



[Local Officials Directory](#)

[Municipal Calendar](#)

[IGR's & Bulletins](#)

[Workshops, Seminars & Events](#)

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In this Issue:

- [Announcing Year Two of the Community Compact Cabinet Program](#)
- [Early Success with the Community Compact Cabinet](#)
- [Register Now for "Recent Developments in Municipal Law"](#)
- [Data Highlight of the Month](#)
- [Mapping Value Changes](#)

Announcing Year Two of the Community Compact Cabinet Program

Lieutenant Governor Karyn Polito

I hope you all had a wonderful summer and that this message finds you well. I'm writing to announce the second year of our [Community Compact Cabinet \(CCC\) program](#). The Community Compact Cabinet elevates the Administration's partnership with cities and towns and allows the Governor's Office to work more closely with leaders from all municipalities.

When we announced the program last year, we sought to provide a new model of collaboration between the Commonwealth and our colleagues in local government. With more than two-thirds of Massachusetts cities and towns signed up for the Best Practice program and more than half of eligible municipalities applying for the Information Technology (IT) Grant program, we're immensely proud to report that the CCC program has been a resounding success. This is primarily attributable to the support and commitment we received across all levels of government and the efforts of local officials to pursue and implement initiatives that directly benefit their communities.

Yesterday, each of the 351 municipal executives in cities and towns across the Commonwealth received an emailed letter from me with information about the program. We also sent a targeted email to school superintendents, regional planning agency executive directors and council of government executive directors who are eligible for a new CCC program. Both letters contained links to our website where you'll find additional information and an online application process that's quick and easy.

In this next iteration of the program, we're building on the successes and lessons we've learned, both through our collaborations within state government and from the important feedback we've received from local officials across the Commonwealth. We're also expanding our efforts to include new initiatives.

Under the CCC umbrella, there are now three programs. The [Best Practice program](#) is returning. This time around, it is dedicated to municipalities that did not apply in Fiscal Year 2016 (FY16). In keeping with previous practice, "compact communities" receive additional bonus points for various state grants including the new Efficiency and Regionalization Grant program referenced below. The [Information Technology Grant program](#) is also returning in early 2017. It will be open to municipalities that did not previously receive an IT grant in FY16 and that have applied for the Best Practice program by that time. Finally, a new [Efficiency and Regionalization Grant](#) will be available both this fall and in early 2017. That program is open to all municipalities, regional school districts, regional planning agencies, councils of governments, and school districts exploring regionalization or shared services. To read more about all these aspects of the Community Compact Cabinet program, [click here](#).

A little over a month ago, our Administration signed into law the [Municipal Modernization bill](#) aimed at enhancing the partnership between the state and municipal governments while granting more local control and encouraging fiscal efficiency wherever possible. Through this legislation and the ongoing CCC program, we're committed to developing and implementing sound policies and cultivating new opportunities between the state and the many facets of local government.

These collaborations can reap rewards that benefit everyone. Whether through a slate of new financial policies that leads to an improved bond rating or through innovative technology that finds new ways to connect residents to their communities, there are countless possibilities. The CCC program is designed to provide the resources and subject matter expertise necessary to facilitate and foster partnerships, practices and policies that reach across the Commonwealth to positively impact each and every city and town in Massachusetts. We thank you for your support and look forward to continuing to work with you toward that goal.

Finally, I'd like to announce an exciting event we'll be hosting in collaboration with the Massachusetts Association of Regional Planning Agencies (MARPA) and the UMASS Boston Collins Center for Public Management. Please join us on Tuesday, October 18th in Framingham for *Making IT Work: Modernizing Government by Using Information Technology*. Information Technology lies at the heart of so many critical municipal functions, and this half-day conference is designed to explore how the Commonwealth's cities and towns are leveraging data and

technology to improve operations and better serve residents. We hope you'll be able to attend. For more additional information including links to the agenda and registration, please [click here](#).

Early Success with the Community Compact Cabinet

Zack Blake - Technical Assistance Bureau Chief

With year two of the Community Compact Cabinet (CCC) program set to kick off this week, I'd like to take a moment to reflect on its positive impact on cities and towns across the state. Of the 244 communities participating in the initiative to date, nearly half selected financial management options as best practices to implement. The Technical Assistance Bureau (TAB) is working with about half of this group to deliver guidance on financial policies, forecasting, capital planning, budgeting, and management structure.

Although it's still early, the CCC program is quickly demonstrating its value as cities and towns embrace the support and additional hands-on guidance and tools they receive. Whether a community seeks to deliver a more transparent budget document, develop a capital financing strategy, evaluate personnel needs, or enhance internal controls, the program is strengthening local government practice. Just this past week, I heard from a town whose bond rating was elevated in part because of the new financial policies we helped craft ahead of its ratings call.

For me, this kind of feedback validates how important it is for cities and towns to take advantage of the opportunities CCC has to offer. Toward this end, two veteran local officials, Marcia Bohinc and Mary MacKinnon, have come on board to deliver guidance on municipal finance for communities enrolled in the program.

Working as TAB project managers, Mary and Marcia bring extensive municipal knowledge and experience to our team. Marcia, a Pittsburgh-area native, graduated from Penn State University with a degree in math education. Before coming to DLS, she was the finance director in Marshfield, and prior to that, town accountant in Hull, where she resides. She sees the opportunity as a chance to leverage her experience in a new setting to provide hands-on support to communities across the state.

Mary is a resident of Kingston, where she chairs the town's finance and capital planning committees. She is a graduate of the University of New Hampshire with a degree in economics and a minor in accounting. For the past 21 years, she worked for ADMINS Inc., a software solutions provider for cities and towns, most recently as vice president. She previously served as the assistant town accountant/assistant data processing coordinator in Reading.

Over the coming year, my team is eager to help, and I encourage each and every community to take advantage of the support and guidance offered through the CCC program.

Register Now for "Recent Developments in Municipal Law"

The Division of Local Services Legal staff will offer its annual seminar "Recent Developments in Municipal Law" for local officials on Thursday, September 29th, 2016 at The Log Cabin Banquet & Meeting House in Holyoke and Thursday, October 6th, 2016 at The Lantana in Randolph.

The general session in the morning will review new legislation and recent court decisions pertaining to local government. The afternoon session will consist of three concurrent workshops that will focus on changes in municipal tax and finance laws under the Municipal Modernization Act related to: (1) local assessment administration; (2) remedies for collection of local taxes and charges, management of cash and issuance of debt; and (3) local revenues, special funds and financial management.

Please click the following for the [agenda](#) and [registration form](#). Registrations must be received by Wednesday, September 21st, 2016. Pre-registration is required. If you have any questions about these seminars, please contact DLS Training Coordinator Donna Quinn at (617) 626-3838 or by email at dlsregistration@dor.state.ma.us.

Data Highlight of the Month

Anthonia Bakare - DLS Municipal Databank

The Division of Local Services (DLS) offers a wide variety of municipal, financial and socioeconomic information. This month's data highlight is centrally valued utilities.

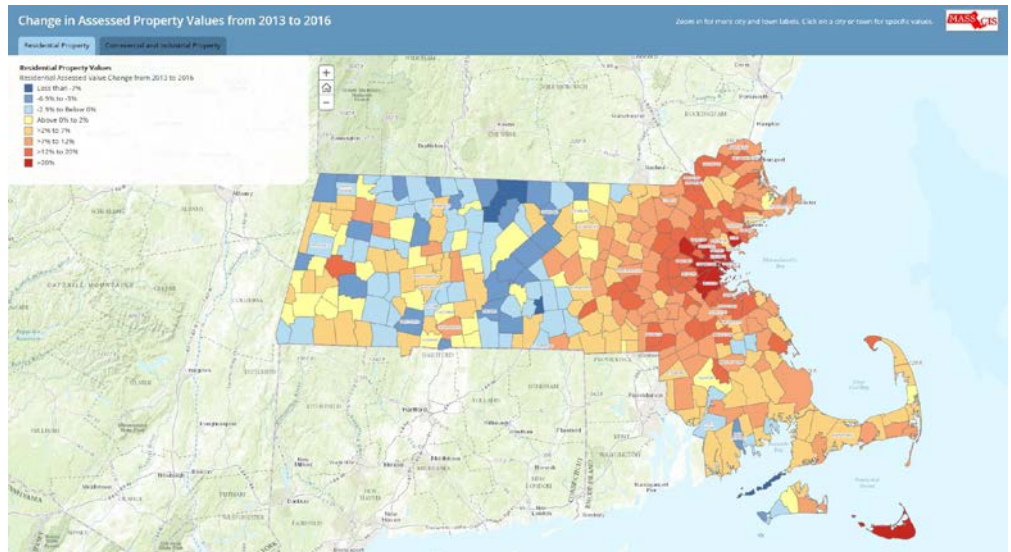
[Telephone & Telegraph Companies](#): Generally, local boards of assessors are responsible for valuing and assessing all personal property located within their communities based on fair cash value. [MGL c. 59, sec. 38](#). However, since 1915, the Commissioner of Revenue has been required to "centrally value telephone and telegraph companies." MGL c. 59, sec. 39. The telephone and telegraph assets taxable under this statute are identified by the property's legal form of ownership and include all those owned by "landline" companies, whether as an incumbent local exchange carriers (ILEC, established before the AT&T divestiture) providing both local and long-distance telephone services or as a competitive local exchange carrier (CLEC, established

postdivestiture) offering competitive local telephone services. The Commissioner certifies values annually by May 15th and reports them to the companies and to the local assessors where the properties are located. Local assessors then assess the property at the local commercial tax rate based on the Commissioner's values. Currently there are 22 landline, telephone and telegraph companies.

[Pipeline Companies](#): The Commissioner of Revenue also determines and certifies the full and fair cash valuation of taxable pipelines used for the "transmission of natural gas, petroleum or their products" or byproducts for a distance of 25 miles or more as of January 1st of each year. Currently, there are four pipeline companies for the Usage Class 506 in FY17. Similar to telephones, taxable property subject to central valuation varies depending on the property's legal form of ownership. Any pipeline company doing business as a corporation, partnership, trust, limited liability company (LLC) or other unincorporated entity treated as corporation for federal income tax purposes is subject to central valuation and local taxation on its poles, wires, underground conduits, pipes and machinery used to provide pipeline service, including the Federal Energy Regulatory Commission (FERC). Any pipeline company organized and filing federally as a partnership, trust, LLC or other unincorporated legal entity is also subject to central valuation and local taxation on any other machinery, equipment, and personalty used to provide pipeline service. [MGL c. 59, sec. 38A](#); [MGL c. 59, sec. 18](#), First and Sixth.

For a comprehensive list of all communities affected by these programs, "unhide" the data tab in the spreadsheet. The Databank will soon update these pages in order to consolidate and present data in a more user-friendly format. More information on Telephone & Telegraph Companies or Pipeline Companies can be found [here](#).

We hope you become better acquainted with the data the Division of Local Services has to offer through the *Data Highlight of the Month*. For more information, contact us directly at databank@dor.state.ma.us or (617) 626-2384.



Mapping Value Changes

Nathaniel Cramer - Bureau of Local Assessment Field Advisor

Over the past several years, as Bureau of Local Assessment (BLA) field representatives statewide have been approving the methodologies used by assessors to value properties throughout the Commonwealth, the conversations have naturally raised discussions on value changes in any given town, usually in the form of "Holy cow - did you see what that (insert property type here) sold for?"

More recently, those numbers have not only been the talk of the office but the talk of the town - the real estate market has been front-page news regularly.

We all remember the Great Recession of 2008. It took most communities five years to recover from the decline in real estate values, and some are still struggling. However, there are several that have come back, and the values are beginning to exceed pre-2008 values.

When researching this article, I reviewed assessed values of residential, commercial and industrial properties back to FY1981. Why FY1981? Because we have the data on [our site](#)! I then created a graph using these numbers and determined that statewide, from an assessment standpoint, real estate values hit bottom in FY2013.

Since then, a good portion of the state has seen significant *increases* in assessed values. It's important to understand that assessed values are based on prior year's sales. So, while properties are valued at 100% full and fair cash value in Massachusetts, the numbers those values are based on can be as much as two years old, depending on the size of the town and the number of sales required for a reliable sample. This is why sales prices often do not mirror assessed values, but don't worry. They'll catch up.

With this data, I collaborated with MassGIS to have them create an

interactive, color-coded map to give readers a visual representation of the data. One tab features changes in assessed values only on single family homes, while the other provides the assessed values on commercial and industrial combined. Factors such as increased rents and new construction can significantly influence these value changes. For instance, the map shows there is a 36.79% increase in the commercial and industrial real estate values in the past three years in the small town of Monroe (pop <150). The sole contributor to this increase was an increase in the valuation of the hydroelectric facilities on the Deerfield River. Another example is in Lynnfield, where the new Market Street development led to a 109% increase to their commercial base. On the residential side, there were 15 communities that had 100 or more single family homes in FY2016 than they did in FY2013, which greatly impacted the value changes in them. The amount of new growth in Massachusetts is worthy of its own article, which will be published soon.

To view the map, [click here](#).

September Municipal Calendar

September 15	Accountant/ Assessors	<p>Jointly Submit Community Preservation Surcharge Report</p> <p>This report (CP-1) is a statement of the prior year's net Community Preservation Surcharge levy, and is used to distribute state matching funds on November 15.</p>
September 15	Local Reporting Officers	<p>Submit Smart Growth School Cost Reimbursement Report to DLS</p> <p>Local Reporting Officers report (a) local smart growth property tax and excise tax revenue for prior fiscal year or (b) municipality's waiver of reimbursement.</p>
September 30	Municipal and District Treasurer/Collector	<p>Submit Compensating Balance Report</p> <p>If compensating balance accounts were maintained during the prior fiscal year, a report and</p>

		account analysis schedules must be submitted to DOR.
September 30	Accountant/ Superintendent/ School Committee	<p>Jointly Submit End of Year Report to the DESE</p> <p>Schedule 1 - determines compliance with prior year Net School Spending requirement. Schedule 19 - determines compliance with current year Net School Spending requirement.</p>
September 30	Accountant	<p>Submit Snow and Ice Report</p> <p>This report is a statement of snow and ice expenditures and financing sources.</p>
September 30	Treasurer	<p>Year-End Cash for the Previous Fiscal Year (due upon submission of a balance sheet for free cash/excess and deficiency certification)</p> <p>A reconciliation is the process of comparing the Treasurer's accounts to the Accountant's/ Auditor's or Schools Business Manager's ledger balance to determine if they are consistent, and for the officials to make any necessary corrections. When the reconciliation is complete, the Accountant/Auditor/School Business Manager should indicate agreement with the Treasurer's balances. Reconciliations are required annually, but communities and school districts should reconcile monthly for their own purposes. The year-end report as of June 30 must be completed and returned to DOR. Municipalities and school districts should also use monthly reports to monitor cash practices of the Treasurer's office. If the Accountant/Auditor/School Business Manager and Treasurer</p>

		are not consistently reconciling cash accounts, or if the reconciliations indicate variances, the Mayor, Selectmen or School Committee should inquire as to the reasons.
September 30	Treasurer	<p>Submit Statement of Indebtedness</p> <p>MGL Ch. 44, Sec. 28 requires the Director of Accounts to maintain complete and accurate records of indebtedness by cities, towns and districts. This statute also requires Treasurers to furnish any other information requested by the Director in respect to the authorization and issuance of loans. This Statement is the annual report required from Treasurers to accomplish this purpose. Treasurers should reconcile their debt records with the Accountant/Auditor before filing the Statement of Indebtedness to ensure that the Statement and balance sheet are in agreement.</p>
Final Day of Each Month	State Treasurer	<p>Notification of Monthly Local Aid Distribution</p> <p>Click www.mass.gov/treasury/cash-management to view distribution breakdown.</p>
<p>To unsubscribe to <i>City & Town</i> and all other DLS Alerts, please click here.</p>		