources	4.0%	3.9%
Total	100.00%	

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements**

**June 30, 2023**

**NOTE 10. Retirement Plans (continued)**

**F. Discount Rate (continued)**

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the Commonwealth’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 pension 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.

**G. Sensitivity of the Council’s proportionate share of the net pension liability to changes in the discount rate**

The following presents the Council’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Council’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Council's proportionate share of the net pension liability	\$2,554,346	\$1,852,012	\$1,257,735

**Other Pension Plans**

The Council also administers a deferred compensation plan through which employees can participate in a voluntary, payroll-deducted retirement program created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death approved or unforeseeable emergency. All amounts of compensation deferred, property purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of participants and their beneficiaries.

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements**

**June 30, 2023**

**NOTE 11. Health Benefits**

Health, dental, vision and life insurance benefits for employees are provided through the Group Insurance Council of the Commonwealth of Massachusetts. As part of the Council's membership in this organization it will also provide health benefits to former employees who have retired. The Council will pay a minimum of 75% of premiums. The Council also purchases statutory workers compensation insurance. In fiscal 2018 the Council adopted the provisions of GASB Statement No. 75 *Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Pensions*.

**NOTE 12. Matching Contributions**

The Council did not have any matching contributions for the year ended June 30, 2023 which qualify under its grant agreements in accordance with the Uniform Guidance. These amounts are not recorded in the financial statements. They represent amounts identified by third parties meeting the criteria for matching contributions as stated in the Uniform Guidance which do not meet the revenue recognition criteria under generally accepted accounting principles.

**NOTE 13. Facilities Lease**

The Council leases its office facility located at 40 Church Street, Suite 200, Lowell, Massachusetts. The lease expired on October 31, 2022. However, the Council has entered into a twelve-month extension through October 31, 2023.

In accordance with GASB Statement No. 87, *Leases*, The Council has recorded a lease asset in the amount of \$216,898 and was reported net of accumulated amortization with an unamortized balance of \$30,986 June 30, 2023. A corresponding lease liability has been recorded in the amount of \$33,183 June 30, 2023 under this operating lease based on the present value of the remaining lease payments for the lease term discounted at a rate of 6.0%.

Total lease expense under this agreement amounted to \$102,341 for the year ended June 30, 2023, and is included in Indirect costs and unallowed costs/adjustments in the accompanying statement of revenues, expenses, and changes in net position. The components of the lease expense are as follows for the year ended June 30, 2023:

Amortization expense of lease asset	\$ 97,222
Interest expense on lease liability	<u>5,119</u>
Total lease expense	<u>\$ 102,341</u>

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements**

**June 30, 2023**

**NOTE 13. Facilities Lease (continued)**

The following is a summary of future lease payments reconciled to the lease liability at June 30<sup>th</sup>:

Fiscal year 2024	\$ 33,599
Total minimum lease payments	33,599
Less discounted portion	(416)
Lease liability at June 30, 2023	<u>\$ 33,183</u>

**NOTE 14. Contingencies and Uncertainties**

The Council has received notification from the State Board of Retirement of a potential assessment in the amount of \$569,305 for reimbursement of the Council's proportionate share of retiree benefits paid to former employees for calendar years 2013 through 2022. The Council has not recorded this liability. The Council has also received invoices assessing ongoing liability for reimbursement of approximately \$85,000 - \$225,000 per year since 2015. The Council joined the State Retirement System effective January 1, 1972 and has never been assessed nor made employer contributions to the System nor have they ever been required to reimburse the state for specific benefits paid. The State contends that under Massachusetts General Law, Chapter 32, Section 4, subsections a-c, the Council is to be treated as a nonspecial funding situation. It is the Council's opinion that it is, and has been for over forty years, in a special funding arrangement as defined by GASB 68. The Council's position is contrary to that presented in the published Massachusetts State Employees' Retirement System report.

The Council has joined other similarly affected agencies in pursuing legislative relief from this, and any other, assessment for employer contributions or reimbursements. There are presently other Regional Planning Agencies established under the same statutes as the Council that are deemed to be in a special funding arrangement. It is the Council's intention to vigorously pursue a legislative resolution that will result in the determination that it is in a special funding situation. The Council's ability to continue as a going concern could be at risk as they do not have the ability to recover either required contributions or reimbursement assessments under present, and anticipated, federal and state contracts. This would also impact their ability to fund OPEB liabilities referred to in Note 9.

All financial statements, footnote disclosures made, and schedules prepared to satisfy GASB 68 requirements have been presented based on the Council's opinion that it is in a special funding situation. No net pension liability for the current year nor prior period adjustment have been reported as, under a special funding situation, the responsibility for these items belongs to the non-employer contributing entity.

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements**

**June 30, 2023**

**NOTE 15. Change in Accounting Estimate**

During 2023, the Council was informed by the Massachusetts Department of Transportation that it would no longer need to track or return grant funds due to any changes from the approved provisional indirect rate to the final indirect rate. For over 20 years the Council had been tracking these changes which amounted to a liability in the amount of \$125,827 as of June 30, 2022. This liability was reversed and is included in other income in the accompanying statement of revenues, expenses and changes in net position as of June 30, 2023.

**NOTE 16. Subsequent Events**

ASC 855-10, “*Subsequent Events*” defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Council’s management has evaluated events subsequent from June 30, 2023 through March 20, 2024, which is the date the financial statements were available to be issued.

In August 2023, the Council entered into a an agreement to lease office space located at 672 Suffolk Street, Lowell, Massachusetts. The effective start date of per the lease was December 2023 with an expiration date of November 30, 2033.

The following is a summary of future lease payments reconciled to the lease liability at June 30<sup>th</sup>:

2024	\$	44,660
2025		77,900
2026		80,225
2027		82,625
2028		85,093
Thereafter		506,923
Total minimum lease payments	\$	<u>877,426</u>

There were no other material events noted during this period that would impact the results in this report of the Council’s results going forward.

**Supplementary Schedules**

DRAFT



**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Schedule of Indirect Cost Rate**  
**For the Year Ended June 30, 2023**

<b>Expenses</b>	<b>Total Costs</b>	<b>Unallowed Costs</b>	<b>Direct Payroll</b>	<b>Indirect Costs</b>	<b>Other Direct Costs</b>
Personnel - direct	\$ 666,507	\$ -	\$ 666,507	\$ -	\$ -
Personnel - clerical and administrative	272,412	-	-	272,412	-
Fringe benefits - vacation, sick, holiday	30,379	-	-	30,379	-
Fringe benefits - insurance	233,435	-	-	233,435	-
Fringe benefits - payroll taxes	13,515	-	-	13,515	-
Travel	5,616	-	-	-	5,616
Equipment and information technology	42,744	-	-	42,744	-
Supplies	19,471	-	-	11,532	7,939
Utilities	6,334	-	-	6,334	-
Other direct costs	67,790	-	-	-	67,790
Insurance - general	6,823	-	-	6,823	-
Advertising	11,199	-	-	11,199	-
Depreciation	1,049	-	-	1,049	-
Occupancy	100,712	-	-	100,712	-
Postage	880	-	-	880	-
Telephone	7,762	-	-	7,762	-
Professional development	4,182	-	-	4,182	-
Professional fees	31,418	-	-	31,418	-
Administrative/contract travel	341	-	-	341	-
OPEB funding/GASB 87 cumulative effect	(421,514)	(421,514)	-	-	-
Dues and subscriptions	6,159	-	-	6,159	-
<b>Total expenses</b>	<b>\$ 1,107,214</b>	<b>\$ (421,514)</b>	<b>\$ 666,507</b>	<b>\$ 780,876</b>	<b>\$ 81,345</b>

Indirect Costs / Direct Salaries = Indirect Cost Rate  
\$ 780,876 = 117.1595%  
\$ 666,507

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

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Combining Schedule of Revenues and Expenses**  
**For the Year ended June 30, 2023**

	Eliminations	NMSCOG FY22 39022	NMSCOG FY23 39023	Mass DOT 114678 30850	Mass DOT 118971 30950	EDA Economic Recovery and Resiliency Plan (CARES Act) 37075
<b>Revenues</b>						
Federal, state and local grants	\$ -	\$ -	\$ 15,000	\$ 234,511	\$ 718,507	\$ 61,726
Local assessments	-	-	105,591	-	-	-
In-kind revenue	(2,062)	-	-	-	-	2,062
Other income	-	404	130,771	-	-	-
<b>Total revenues</b>	<b>1,792,474</b>	<b>404</b>	<b>251,362</b>	<b>234,511</b>	<b>718,507</b>	<b>63,788</b>
<b>Expenses</b>						
Direct payroll	-	-	-	102,694	326,807	29,295
Travel	-	-	-	354	484	-
Supplies	-	-	-	2,605	1,493	-
Other direct costs	(2,062)	2,661	3,657	11,413	19,149	2,062
Unallowed costs	-	-	(421,514)	-	-	-
Indirect costs	-	-	-	120,316	382,886	34,322
<b>Total expenses</b>	<b>1,107,214</b>	<b>2,661</b>	<b>(417,857)</b>	<b>237,382</b>	<b>730,819</b>	<b>65,679</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 685,260</b>	<b>\$ (2,257)</b>	<b>\$ 669,219</b>	<b>\$ (2,871)</b>	<b>\$ (12,312)</b>	<b>\$ (1,891)</b>

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

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Combining Schedule of Revenues and Expenses**  
**For the Year ended June 30, 2023**

	Sealer W&M 31245	DLTA XV 37750	DLTA XVI 37840	DLTA-A 37860	MVPC:DOER Regional Energy 34940	MAPC/Mass Trails 32265	N.M. Stormwater Collaborative 32310
<b>Revenues</b>							
Federal, state and local grants	\$ 106,262	\$ 131,607	\$ 76,931	\$ 2,939	\$ 30,462	\$ 2,909	\$ 52,800
Local assessments	-	-	-	-	-	-	-
In-kind revenue	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Total revenues	106,262	131,607	76,931	2,939	30,462	2,909	52,800
<b>Expenses</b>							
Direct payroll	45,002	64,914	34,274	1,352	14,080	1,333	6,306
Travel	2,139	237	730	4	43	-	1,518
Supplies	2,271	-	1,286	-	-	-	191
Other direct costs	25	90	485	-	-	-	1,078
Unallowed costs	-	-	-	-	-	-	-
Indirect costs	52,725	76,053	40,156	1,583	16,495	1,561	7,388
Total expenses	102,162	141,294	76,931	2,939	30,618	2,894	16,481
<b>Excess (deficiency) of revenues over expenses</b>	\$ 4,100	\$ (9,687)	\$ -	\$ -	\$ (156)	\$ 15	\$ 36,319

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

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Combining Schedule of Revenues and Expenses**  
**For the Year ended June 30, 2023**

	Pictometry 2021 38412	Pictometry 2024 38413	Tyngsborough MHP 3ATA Tech. Asst. 35840	Dracut OSRP 35750	LRTA(P) CY2022 36010	LRTA(P) CY2023 36011	National Fish and Wildlife Grant 37025
<b>Revenues</b>							
Federal, state and local grants	\$ 30,516	\$ 15,238	\$ 10,325	\$ 12,569	\$ 25,642	\$ 17,811	\$ 9,953
Local assessments	-	-	-	-	-	-	-
In-kind revenue	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>30,516</b>	<b>15,238</b>	<b>10,325</b>	<b>12,569</b>	<b>25,642</b>	<b>17,811</b>	<b>9,953</b>
<b>Expenses</b>							
Direct payroll	-	-	4,561	5,954	14,749	10,543	4,643
Travel	-	-	-	23	-	50	34
Supplies	-	-	-	-	93	-	-
Other direct costs	29,182	-	-	-	50	-	-
Unallowed costs	-	-	-	-	-	-	-
Indirect costs	-	-	5,344	6,975	17,280	12,352	5,440
<b>Total expenses</b>	<b>29,182</b>	<b>-</b>	<b>9,905</b>	<b>12,952</b>	<b>32,172</b>	<b>22,945</b>	<b>10,117</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 1,334</b>	<b>\$ 15,238</b>	<b>\$ 420</b>	<b>\$ (383)</b>	<b>\$ (6,530)</b>	<b>\$ (5,134)</b>	<b>\$ (164)</b>

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

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenues</b>			
Grants	\$ 1,550,268	\$ 1,555,708	\$ 5,440
Local assessments	105,591	105,591	-
Other income	6,000	131,175	125,175
	<u>1,661,859</u>	<u>1,792,474</u>	<u>130,615</u>
<b>Expenses</b>			
Direct payroll	660,820	666,507	(5,687)
Travel	8,000	5,616	2,384
Supplies	8,000	7,939	61
Other direct costs	62,615	67,790	(5,175)
Indirect costs	900,006	780,876	119,130
Unallowed costs (OPEB and other)	-	(421,514)	421,514
	<u>1,639,441</u>	<u>1,107,214</u>	<u>532,227</u>
<b>Excess of revenues over expenses - budgetary</b>	<u>\$ 22,418</u>	<u>\$ 685,260</u>	<u>\$ 662,842</u>

**Notes to Required Supplementary Information**

OPEB expenses are not included in the budget as the Council is not able to reasonably estimate this amount.

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Required Supplementary Information (unaudited)**  
**Schedule of the Council's Proportionate Share of the Net Pension Liability**  
**For the Last 10 Years**

	2015 through 2023
Council's proportion of the net pension liability	N/A
Council's proportionate share of the net pension liability	N/A
Council's covered-employee payroll	N/A
Council's proportionate share of the net pension liability as a percentage of this cover-employee payroll	N/A
Plan fiduciary net position as a percentage of the total pension liability.	N/A

**Notes to Required Supplementary Information**

**Measurement date:**

The amounts presented in this schedule were determined as of June 30, 2022.

**Schedule presentation:**

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

**Changes information:**

Since MSERS preforms an actuarial study bi-annually, there is no reported amounts for the changes in benefit terms, differences between expected and actual experience and changes in assumptions as of June 30, 2022.

**Other:**

The Council has taken the position that it is subject to a special funding situation, as defined by GASB 68 and, therefore, has not reported the net pension liability on its financial statements as contributions against the net pension liability are the responsibility of the State. This reporting is consistent with the position taken in the footnotes to these financial statements.

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Required Supplementary Information (unaudited)**  
**Schedule of Pension Contribution**  
**For the Last 10 Fiscal Years**

	2015 through 2023
Actuarially required contribution	N/A
Contributions in relation to the actuarially required contribution	N/A
Contribution deficiency	N/A
Covered employee payroll	N/A
Contributions as a percentage of its covered employee payroll	N/A

**Notes to Required Supplementary Information**

**Schedule presentation:**

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

**Contributions:**

The Council has taken the position that it is subject to a special funding situation, as defined by GASB 68 and, therefore, is not required to make contributions to the plan. The contributions referred to above are those made by the State as pension support from a nonemployer contributing entity as the Council has no required contribution. This reporting is consistent with the position taken in the footnote to these financial statements.

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Required Supplementary Information (unaudited)**  
**Schedule of Changes in the Council's Net OPEB Liability and Related Ratios**  
**Last 10 Fiscal Years**

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 52,885	\$ 73,332	\$ 80,723	\$ 72,793	\$ 42,989	\$ 30,348
Interest	44,223	24,932	24,329	28,859	30,810	29,723
Benefit payments	(60,540)	(29,970)	(25,107)	(27,574)	(26,432)	(32,890)
Differences between expected and actual experience	(428,643)	52,027	(53,134)	45,222	144,356	-
Net Change in Total OPEB Liability	(392,075)	120,321	26,811	119,300	191,723	27,181
Total OPEB liability - beginning	1,228,414	1,108,093	1,081,282	961,982	770,259	743,078
Total OPEB liability - ending (a)	\$ 836,339	\$ 1,228,414	\$ 1,108,093	\$ 1,081,282	\$ 961,982	\$ 770,259
<b>Plan Fiduciary net position</b>						
Contributions - employer	\$ 60,540	\$ 89,970	\$ 75,107	\$ 52,574	\$ 27,908	\$ 47,890
Net investment income	31,802	(30,256)	51,734	6,466	7,074	8,350
Benefit payments	(60,540)	(29,970)	(25,107)	(27,574)	(27,908)	(32,890)
Administrative expenses	-	-	-	-	-	-
Net change in fiduciary net position	31,802	29,744	101,734	31,466	7,074	23,350
Plan fiduciary net position - beginning	304,743	274,999	173,265	141,799	134,725	111,375
Plan fiduciary net position - ending (b)	\$ 336,545	\$ 304,743	\$ 274,999	\$ 173,265	\$ 141,799	\$ 134,725
Council's net OPEB liability - ending (a) - (b)	\$ 499,794	\$ 923,671	\$ 833,094	\$ 908,017	\$ 820,183	\$ 635,534
<b>Plan Fiduciary net position as a percentage of total OPEB liability</b>						
	40.24%	24.81%	24.82%	16.02%	14.74%	17.49%
<b>Covered-employee payroll</b>	\$ 1,051,237	\$ 698,462	\$ 636,686	\$ 653,494	\$ 663,737	\$ 709,537
<b>Council's net OPEB liability as a percentage of covered-employee payroll</b>	47.54%	132.24%	130.85%	138.95%	123.57%	89.57%

**Notes to required supplementary information:**

Per GASB Statement No. 75 the Council is not required to retrospectively present its 10 year RSI schedules, as this information was not available at transition and historic information was not measured in accordance with the parameters of GASB No. 74.

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



**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Required Supplementary Information (unaudited)**  
**Schedule of OPEB Contributions**  
**For the Year Ended June 30, 2023**

	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Actuarially contributions as a percentage of its covered- employee payroll
2018	\$ 51,721	\$ 47,890	\$ 3,831	\$ 709,537	7.29%
2019	\$ 219,631	\$ 27,908	\$ 191,723	\$ 663,737	33.09%
2020	\$ 146,874	\$ 52,574	\$ 94,300	\$ 653,494	22.48%
2021	\$ 48,019	\$ 75,107	\$ (27,088)	\$ 636,686	7.54%
2022	\$ 144,104	\$ 89,970	\$ 54,134	\$ 698,462	20.63%
2023	\$ (342,506)	\$ 60,540	\$ (403,046)	\$ 1,051,237	-32.58%

**Notes to Required Supplementary Information**

Per GASB Statement No. 75 the Council is not required to retrospectively present its 10 year RSI schedules, as this information was not available at transition and historic information was not measured in accordance with the parameters of GASB No. 74.

**NORTHERN MIDDLESEX COUNCIL OF GOVERNMENTS**  
**Required Supplementary Information (unaudited)**  
**Schedule of Investment Returns - OPEB Trust**  
**Last 10 Years**

	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return net of investment expenses	10.4%	-11.0%	9.0%	5.0%	5.0%	5.0%

**Notes to Required Supplementary Information**

Per GASB Statement No. 75 the Council is not required to retrospectively present its 10 year RSI schedules, as this information was not available at transition and historic information was not measured in accordance with the parameters of GASB No. 74.

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

To the Council of  
Northern Middlesex Council of Governments  
Lowell, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Northern Middlesex Council of Governments (the "Council"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated March 20, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Northern Middlesex Council of Governments' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement accounts. 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 Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Middlesex Council of Governments' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anstiss & Co., P.C.  
Chelmsford, MA  
March 20, 2024

**Independent Auditor’s Report on Compliance for each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Council  
Northern Middlesex Council of Governments

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Northern Middlesex Council of Governments’ (the “Council”) compliance with the types of compliance identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Council’s major federal programs for the year ended June 30, 2023. The Council’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the types of 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, 2023.

***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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northern Middlesex Council of Governments 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 Northern Middlesex Council of Governments’ 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 Council's federal programs.

### ***Auditor's 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 Northern Middlesex Council of Governments' 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 generally accepted auditing standards, *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 Northern Middlesex Council of Governments' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Northern Middlesex Council of Governments' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Northern Middlesex Council of Governments' 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 Northern Middlesex Council of Governments' 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 the internal control over compliance was for the limited purpose described in the Auditor's 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.

Anstiss & Co., P.C.  
Chelmsford, MA  
March 20, 2024

**Northern Middlesex Council of Governments  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023**

<u>Pass-through Grantor</u> Program or Cluster Title	Assistance Listing Number	Contract Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Transportation</b>				
<u>Passed through the Massachusetts Department of Transportation</u>				
* Metropolitan Transportation Planning and Non-Metropolitan Planning and Research	20.505	114678 118971	\$ -	\$ 187,609 574,805
			-	762,414
<u>Passed through the Lowell Regional Transit Authority</u>				
Federal Transit Formula Grants	20.507	MA-2021-018 MA-2023-001	-	20,514 14,249
			-	34,763
Total U.S. Department of Transportation			-	797,177
<b>U.S. Department of Commerce</b>				
Economic Development Support for Planning Organization	11.302	F017915054	-	61,726
Total U.S. Department of Commerce			-	61,726
<b>U.S. Department of Agriculture</b>				
National Fish and Wildlife Foundation	10.683	1301.20.066997	-	9,953
Total U.S. Department of Agriculture			-	9,953
<b><u>Total Expenditures of Federal Awards</u></b>			<b>\$ -</b>	<b>\$ 868,856</b>



**Northern Middlesex Council of Governments  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023**

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Northern Middlesex Council of Governments under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Northern Middlesex Council of Governments it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northern Middlesex Council of Governments.

**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 as to reimbursement.

**Note 3 - Indirect Cost Rate**

Northern Middlesex Council of Governments has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

\* Major program

DRAFT





# ANSTISS

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# Northern Middlesex Council of Governments (NMCOG)

## June 30, 2023

### Audit

Mary M. Linskey, CPA

March 20, 2024

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# NMCOG

June 30, 2023

## Audit Summary/Required Communications

- **Auditor’s Report: Unmodified – “clean opinion”**
- **Financial Statement Audit**
  - No internal control findings were noted.
- **Single Audit**
  - Required as federal expenditures exceeded the \$750K Single Audit threshold
  - Metropolitan Transportation Planning and Non-Metropolitan Planning and Research (Assistance Listing # 20.505), was tested as the major program.
    - No internal control or compliance findings related to these programs were noted.
- **Prior Audit Findings**
  - None
- **Management Comment (No formal letter issued)**
  - Management was unable to provide support for one payroll period sampled during the audit.

# NMCOG

June 30, 2023

## Required Communications

- **Our Responsibility Under Generally Accepted Auditing Standards**
  - Our responsibility is to "express an opinion" as to whether the financial statements are free of material misstatement.
  - Management is responsible for the selection of accounting policies and the preparation of the financial statements.
- **Our Responsibility Under Generally Accepted Auditing Standards**
  - Our responsibility is to "express an opinion" as to whether the financial statements are free of material misstatement.
  - Management is responsible for the selection of accounting policies and the preparation of the financial statements.
- **Significant Accounting Policies**
  - Described in the footnotes (Note 2).
  - There were no changes to application of existing policies.
- **Accounting Transactions**
  - We noted no transactions entered in to by NMCOG during the year for which there is a lack of authoritative guidance or consensus.

# NMCOG

June 30, 2023

## Required Communications

- **Significant Audit Estimates**

- Pension and OPEB liabilities
- Indirect costs rate
- Allowance for doubtful accounts

- **Difficulties Encountered in Performing the Audit**

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

- **Corrected and Uncorrected Misstatements**

- There were no uncorrected misstatements.
- The following material misstatements were detected as a result of audit procedures and corrected by management:
  - \$424K decrease in OPEB liability
  - \$226K increase in revenue that had been deferred
  - \$126K decrease in due to grantor liability
  - \$21K increase in deferred revenue for FY24 expense reimbursements

# NMCOG

June 30, 2023

## Required Communications

- **Disagreements with Management**
  - There were no disagreements with management that could be significant to the financial statements or the auditor's report.
- **Management Representations**
  - We have requested certain representations from management that are included in the management representation letter dated March 20, 2024.
- **Management Consultations with Other Independent Accountants**
  - To our knowledge, there were no consultations with other accountants.
- **Discussions Prior to Our Retention as Independent Auditors**
  - All discussions with management occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

# NMCOG

June 30, 2023

## Required Communications

- **Required Supplementary Information (RSI)**
  - We applied limited procedures to RSI schedules which consisted of inquiries of management and comparing the information in the RSI for consistency with management's responses, the basic financial statements, and other knowledge obtained during the audit.
  - We did not audit the RSI and do not express an opinion or provide assurance on the RSI.
- **Supplementary Information**
  - We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements.
- **This information is intended solely for the use of the Council, and management of NMCOG and is not intended to be, and should not be, used by anyone other than these specified parties.**



# NMCOG

## June 30, 2023

### Financial Review – Statements of Net Position

	2023	2022	Change	Notes
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 1,147,473	\$ 948,502	\$ 198,971	▲ Contract advances; expenses under budget
Accounts receivable	303,119	299,158	3,961	
Prepaid expenses	11,930	41,381	(29,451)	
Fixed asset, net	17,181	-	17,181	▲ New server
Operating lease asset	30,986	128,682	(97,696)	▼ Current year amortization
<b>Total assets</b>	<b>\$ 1,510,689</b>	<b>\$ 1,417,723</b>	<b>\$ 92,966</b>	
<b><u>Liabilities and Net Position</u></b>				
Accounts payable/accrued expenses	\$ 4,179	\$ 9,745	\$ (5,566)	
Grants payable	-	125,827	(125,827)	▼ MDOT not requiring return
Contract advances	237,964	135,020	102,944	▲ DLTA grant timing/project work
Accrued compensation	87,306	152,861	(65,555)	▼ Current year departures
				▼ Demographics/actuarial assumptions
Net OPEB liability	499,794	923,671	(423,877)	
Deferred revenue	20,920	-	20,920	
Operating lease liability	33,349	128,682	(95,333)	▲ Current year lease payments
<b>Total liabilities</b>	<b>883,512</b>	<b>1,475,806</b>	<b>(592,294)</b>	
Unrestricted - OPEB	(499,794)	(923,671)	423,877	
Unrestricted - general	1,111,971	865,588	246,383	
Restricted	15,000	-	15,000	
<b>Total net position</b>	<b>627,177</b>	<b>(58,083)</b>	<b>685,260</b>	
<b>Total liabilities &amp; net assets</b>	<b>\$ 1,510,689</b>	<b>\$ 1,417,723</b>	<b>\$ 92,966</b>	

# NMCOG

## June 30, 2023

### Financial Review – Statements of Revenues, Expenses and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Notes</u>
<b><u>Operating revenue</u></b>				
Federal, state and local grants	\$ 1,555,708	\$ 1,300,101	\$ 255,607	▲ Contract work/staffing shortage in PY
Local assessments	105,591	95,061	10,530	
Other income	131,175	7,339	123,836	▲ Reversal of due to MDOT liability
<b>Total operating revenue</b>	<b><u>1,792,474</u></b>	<b><u>1,402,501</u></b>	<b><u>389,973</u></b>	
<b><u>Operating expenses</u></b>				
Direct payroll	666,507	525,890	140,617	▲ Contract work/staffing shortage in PY
Other direct costs	81,345	67,256	14,089	
Unallowed costs/adjustments	(421,514)	89,798	(511,312)	▼ OPEB
Indirect costs	780,876	705,731	75,145	▲ Contract work/staffing shortage in PY
<b>Total operating expenses</b>	<b><u>1,107,214</u></b>	<b><u>1,388,675</u></b>	<b><u>(281,461)</u></b>	
<b>Change in net position</b>	<b>685,260</b>	<b>13,826</b>	<b>671,434</b>	▲ \$550K due to OPEB and MDOT liability reversal
Net position, beginning of year	(58,083)	(71,909)	13,826	
<b>Change in net position</b>	<b><u>\$ 627,177</u></b>	<b><u>\$ (58,083)</u></b>	<b><u>\$ 685,260</u></b>	

# NMCOG

## June 30, 2023

### Financial Review – Schedule of Indirect Costs

	2023	2022	Change	Notes
Personnel - clerical and admin	\$ 272,412	\$ 191,072	\$ 81,340	▼ PY Staffing shortage/retirements
Fringe benefits - paid time off	30,379	58,812	(28,433)	▼ PY retirements/buy back
Fringe benefits - insurance	233,435	191,419	42,016	▲ Premium costs/PY staffing
Fringe benefits - payroll taxes	13,515	3,130	10,385	
Equipment and supplies	54,276	48,058	6,218	
Depreciation	1,049	-	1,049	
Rent and utilities	107,046	104,417	2,629	
Insurance	6,823	5,764	1,059	
Advertising	11,199	5,789	5,410	
Postage	880	1,752	(872)	
Telephone	7,762	6,628	1,134	
Professional development	4,182	-	4,182	
Professional fees	31,418	21,213	10,205	▲ IT assessments
Admin/contract travel	341	6	335	
OPEB funding	-	60,000	(60,000)	▼ PY contribution
Dues and subscriptions	6,159	7,671	(1,512)	
<b>Total indirect costs</b>	<b>\$ 780,876</b>	<b>\$ 705,731</b>	<b>\$ 136,657</b>	
Indirect costs	\$ 780,876	\$ 705,731		
Direct salaries	666,507	525,890		
<b>Indirect cost rate</b>	<b>117.1595%</b>	<b>134.1975%</b>		



# 2024 GREATER LOWELL ANNUAL CEDS REPORT

Presentation to NMCOG Council, March 20, 2024





**THIS DOCUMENT COMMUNICATES CHANGES TO EDA, BUT MORE IMPORTANTLY HELP REGIONAL PARTNERS WORK WITH ONE ANOTHER.**

# THE CEDS REPORT

The CEDS Annual Performance Report highlights key changes to the regional economy and the corresponding priorities and strategies.

It also should list the accomplishments of the regional economic development entity (NMCOG) and the district as a whole.

It should be concise and easily accessible to both the public and decision-makers.

*Image: LDFC*



## IN 2023, THE REGION SAW CONTINUED RECOVERY AND CONTINUED CHALLENGES INFLATION AND INTEREST RATE HIKES – HOUSING PRICES AND SALES SLOWDOWN

Current 30-Year Mortgage Rates: 2022-2024

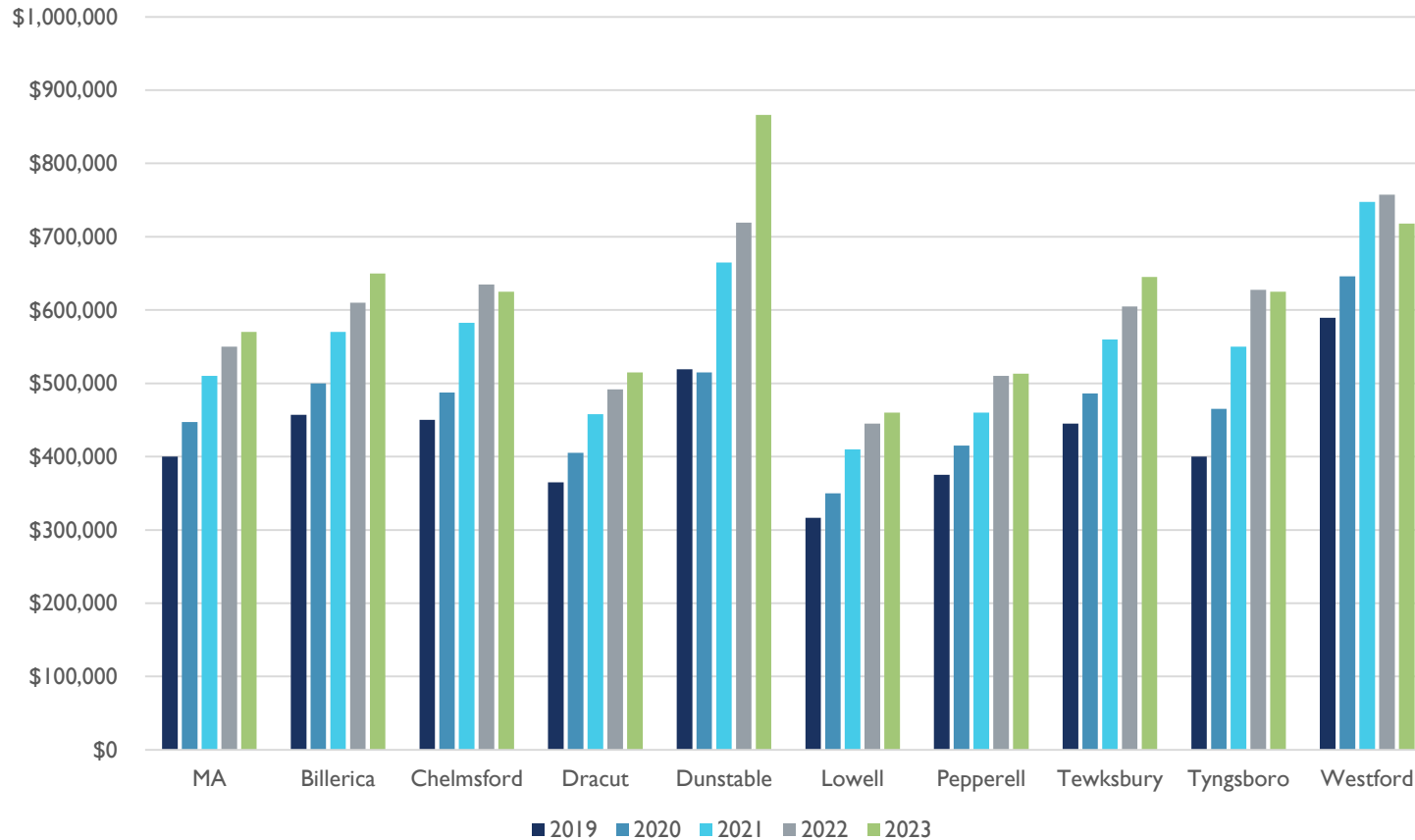


Interest rates peaked at 9.1% over the summer and remain at around 7%.

Source: [themortgagereports.com](https://www.themortgagereports.com)

# IN 2023, THE REGION SAW CONTINUED RECOVERY AND CONTINUED CHALLENGES INFLATION AND INTEREST RATE HIKES – HOUSING PRICES AND SALES SLOWDOWN

Median Single Family Home Sales Price



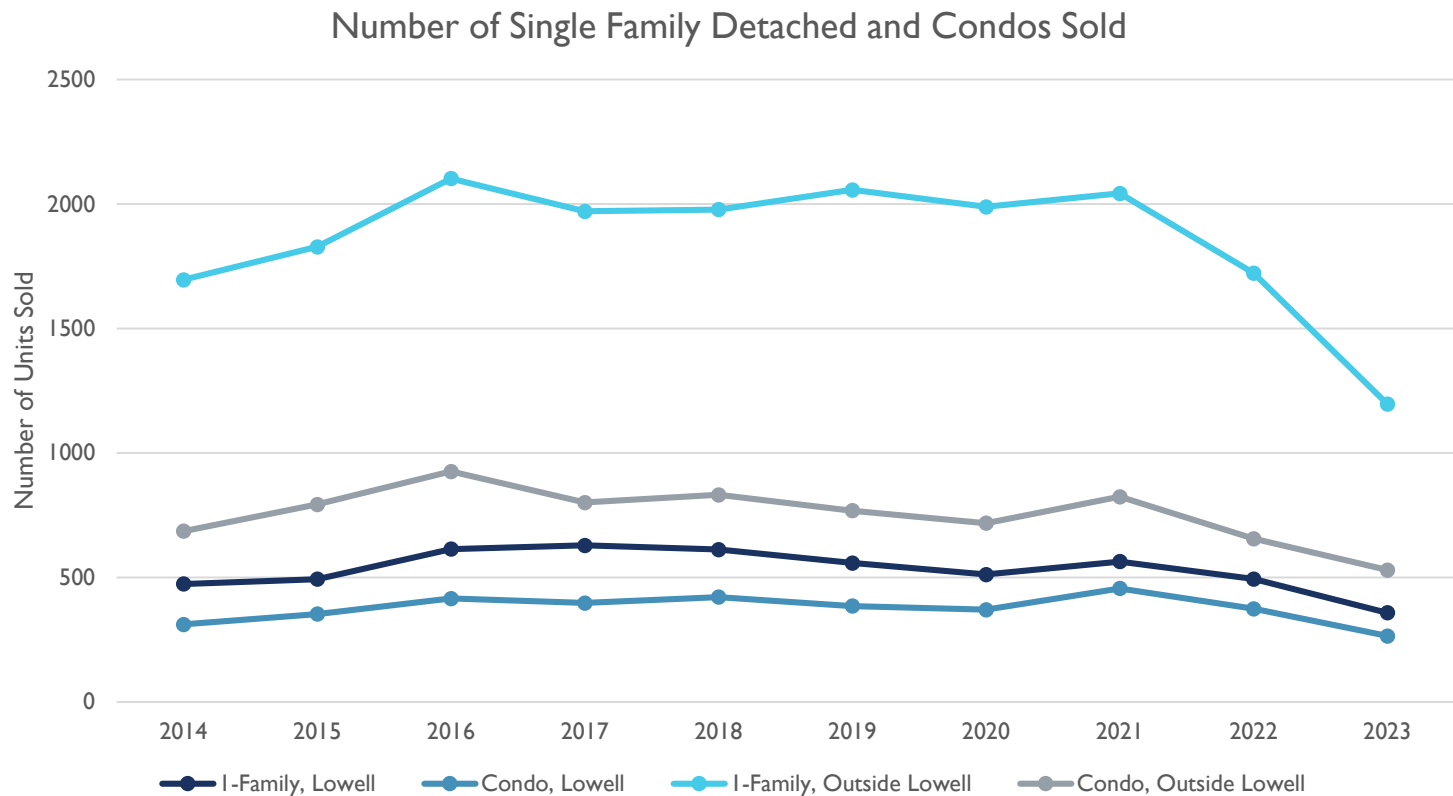
Despite this, median sales prices have mostly continued growing, now between roughly \$450,000 in Lowell and \$850,000 in Dunstable.

Westford and Chelmsford saw a slight decrease in median sales price. A recent trend has been luxury housing in Massachusetts seeing lowering prices, especially in Metrowest.

These prices are **not** inflation-adjusted.

Source: Warren Grou

# IN 2023, THE REGION SAW CONTINUED RECOVERY AND CONTINUED CHALLENGES INFLATION AND INTEREST RATE HIKES – HOUSING PRICES AND SALES SLOWDOWN



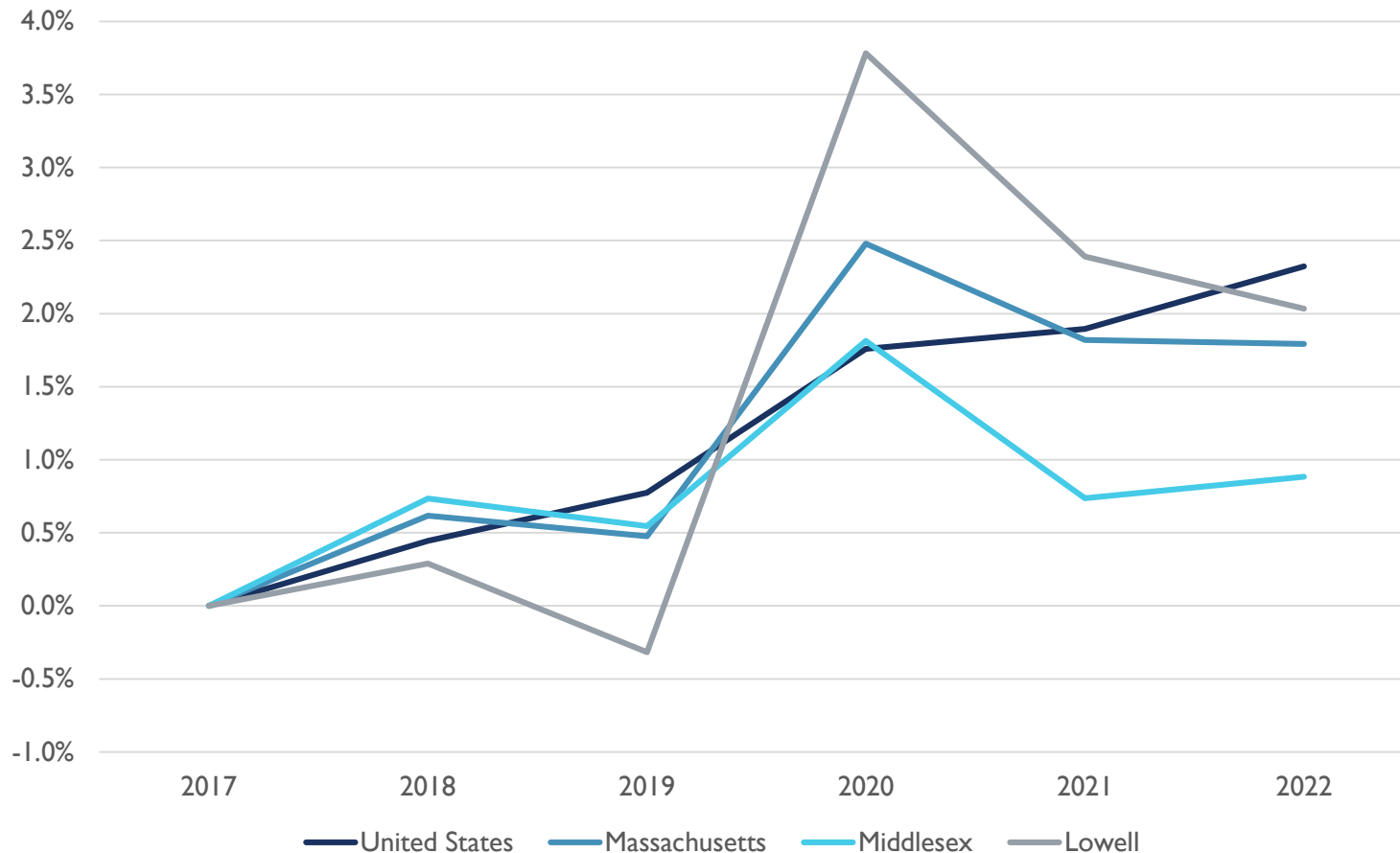
The combination of high prices and high interest rates has resulted in a large decline of home sales for the last two years. This is true in our region especially of single family detached homes in the suburban communities.

*Source: Warren Group*



# IN 2023, THE REGION SAW CONTINUED RECOVERY AND CONTINUED CHALLENGES POPULATION DECLINE AND IMPACT ON EMPLOYMENT

Population Change in Percentage 2017-2022

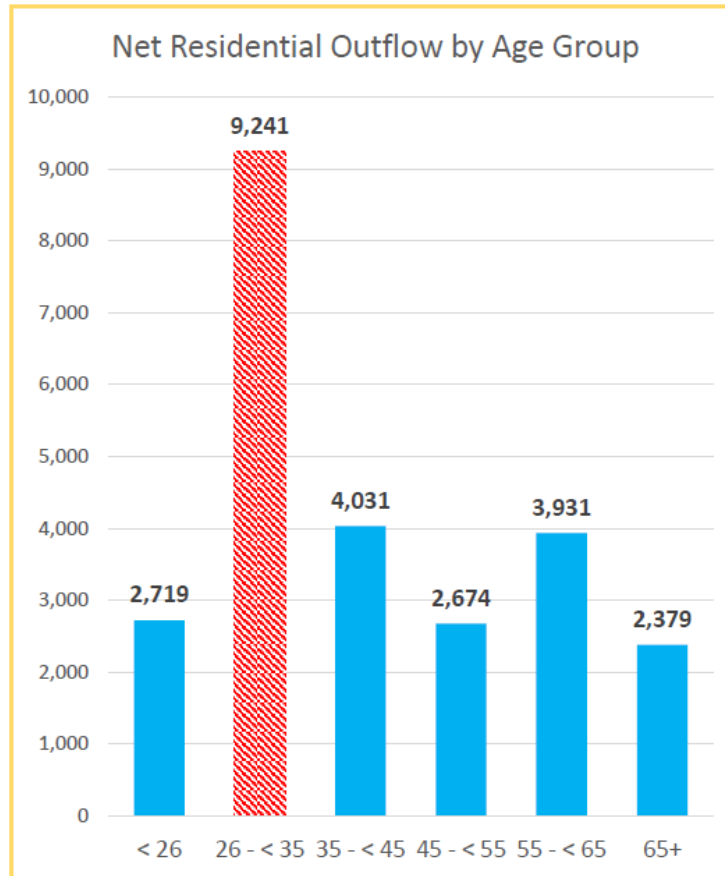
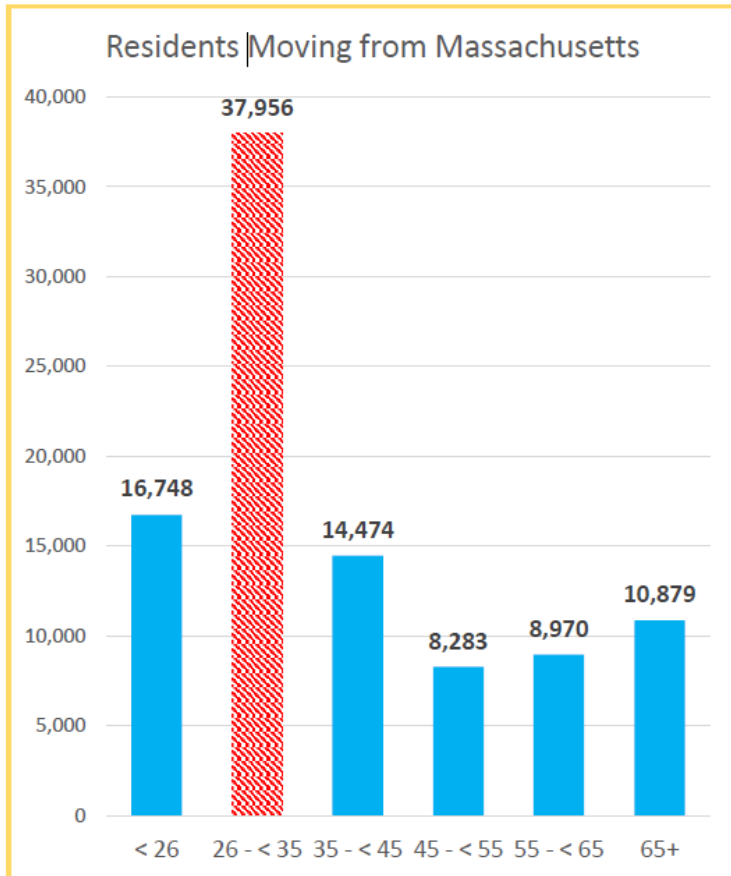


2022’s one-year estimates have shown two years of population decline in Massachusetts, Middlesex County, and the City of Lowell. Population levels are estimated to be nearly where they were in 2017.

The U.S. was estimated to have a decline in 2022 after slow growth in 2021.

Source: American Community Survey

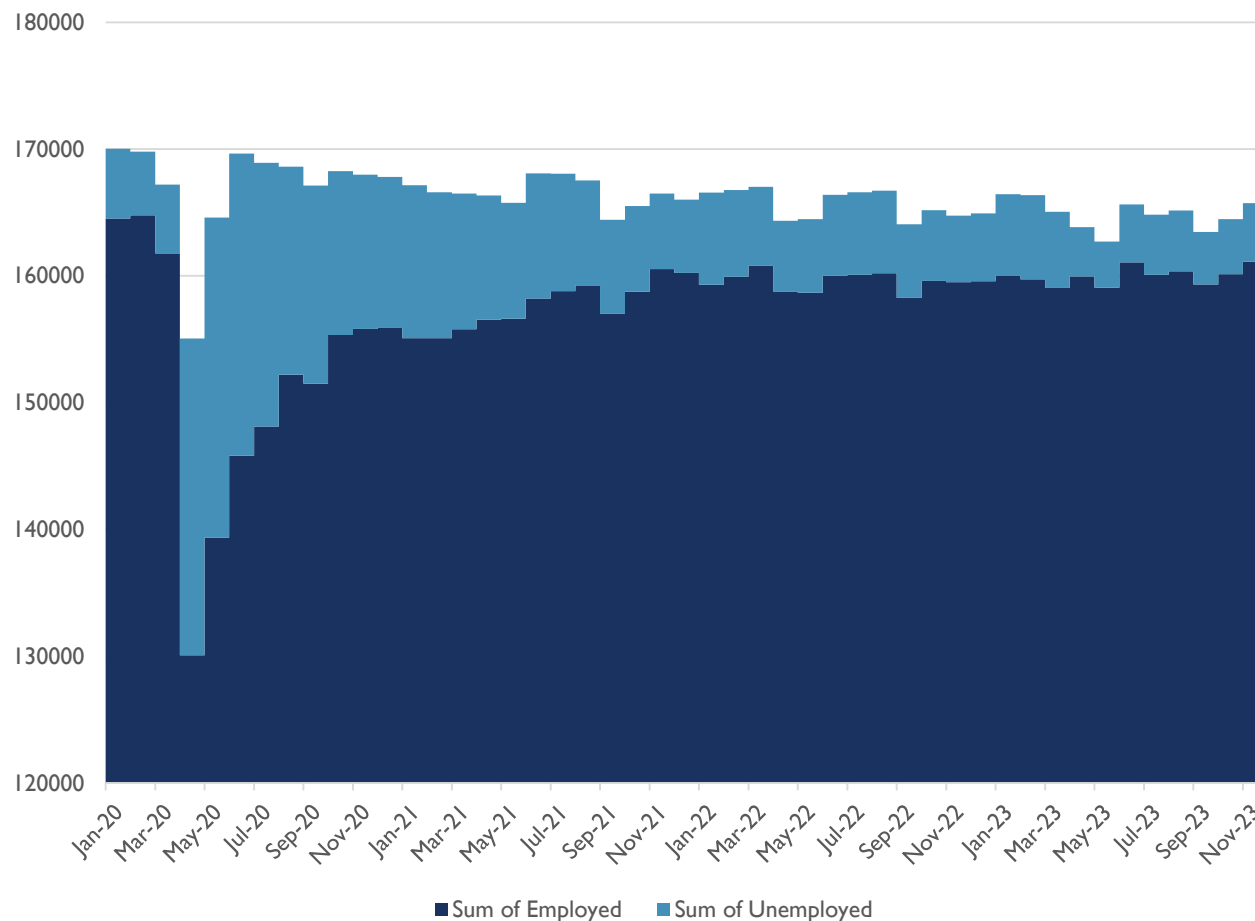
# IN 2023, THE REGION SAW CONTINUED RECOVERY AND CONTINUED CHALLENGES POPULATION DECLINE AND IMPACT ON EMPLOYMENT



2020 tax returns (during COVID) showed the largest group moving from Massachusetts was aged 26 to 35.

Source: *Massachusetts Tax Foundation*

# IN 2023, THE REGION SAW CONTINUED RECOVERY AND CONTINUED CHALLENGES POPULATION DECLINE AND IMPACT ON EMPLOYMENT



Unemployment in the region echoes Massachusetts’s low unemployment rate. In fact, the City of Lowell, long having a worse unemployment rate than the US—now is 3.4% compared to the US’s 3.5%

However, the labor force has been slowly shrinking from its post-pandemic high of 170,000 participants. This makes it hard for businesses to hire or expand.

Source: Bureau of Labor Statistics

Geography	Unemployment
United States	3.5
Massachusetts	2.8
Greater Lowell	2.8
City of Lowell	3.4
Region Outside of Lowell	2.5

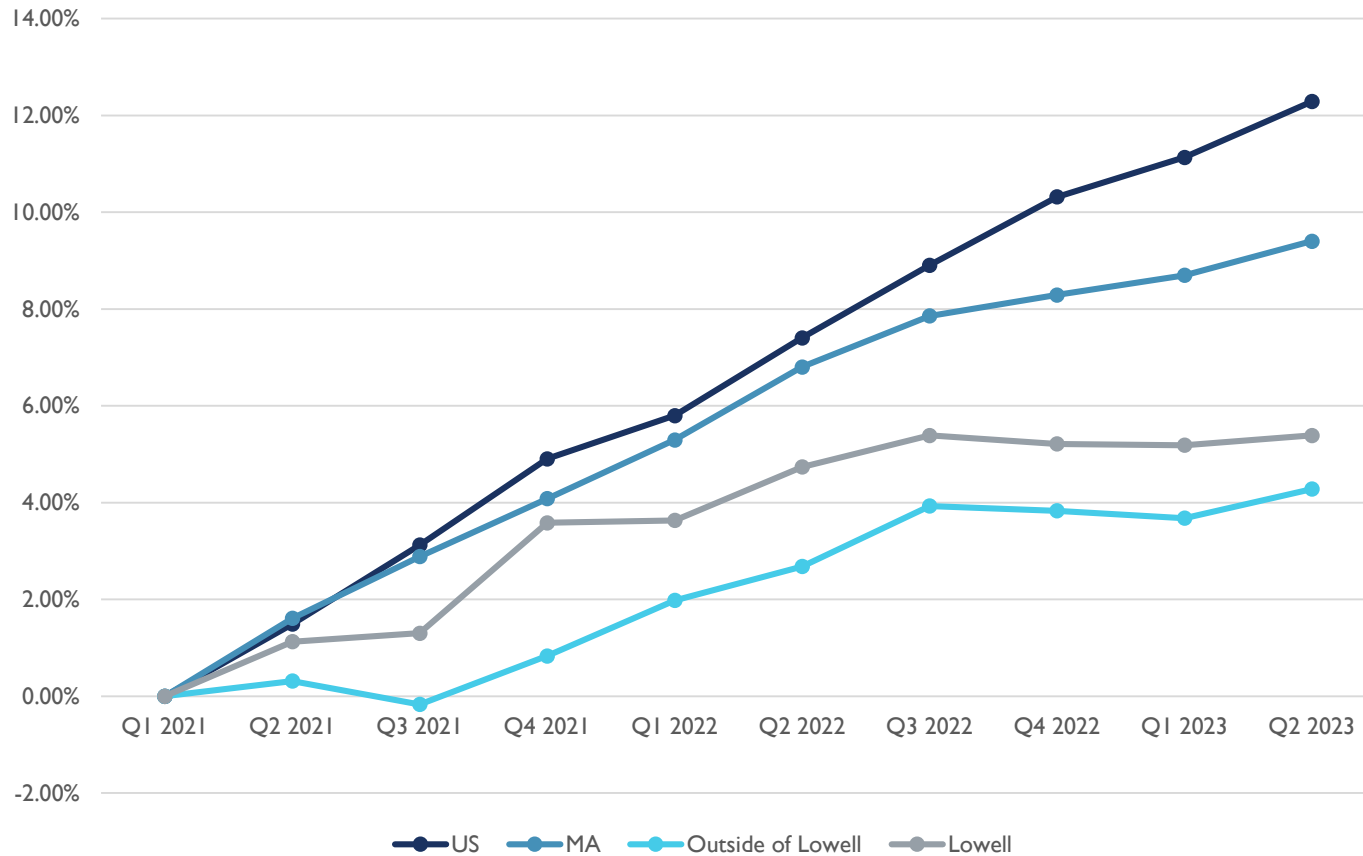
## IN 2023, THE REGION SAW CONTINUED RECOVERY AND CONTINUED CHALLENGES POPULATION DECLINE AND IMPACT ON EMPLOYMENT

This labor shortage is creating many different types of impacts:

- Due to difficulties finding drivers, LRTA was forced to reduce bus service by 30.1% Vehicle Revenue Hours, including turning half-hour headways into hour headways on City of Lowell routes and making some routes one-way loops.
- Staffing shortages combined with the rise of online shopping and decline of in-person work has negatively impacted small restaurant and retail businesses in business districts.
- Municipalities are having trouble attracting qualified specialist positions, especially as pandemic-era grants are expiring and state support is uncertain—due to reduced tax receipts potentially due to lower property sales.

# IN 2023, THE REGION SAW CONTINUED RECOVERY AND CONTINUED CHALLENGES BUSINESS FORMATION SLOWING AND FIRMS DECLINING

Number of Establishments change



Business formation in the region was strong until Q3 2022.

Despite growing numbers of businesses in Massachusetts and the US in 2022-23, business growth in our region seems to have completely stopped after Q3 2022.

Source: Bureau of Labor Statistics

## IN 2023, THE REGION SAW CONTINUED RECOVERY AND CONTINUED CHALLENGES BUSINESS FORMATION SLOWING AND FIRMS DECLINING

When examining by industry, between Q1 2022 and Q1 2023:

- The number of **Natural Resources and Mining** establishments decreased by over 22%
- **Information** establishments grew by over 8%
- The number of employees increased the most in **Public Administration, Education and Health Services, and Manufacturing**
- The largest declines in employees were in **Trade, Transportation, and Utilities, Information, and Professional and Business Services**
- Unlike 2021-22, where almost all sector's wages grew, 2022-23 saw declines in wages in **Trade, Transportation, and Utilities** and **Information**

## IN 2023, THE REGION SAW CONTINUED RECOVERY AND CONTINUED CHALLENGES BUSINESS FORMATION SLOWING AND FIRMS DECLINING

NAICS #	Claimant Count by NAICS Industry Name	May 2021	May 2022	May 2023	Over-The-Year Change
22	Utilities	7	4	7	75%
23	Construction	291	263	321	22.1%
31-33	Manufacturing	328	78	242	210.3%
42	Wholesale Trade	132	70	130	85.7%
44-45	Retail Trade	275	94	156	66%
48-49	Transportation and Warehousing	135	59	85	44.1%
51	Information	46	31	93	200%
52	Finance and Insurance	81	44	82	86.4%
53	Real Estate and Rental Leasing	38	32	36	12.5%
54	Professional, Scientific, and Technical Services	225	144	457	217.4%
55	Management of Companies and Enterprises	20	9	13	44.4%
56	Admin & Support, Waste Mgmt & Remediation Serv.	405	205	277	35.1%
61	Educational Services	52	28	31	10.7%
62	Health Care and Social Assistance	322	142	251	76.8%
71	Arts, Entertainment, and Recreation	33	8	22	175%
72	Accommodation and Food Services	235	104	111	6.7%
81	Other Services (except Public Administration)	255	116	139	19.8%
92	Public Administration	75	23	86	273.9%
99	INA (No NAICS Code)	85	77	161	109.1%
	All Industries	3,040	1,531	2,700	7.6%

**Construction, Manufacturing, and Public Administration** saw largest jumps in number of unemployment claimants.

However, all sectors had increases.

**Accommodation and Food Services and Educational Services** had only small increases.

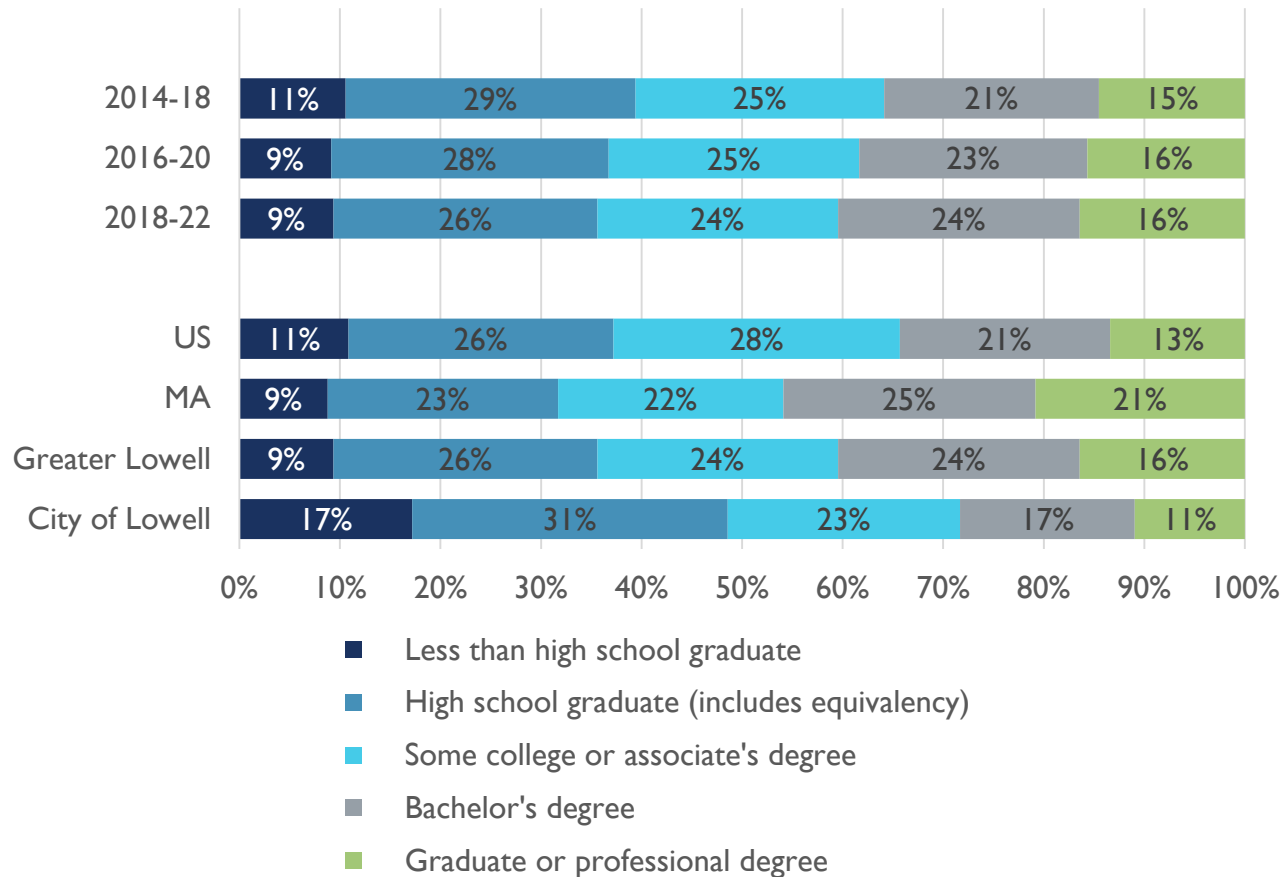
## IN 2023, THE REGION SAW CONTINUED RECOVERY AND CONTINUED CHALLENGES OTHER IMPACTS AND CONSIDERATIONS

- **Drug Crisis:** The 2022 Greater Lowell Health Needs Assessment Report noted between 2015-2021, Lowell experienced 400 opioid-related deaths and the overdose death rates are above the state rate. It noted Hispanic or Latino and Black populations are far less likely to receive medications for opiate use disorder.
- **Environmental Sustainability and Resilience:** TBD
- **Water and Wastewater Infrastructure:** In December 2023, the City of Lowell was penalized \$200,000 by the Environmental Protection Agency and the Massachusetts Department of Environmental Protection for violating the Clean Water Act associated with combined sewer overflows. This system serves not only Lowell, but four other municipalities in the region. PFAS continues to be a concern in some communities and they are prioritizing mitigation.
- **Need for Broadband Access:** This is a need both from residents who need access to online services and small businesses that need to expand their online presence with limited resources to do so.
- **State of Emergency and UML Inn and Conference Center:** The Massachusetts family shelter system is stressed. The UML ICC has been leased to be an emergency shelter, which may impact downtown Lowell, even if there are long-term prospects of the ICC being used as a hospitality training center for Middlesex Community College.



# IN 2023, THE REGION SAW CONTINUED RECOVERY AND CONTINUED CHALLENGES OTHER IMPACTS AND CONSIDERATIONS

Educational Attainment



Educational attainment in our region continues to improve, with a growing number of population with advanced degrees.

This includes improvement both in the City of Lowell and the other municipalities.

That said, Greater Lowell still trails Massachusetts in graduate degrees, and Lowell trails the U.S. in all metrics.

Source: American Community Survey

# SUMMARY

- After two years of pandemic recovery, this recovery has slowed somewhat in Massachusetts and our region
- High interest rates combined with high housing costs have made it difficult for people to buy homes
- Massachusetts is experiencing an out-migration of young people who would normally be entering the workforce – our region is likely following this pattern
- Our region is underperforming compared to the rest of Massachusetts in terms of new business formation
- Our region saw job losses in in **Professional and Business Services, Information and Trade, Transportation, and Utilities** – these last two sectors experienced a decline in average wages between 2022-23.
- There are other headwinds against a strong economy: Declining transit access, reduced tax receipts, and continued community needs.
- The region has excellent educational attainment as a key asset when compared to the U.S., although not compared to Massachusetts.
- **Conclusion:** Ebbing of growth, possibly due to weakening cost of living vs. wage dynamic as compared to Massachusetts and rest of U.S.

# CEDS 2024 SCHEDULE OF GOALS

WHAT WE'LL DO TOGETHER TO BE MORE SUSTAINABLE, RESILIENT, INCLUSIVE, RESPONSIVE, AND  
EQUITABLE



# 2024 SCHEDULE OF GOALS

1. Complete the 2025-2029 CEDS
  - Work with consultant to create plan for region
  - Focus on building capacity at NMCOG, including tracking implementation and equitable outcomes
  - Hold major Economic Development summit in late fall/early winter to finalize plan
  - Integrate Regional Blueprint from Greater Lowell Workforce Board and Priority Climate Action Plan from CPRG work
2. Planning for Housing at Local and Regional Levels
  - Complete Housing Production Plans for Lowell, Dracut, Chelmsford, and Tyngsborough
  - Advance the “At Home in Greater Lowell” Regional Housing Strategic Plan
  - Seek funding for Regional Housing Services Organization
3. MBTA Community Multi-Family Compliance
  - Support municipalities in advancing zoning amendments compliant with MBTA Communities Policy

# 2024 SCHEDULE OF GOALS

## 4. Local and Regional Infrastructure

- Establish a regional working group to identify next steps to address sewer capacity issues based on the 2023 study
- Support exploration of sewer system within Westford
- Coordinate with interested municipalities to create a PFAS Response Strategy
- Seek funding and research programs to assist with mapping electrical energy sources and availability

## 5. Regional Energy and Sustainability Planning and Coordination

- Advance Regional Priority Climate Action Plan (PCAP)
- Learn and report with ResilientMass' new infrastructure and climate data projection tools
- Educate municipalities on the PACE municipal opt-in process to increase program participation
- Seek funding/capacity to ID financial models for meeting stretch energy codes

## 6. Enhance Regional Transportation Planning

- Use Replica software to evaluate travel patterns throughout the region
- Research Complete Streets implementation sources and create scope of work for Complete Streets prioritization

# 2024 SCHEDULE OF GOALS

7. Transit and Alternative Transportation Connections
  - Inventory bus routes for amenities and accessibility, including verifying and correcting data
  - Develop a scope of work for a regional bicycle/pedestrian plan and start the planning process
  - Evaluate MassHire Greater Lowell's ride sharing pilot project for employees in the region
  - Prepare for the Billerica-Yankee Doodle Bike Path Construction Project to commence in FY25
8. Continue Focus on Transportation Safety and State of Good Repair on Projects of Regional Importance
  - Advance the contract with FHWA and MassDOT to repair and upgrade Lowell's bridges
  - Advance other rehabilitation and replacement projects, including Rourke Bridge
9. Strengthen Childcare Networks to Support Employment Opportunities and Economic Mobility for Child Guardians
  - Review municipal zoning to ensure that childcare-related uses, such as in-home daycares, are allowed-by-right

# 2024 SCHEDULE OF GOALS

## 10. Regional Digital Equity Plan

- Outreach to stakeholders and populations facing barriers to achieving digital equity and connect them with programming to address infrastructure, device, and literacy needs
- Seek funding for initiatives to advance digital equity through education and equipment acquisition
- Evaluate and compare small retail and service businesses adoption of Internet-based service models to determine best ways to assist in their growth

## 11. Grant Application and Administration Capacity Building

- Identify top project priorities at Dunstable, Pepperell, and Tewksbury
- Research, assess, and identify funding opportunities including Community Compact

## 12. Revitalization of Regional Network of Village and Neighborhood Centers

- Explore methods and create process for inventorying vacant storefronts
- Complete Chelmsford Center Village Master Plan Update
- Complete Dunstable Union Building Project
- Support other projects that revitalize network of centers

# 2024 SCHEDULE OF GOALS

## 13. Industrial and Mixed-Use Development

- When project is identified, apply for EDA funding to make necessary transportation improvements on Locust Avenue
- Evaluate the approach to promotion and utilization of Opportunity Zones
- Continue support of HCID and Route 3 NH border SB exit

## 14. Enhance Tourism and Visitation

- Complete the Greater Lowell Tourism and Visitation Report
- Renew the Greater Lowell Tourism and Visitation Committee
- Collaborate on a visual brand or other ways to promote tourism in the region in preparation of upcoming historic anniversaries

## 15. Economic Development District Application

- Continue working with the EDA to achieve Economic Development District (EDD) designation



# THANKS!

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To: Northern Middlesex Council of Governments, Council and Alternate Members  
From: Jennifer Raitt, Executive Director  
Re: Executive Director's Report for February  
Date: February 2024

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## **REGIONAL PLANNING ACTIVITIES**

### **Transportation/ Northern Middlesex Metropolitan Planning Organization (NMMPO)**

- **Traffic Counting Program**

In February staff worked on various activities related to the 2024 Traffic Counting Season and began work on the 2022 Traffic Volume Report.

At the end of January, staff had released a Request for Proposals on COMMBUYS, the official procurement record system for the state, to retain a consultant to assist with data collection in the 2024 Traffic Counting Season. Bids in response to the Traffic Counting RFP are due on March 1; staff will begin review of all bids on March 11, and will award a contract for the 2024 Traffic Counting Season on March 15. To prepare for this work, in February, staff finalized the RFP Scoring Sheet in anticipation of reviewing bids. Staff also received MassDOT-required count locations for the 2024 season.

- **Federal Certification Review**

On February 8, the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) reviewed the metropolitan transportation planning process conducted by the NMMPO, MassDOT, LRTA, area providers of public transportation, and local municipal partners in order to certify that they are carrying out the process in accordance with all applicable Federal requirements. FHWA and FTA will issue a report assessing this process, with any accompanying findings and recommendations, this spring.

- **Lowell Regional Transit Authority (LRTA) Planning Support**

NMCOG staff continued the LRTA bus stop inventory, assessing and documenting the condition, accessibility, and amenities at each stop. Staff have inventoried approximately 35% of LRTA bus stops and submitted another list of discrepancies to LRTA to review. Staff also submitted and verified the list of discrepancies from the previous month to Trillium, the host of LRTA's online transit data. Staff also created a transit map of Billerica for the Town's Open Space and Recreation Update at the request of LRTA Advisory Board member Andrew Jennings.

## **REGIONAL ACTIVITIES AND COLLABORATIONS**

- **Greater Lowell Vision Zero Plan**

On Tuesday, February 27, 2024, NMCOG hosted the Greater Lowell Vision Zero Public Forum 1. Our technical consultant, WSP, presented the high-injury crash corridors and intersections throughout our nine communities. Vision Zero is a strategy to eliminate all traffic fatalities and severe injuries. This approach recognizes that people make mistakes and that we can design policies and projects to address safety.

The meeting included a presentation of the NMCOG region’s High-Injury corridors, which represent corridors and intersections prone to crashes, and a High-Risk network, which indicates areas with an increased risk or higher probability of an accident. Both approaches will allow NMCOG staff and WSP to formulate projects and interventions to address risk and prevent motor vehicle-related injuries. This data will be used to recommend specific infrastructure projects and interventions for implementation throughout the nine communities that comprise the Greater Lowell region. Upon this plan's completion, the nine Greater Lowell communities will be eligible to apply for federal funding under the Safe Streets and Roads for All Grant Program.

- **Regional Municipal Digital Equity Planning Program**

NMCOG and the Metropolitan Area Planning Council (MAPC) staff continued reaching out to key stakeholders to schedule focus group interviews to discuss digital equity-related challenges in their daily work. By the end of February, interviews with groups representing organizations involved in community empowerment, healthcare, youth programming, economic development, disability advocacy, libraries, housing, and telecommunications were completed. Several more interviews will be conducted in March, along with planning for upcoming charrettes in individual municipalities.

- **“At Home in Greater Lowell” Regional Housing Strategy**

Staff prepared for the March 12 At Home in Greater Lowell Kickoff Summit (rescheduled from February due to forecasted inclement weather). At the meeting, more than eighty elected officials, board members, housing experts, and community members gathered to begin the collaborative planning process, learning about resources, and set goals for the regional housing strategy. Preparation included coordination with keynote speaker, State Representative James Arciero, and panelists Robert Shumeyko of the US Department of Housing and Urban Development, Eric Shupin of the MA Executive Office of Housing and Livable Communities, Dana LeWinter of the Massachusetts Housing Partnership, Kirk Fulton of the Chelmsford Housing Authority, and Keith Bergman, a 37-year municipal manager. Staff will next be working to formalize goals and objectives for discussion at the next summit this summer, create and distribute a meeting summary, apply for additional funding for the project, finalize the “Home is Everything” storytelling campaign and develop an RFP for campaign implementation.

- **Northern Middlesex Council of Governments Stormwater Collaborative**

Staff held the Q1 Stormwater Collaborative meeting at NMCOG on Tuesday, February 20. The agenda topics included a facilitated discussion around the recent flood events—including assessment, response, and evaluation—and updating the Stormwater Collaborative MOU. Members of the Collaborative requested a presentation on the proposed changes to the Stormwater Handbook and Good-Housekeeping training for employees, which staff are currently preparing.

- **Climate Pollution Reduction Grant (CPRG)**

MAPC submitted our regional Priority Climate Action Plan (PCAP), developed in collaboration with NMCOG and other regional planning agencies in the Boston Metropolitan Statistical Area to the EPA. This submission makes NMCOG communities eligible to apply for funding for "shovel-ready" projects to reduce climate pollution.



Boston, Lowell, and Chelsea are working together to secure funding for retrofitting affordable housing, aiming to decarbonize, reduce energy consumption, and energy costs for residents. The proposed project aligns with grant program goals, establishing replicable initiatives that reduce GHGs and benefit Justice40/EJ communities. NMCOG provided guidance to the Lowell Housing Authority (LHA) in selecting two potential housing sites for retrofit activities by reviewing LHA housing stock and utilizing EJScreen (the EPA's Environmental Justice tool), and the Climate and Economic Justice Screening Tool (CEJST). These tools were used to prioritize investment in EJ communities while ensuring project replicability across the national affordable housing stock. EJScreen Community Reports for the two selected sites are attached to this report.

- **Comprehensive Economic Development Strategy (CEDS) Annual Report**

A draft of the 2024 CEDS Report was sent to CEDS committee members for review on Friday, February 23. On March 1, a subcommittee of the CEDS Committee met to hear a brief of economic trends NMCOG has noted in the region over 2023 and to develop 2024's economic development priorities in response to those trends. The CEDS Committee met March 7 to refine these priorities, which will be packaged with the trend information into an Annual CEDS Performance Report that will be voted on by the CEDS committee in March and, if successful, presented to the NMCOG Council for a vote at the Council's March meeting. After adoption, the report is sent to EDA and posted on the NMCOG website.

- **Economic Development Administration (EDA) Grant**

NMCOG received a "merits further consideration" letter from the EDA for a \$75,000 planning grant to create a new Comprehensive Economic Development Strategy (CEDS); this strategy is critical both for allowing NMCOG and its member communities to receive grants from EDA and for coordinating and prioritizing the activities of NMCOG; local, regional, and state economic development agencies; and municipalities. The current CEDS expires May 30, 2025. NMCOG sent the required documentation mid-February and is awaiting a grant announcement.

- **Weights and Measures**

During the month of February, NMCOG's Weights and Measures program conducted 51 inspections in the communities of Billerica, Chelmsford, Dracut, Littleton, Lowell, Tewksbury, Tyngsborough, and Westford. Of those 51 inspections, 48 were annual inspections and 3 were requested by a new business or a business installing additional devices. The outcome of these inspections resulted in 245 devices being inspected, with 239 sealed and 6 condemned for being outside of acceptable tolerance. Pepperell has been added to our portfolio of communities that Weights and Measures serves with inspections beginning in March.

## **ASSISTANCE TO INDIVIDUAL COMMUNITIES**

- **Multi-Family Zoning for MBTA Communities – Compliance Activities**

NMCOG continued work with communities subject to MBTA Communities Law across the region. In February, staff worked with the planning staffs of Chelmsford, Billerica, and Westford to advance public outreach plans in the weeks leading to Annual Town Meeting. The goal of this outreach is to educate the public, municipal staff and board members, and town meeting

members on the Section 3A MBTA Communities Multi-Family Zoning Law requirements, non-compliance consequences, selected district boundaries and the proposed bylaw amendments. Staff also participated in calls with the Massachusetts Attorney General's Office (AGO) to understand the lawsuit against Milton and what it may indicate for other communities who fail to comply.

NMCOG staff presented information about the MBTA Communities Law and three possible options to Dracut residents in an in-person and virtual meeting over the month of February. Additionally, NMCOG administered a town-wide survey that received more than 130 online and paper responses. NMCOG will analyze those results, assist Town staff in presenting the results to Dracut's Zoning Bylaw Review Committee (ZBRC), and guide the ZBRC through selecting a final option and compliant dimensional standards.

NMCOG assisted the Billerica Planning Department in hosting their second MBTA Communities Multifamily Zoning Open House event at Haijer School on Rodgers Road on February 26, attended by more than 80 attendees. The open housing included information on the Section 3A MBTA Communities Multi-Family Zoning Law requirements for Billerica, the Town's current proposal and preceding efforts, and provided opportunities for feedback to the Planning Department and Planning Board.

Finally, staff assisted Westford in researching the relationship between economic development and housing production, and provided technical assistance at a meeting of the MCMAC – the Advisory Board that prepared Westford's zoning amendments – and in advance of Westford's Financial Committee meeting. Additional assistance will be provided throughout March, including at Westford's Annual Town Meeting on 3/23.

NMCOG also hosted a monthly technical support conference call with all seven participating MBTA Communities from the NMCOG region on February 13.

- **Dunstable Union Building Rehabilitation and Future Use**

On February 8, NMCOG and Spencer Preservation Group presented several reuse options for the Dunstable Union Building to more than 30 residents who participated both in-person and via zoom. Staff led breakout groups to discuss the options and possible resources or users of those options to integrate into a report. NMCOG developed a summary document of the report and is now working with Town staff on final recommendations to present to the Dunstable Union Building Rehabilitation Committee.

- **Chelmsford Open Space and Recreation Plan (OSRP)**

NMCOG initiated the process for Chelmsford's OSRP 2024 update. As part of this effort, a dedicated OSRP Committee is being established in Chelmsford. Staff are currently reviewing intersecting plans and crafting a community engagement strategy, with a particular emphasis on reaching Environmental Justice (EJ) communities. Additionally, staff are identifying relevant data to integrate into the required maps, ensuring they convey a compelling narrative.

- **Dracut Open Space and Recreation Plan (OSRP) 2024**

NMCOG completed the first draft of the Dracut OSRP and presented the draft document to the

Conservation Commission on February 7 and the Open Space Committee on February 8; at both meetings staff received valuable feedback to incorporate into the final OSRP document. The Recreation Commission meeting scheduled for March 4 was cancelled, so NMCOG will work with the Recreation Department Director to obtain recreation related feedback. A final draft of the plan is expected to be presented to the public in April.

- **EV Charging Stations in Dunstable and Pepperell**

Staff released an RFP for the purchase, installation, operation and maintenance of EV Charging Stations at three locations: two in Pepperell, one in Dunstable. The \$42,000 budget for the project is funded by a Commonwealth earmark. The project is under MassEVIP and must comply with the Public Access Charging Program (PAC) guidelines. Responses are due May 9, 2024.

### **GIS AND DATA SHARING**

NMCOG provided a range of GIS support to member communities in February and continued work on ongoing agency projects.

- Dracut and Tyngsborough staff participated in an online Nearmap MapBrowser training organized by NMCOG and several new staff were provided with user accounts. The training will enable town staff to make the most of the tools available for viewing and measuring from new and historic imagery offered in the Nearmap subscription.
- NMCOG GIS assisted Tewksbury staff in loading Tewksbury's local street data into the Eagleview CONNECT Explorer aerial image viewer application. A street grid index map was developed for Dunstable public safety staff and their dispatch service.
- Updates to Dunstable's open space inventory were also completed and provided to the town for review.
- Tyngsborough staff requested assistance with loading town boundary coordinates into the Ways Cities traffic event platform and Tyngsborough Assessor's neighborhood codes were loaded into the town parcel dataset to produce a town-wide map required by the Department of Revenue.
- For Billerica, LRTA routes were loaded into an ArcGIS Pro template to map Billerica bus routes and transit stations relative to town open spaces. GIS parcel updates and building permit data collection is expected to be completed in March.

### **REGIONAL SUPPORT ACTIVITIES**

- **Community Compact Efficiency & Regionalization Grant**

Following on support from the Northern Middlesex Municipal CEO Group, NMCOG submitted a grant application for \$115,000 to the Massachusetts Community Compact Efficiency and Regionalization Grant Program to establish a Regional Housing Services Organization. The funding would enable the agency to help NMCOG municipalities maintain and expand their Subsidized Housing Inventories, ensure fair housing compliance, advance Housing Production Plans, and similar activities.

- **Massachusetts Environmental Policy Act (MEPA) Updates**

The two projects described below are within the NMCOG region and are undergoing MEPA

review. The table below identifies the projects, including comment deadlines:

<b>TALBOT DAM REMOVAL/CONCORD RIVER RESTORATION</b>	
<b>MEPA/NMCOG NUMBER AND TYPE OF DOCUMENT FILED</b>	MEPA:16731/NMCOG: 691 SEIR
<b>PROJECT NAME AND LOCATION</b>	Talbot Dam Removal/Concord River Restoration Billerica, MA
<b>APPLICANT NAME AND ADDRESS</b>	CRT Development Realty, LLC. Prepared by Gomez and Sullivan 80 Washington St, Norwell, MA 02061
<b>PROJECT DESCRIPTION</b>	The project includes the removal of Talbot Mills Dam, an approximately 127-foot-long, 10-foot-high former mill dam on the Concord River, about 4.76 miles upstream of its confluence with the Merrimack River. The project is pursued as the best alternative to restore migratory fish passage and connectivity for resident aquatic species, decommission aging infrastructure, eliminate ongoing maintenance and repair obligations, reduce flood hazards and increase resilience, and improve water quality, habitat, and natural river functions. The proposed removal has been designated a Priority Project by the Massachusetts Division of Ecological Restoration.
<b>PRIORITY RANK</b>	A
<b>COMMENT DEADLINE AND STAFF REMARKS</b>	March 25, 2024
<b>YANKEE DOODLE BIKE PATH</b>	
<b>MEPA/NMCOG NUMBER AND TYPE OF DOCUMENT FILED</b>	MEPA: 16781/NMCOG: 694 EENF
<b>PROJECT NAME AND LOCATION</b>	The Yankee Doodle Bike Path Billerica, MA
<b>APPLICANT NAME AND ADDRESS</b>	Town of Billerica prepared by VHB Town of Billerica 365 Boston Road Billerica, MA 01821
<b>PROJECT DESCRIPTION</b>	The Project consists of the construction of the Yankee Doodle Bike Path and includes approximately 4.2 miles of a paved 10-foot-wide, multi-use, non-motorized, ADA-accessible path with 3-foot shoulders from the Billerica High School to the Bedford Town Line part of the regionally significant non-motorized transportation connection between the Minuteman Bikeway in Bedford and the Bruce Freeman Rail in Lowell. It will be open to pedestrians, joggers, bicyclists, rollerbladers, and other non-motorized modes of travel.
<b>PRIORITY RANK</b>	A
<b>COMMENT DEADLINE AND STAFF REMARKS</b>	March 25, 2024