



January 19th, 2022



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## Important Dates & Information

### DLS at 2023 MMA Annual Meeting & Trade Show

Below please find information on the many ways the Division of Local Services will be provide updates and information to local officials at the [Massachusetts Municipal Association's Annual Meeting & Trade Show](#) at the Hynes Convention Center.

#### Friday, January 20th, 2023

11am - 5pm

Stop by our booth (Booth 715) on the Trade Show Floor to say hello and get the latest updates on how DLS is improving operations and communications tools to better serve local officials.

2pm - 3:15pm

*Developments and Initiatives in Municipal Finance Workshop*  
Room 210

This workshop will cover important current issues in municipal finance and will look at fiscal 2023 and beyond. Administration officials will give updates on the status of state tax collections and the state's

## DLS and MMA Present "Municipal Finance Management: Resources and Tools" Webinar

[Online registration](#) is now open for "Municipal Finance Management: Resources and Tools," a free webinar co-hosted by the Massachusetts Municipal Association and the Division of Local Services on Wednesday, January 25th at noon.

The webinar will help appointed and elected municipal officials discover, navigate and use the tools available via the DLS [Municipal Finance Training and Resource Center](#), [our website](#), and our [YouTube channel](#). Panelists from DLS will highlight the wide array of interactive and on-demand materials created to help new local officials and seasoned municipal finance professionals and discuss how to leverage the wealth of publicly available municipal finance data to better identify fiscal trends and craft more informed financial policies in communities. The session will conclude with an interactive question and answer session where panelists will provide real-time support and demonstrate how to use management tools and calculators on fiscal inquiries submitted by webinar attendees.

To register, please [click here](#). For more information, contact MMA Education and Training Coordinator Lily Rancatore at [lrancatore@mma.org](mailto:lrancatore@mma.org).

## Highly Recommended: Sound Practices for Calculating Enterprise Fund Indirect Costs

**Financial Management Resource Bureau**

economic outlook.

**Saturday, January 21st, 2023**

10am - 2pm

If you missed us on Friday, we'll be at the DLS booth on Saturday as well. We look forward to seeing you!

**DLS Foundations in Municipal Finance for the New Official Online Training**

DLS is now offering a training specifically for newly elected or appointed local officials titled [Foundations in Municipal Finance for the New Official](#). The series of virtual training modules covers key concepts important to new local officials or those who seek a better understanding of municipal finance, outlines the budget process in both practical and policy terms, highlights best practices for sound financial management, and explains how each municipal official's role contributes to the overall financial health of a community.

We recommend starting with the Introduction and continuing with the Summer, Fall, Winter and Spring modules following the fiscal year calendar. We hope you enjoy [Foundations in Municipal Finance for the New Official](#).

**Website Launched to Expedite Access to Earmarks in the Economic Development Bill (Chapter 268 of the Acts of 2022)**

The Executive Office for Administration and Finance has launched a [website](#) to help facilitate the process for accessing earmarks in the recently signed Economic Development bill (*Chapter 268 of the Acts of 2022*).

Earmark recipients may now take steps to access funds and should work with their legislative delegation to do so.

Please note that the earmark distribution process may take weeks or months to complete before money is distributed. In most cases, funding will be dispersed to recipients within 16 weeks of receiving complete financial information from the vendor.

**Community One Stop for Growth FY24 Expression of Interest Now Open Executive Office of Housing and Economic Development**

The Executive Office of Housing and Economic Development is pleased

*The DLS [Financial Management Resource Bureau](#) (formerly the Technical Assistance Bureau) has offered financial management advice to municipalities across the state for over 30 years. To share this guidance more broadly, we thought it would be helpful to highlight some of our more useful, timely, or interesting recommendations for the benefit of City & Town readers.*

As allowed under [M.G.L. c. 44, § 53F½](#), many communities throughout the state have established enterprise funds for a range of fee-based, business-type services, such as water or sewer utilities, ambulance service, skating rinks, or golf courses. With an enterprise fund, a city or town can manage the given program's accounting transactions within a fund completely separate from the general fund. All of the enterprise program's revenues and expenditures are segregated from all other governmental activities, and the fund also has its own financial statements.

Enterprise fund accounting enables a city or town to determine the true cost to run a particular service. As a policy decision, the community may endeavor to maintain a fully self-supporting enterprise operation, by which all related costs are paid for by the users of the service based on a fee schedule. Alternatively, the municipality could opt to subsidize some portion of the enterprise costs through the tax levy or other available funds. To ascertain the degree to which any enterprise fund is self-supporting requires the community to consider all the ways that the general fund indirectly supports the enterprise fund, to employ sound methods for calculating these indirect costs, and to factor them into the enterprise fund budget.

Some communities struggle to devise valid, consistent, and comprehensive procedures for calculating indirect costs, either because of gaps in policy or training or due to weak interdepartmental coordination. We recommend that every city or town with an enterprise fund adopt an indirect cost allocation policy that includes provisions that specify the relevant cost categories and calculation methods to be used, identify the parties involved in the analyses, and require documentation of the finalized calculations as part of the annual budget process.

to announce the opening of the FY24 Round of the Community One Stop for Growth with the launch of the Expression of Interest period.

The Expression of Interest (EOI) is an optional, but highly recommended, form that allows applicants to briefly describe their prospective project ideas to receive written feedback from EOHED and partner agencies prior to completing a Full Application(s).

The EOI period is open through March 17, 2023. Each organization may submit one (1) EOI form for the FY24 Round. Prospective applicants will be able to seek feedback on up to two project ideas (or up to five project ideas, if submitted by February 3, 2023).

For more information on the Expression of Interest and the FY24 Round of the One Stop, please visit [www.mass.gov/onestop](http://www.mass.gov/onestop).

### **MBI Municipal Digital Equity Planning Program is Live**

The Massachusetts Broadband Institute (MBI) is pleased to announce that it is now accepting applications for the [Municipal Digital Equity Planning Program](#)!

The ability to engage in digital equity planning activities will be a critical step for municipal leaders and staff to build a broad understanding of how internet access, or lack thereof, affects residents of their community, and to develop actionable solutions to bridge the digital divide.

Specifically, the Municipal Digital Equity Planning activities will support municipalities in:

- Decision-making and investments related to services and infrastructure that will increase access, adoption, and usage of the internet for the populations most impacted by the COVID-19 pandemic.
- Preparing to submit grant proposals to existing or forthcoming state or federal opportunities related to solving the digital divide.

Municipalities participating in this program will receive expert advisement from a network of prequalified consultants identified by the MBI.

[Click here to find full program details, eligibility requirements, and apply!](#) For questions or additional information, please reach out via

Typically, the three main ways the general fund indirectly supports enterprise services are through its financing of (1) enterprise employee benefits, (2) certain expenditures that support overall town operations, and (3) enterprise-related administrative work performed by staff in non-enterprise departments. Specific examples of these include, but are not limited to:

#### **1. Personnel benefits** for active and retired enterprise fund

employees, such as pensions, insurance plans, Medicare taxes, unemployment, and workers' compensation

#### **2. Town-wide operational costs:**

- Information technology (IT) infrastructure and support
- Property and vehicle liability insurances
- Legal services
- Independent audit services
- Actuarial services related to other postemployment benefits
- Other costs that may be agreed to and documented

#### **3. Administrative work:**

- Various financial management activities, such as general ledger bookkeeping, collections processing, payroll processing, and banking services, that are performed within the audit/accounting, collections, and treasury departments
- Personnel administration work done by the treasurer or human resources department
- Budget development and administration activities done by the community's chief administrative officer

Once the cost categories are determined, the city or town must decide on specific methods for calculating the indirect costs from among the following options, as applicable:

**A. Actual cost** – Identify the concrete costs attributable to the enterprise operation based on documented schedules or bills payable, including debt service and insurance premiums. Among items applicable under this method are

email at [eichen@masstech.org](mailto:eichen@masstech.org).

## Qualifications of Assessors IGR

The Division of Local Services (DLS) Municipal Finance Law Bureau (MFLB) has issued a new Informational Guidelines Release (IGR). IGR 2022-15 establishes the minimum qualification standards assessors must meet to qualify to perform the duties of their office.

### [IGR-2022-15 – QUALIFICATIONS OF ASSESSORS](#)

To access IGRs, LFOs and Bulletins, please visit this [webpage](#).

## Pandemic Flexibility Provisions Extended

On July 16th, 2022, Ch. 107 of the Acts of 2022 was signed into law, extending certain pandemic-related policy measures. This bill authorized the continuation of remote meetings and public access under the Open Meeting Law and other remote meeting provisions (including for Massachusetts nonprofit corporations and Massachusetts public companies) until March 31, 2023. [Click here to view the law](#).

For additional related information and resources, please see the [DLS COVID-19 Resources and Guidance for Municipal Officials page](#).

## DLS Links:

[COVID-19 Resources and Guidance for Municipal Officials](#)

[Events & Training Calendar](#)

[Municipal Finance Training and Resource Center](#)

[Local Officials Directory](#)

[Municipal Databank](#)

[Informational Guideline Releases \(IGRs\)](#)

[Bulletins](#)

[Tools and Financial Calculators](#)

personnel benefits, like health and life insurances plans, as well as Medicare costs.

**B. Proportional** - Calculate the enterprise program's net-of-debt budget as a percentage of the total combined net-of-debt budget of that program and the general fund. Then apply the percentage calculated for the enterprise against the total budget (including employee benefits) of each non-enterprise department that provides support to it or against the total cost of a specific type of expenditure. Appropriate examples of the latter would include contributory retirement, IT, and annual audits.

**C. Estimate of support** - Apportion estimated work hours spent by non-enterprise department personnel in support of the enterprise. Let's say, for example, the town accountant estimates she spends an average of three hours weekly, or 10 percent of her time, working on enterprise transactions (e.g., bookkeeping, processing warrants payable, etc.). Apply this percentage against the town accountant's salary and benefits. The formula would look like this:

$$\frac{\text{Accountant hours spent on enterprise activities per year}}{\text{Accountant's total working hours per year}} \times \text{Accountant personnel budget} = \text{Indirect Departmental Salaries}$$

**D. Transaction-based** – Quantify the actual number of transactions attributable to the enterprise service and translate it to a percentage of a whole. An example would be the total number of water bills processed by the collector's office as a percentage of the total number of all types of collections processed by that office. Apply this percentage against the collector office's total personnel budget. In this case, the formula would look like this:

$$\frac{\text{\# of water collections processed by collector office}}{\text{\# of all collections processed by collector office}} \times \text{Collector office personnel budget} = \text{Indirect Departmental Salaries}$$

Samples of indirect cost allocation policies can be found within the policy manuals created by DLS and posted on our website [here](#). In



addition, DLS has published an Enterprise Fund Manual under [Information Guideline Release 21-11](#).

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Contact *City & Town* with questions, comments and feedback by emailing us at [cityandtown@dor.state.ma.us](mailto:cityandtown@dor.state.ma.us). To view previous editions, please [click here](#).

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