

A Publication of the Massachusetts Department of Revenue's Division of Local Services



December 21st, 2023



In this edition:

- **DLS Training Highlight: Issuing Property Tax Bills**
- **Highly Recommended: Long-range Financial Forecast**
- **The Stabilization Fund**

By the Numbers

City & Town provides updates on the progress of the tax rate and certification process. This information is available 24/7 by [clicking here](#).

Preliminary Certifications Approved:
65

Final Certification: 65 (of 67 total)

LA4 (Assessed Values):
348 approved (348 submitted)

LA13 (New Growth):
348 approved (348 submitted)

Tax Rates: 335 approved

Balance Sheets: 223 approved

Total Aggregate Free Cash
Approved: \$1,539,868,773

Important Dates & Information

DLS Tax Rate Setting Progress Tracker

DLS offers a tool that helps your community track its progress towards setting the annual property tax rate. The graphic follows the five major steps in the tax rate process,

DLS Training Highlight: Issuing Property Tax Bills

Municipal Finance Training & Resource Center

Once the tax rate is set, tax bills can be issued to residents. This means communities with quarterly and semi-annual preliminary billing are busy preparing tax bills for December 31, 2023. Mailing tax bills in a timely manner are key to successful financial operations. Late tax billing jeopardizes the municipality's cash flow and may result in the added expense of borrowing in anticipation of revenue and the loss of investment income on property tax collections.

DLS has a number of resources in the [Municipal Finance Training and Resource Center](#) detailing the different steps in the tax billing process, including a [video](#) highlighting the different tax billing schedules used by municipalities. Winter tax billing is also covered under the financial procedures section in the [Foundations in Municipal Finance - Winter Module](#).

Be sure to bookmark the [Municipal Finance Training and Resource Center](#) page and subscribe to our [YouTube channel](#) to stay updated on new items added. Is there something you would like to see added? Please email DLSTraining@dor.state.ma.us. We would love to hear from you!

Highly Recommended: Long-range Financial Forecast

culminating with a table that displays the municipality's Tax Rates, Tax Levy and Assessed Values by property class once approved. The visualization can be exported to a PDF file by using the Export button.

[Click here](#) to track your community's progress.

DLS Winter Update

Given the seasonal nature of certain reporting requirements, municipal responsibilities, billing processes and regulatory functions, we are utilizing a seasonal pages on our website that provide helpful resources, tools and guidance you might find useful for the time of year. The Winter Update provides timely resources related to the annual operating and capital budget processes, property tax commitments, warrants, tax billing, abatements, issuing motor vehicle excise, and municipal debt. Bookmark our Winter resources [here](#).

Bulletin 2023-8: Recent Legislation - Chapter 77 of the Acts of 2023

The Division of Local Services (DLS) Municipal Finance Law Bureau (MFLB) has a new bulletin. Bulletin 2023-8 focuses on recent legislative changes affecting municipal finance found in Chapter 77 of the Acts of 2023. The changes effect stabilization funds, the use of insurance proceeds, the general rules concerning municipal receipts, mitigation or exaction funds and major disaster amortization.

[BUL-2023-8 – RECENT LEGISLATION Chapter 77 of the Acts of 2023](#)

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

Bulletin 2023-7: G.L. c. 44, § 53 Clause 4 - Opioid Settlement Receipts

The Division of Local Services Director of Accounts has issued [Bulletin 2023-7](#).

On December 4th, 2023, Governor Healey signed [Chapter 77 of the Acts of 2023](#). Section 9 of the law provides, in part, for an exception to the legal requirement that all receipts are to be recorded as general fund revenue per [G.L. c. 44, § 53](#) for Opioid Settlement Receipts. Municipalities now have the option to account for these receipts in a special revenue fund.

Long-range financial forecasting is an essential planning process that allows local officials to evaluate the impact of various decisions and policy choices over a multiyear period. It involves collaborative input among financial officers and policymakers, as well as various viewpoints and expertise from other officials.

Successful forecasting requires local officials to analyze their financial data and identify revenue and expenditure trends that may have an immediate or long-term influence on revenue cycles, budget funding, or community services. It offers an opportunity to evaluate the impact of budget choices, such as wage and benefit increase proposals. Adhering to financial policies and best practices when developing and documenting realistic forecast assumptions is essential. Ultimately, the forecast should provide a fair representation of the community's fiscal future to help guide the annual budget and strategic planning processes. With the adoption of a successfully balanced budget, the forecast should also be updated to reflect the community's actions and set the stage for the next cycle.

Recently, DLS polled local officials on the use of long-range financial forecasting as part of their community's financial planning processes. Thank you to all who responded, as the survey results embody a wide cross section of the state based on population and role.

Does your community maintain a multiyear financial forecast?			
Population	Yes	No	Total
Less than 5,000	8	19	27
5,001 - 10,000	10	9	19
10,001 - 15,000	11	9	20
15,001 - 30,000	12	8	20
Greater than 30,000	12	0	12
Total	53	45	98

What is your role in your community?			
	Yes	No	Total
Accountant/Auditor, Treasurer, Collector, or Budget Officer	6	8	14
Administrator, Manager, or Mayor	11	18	29
Assessor	2	2	4
Elected Local Official	2	5	7
Finance Director or CFO	25	3	28
Financial Committee (equivalent committee)	5	7	12
Blank	2	2	4
Total	53	45	98

[BUL-2023-7 – G.L. c. 44, § 53
Clause 4: Opioid Settlement
Receipts](#)

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

**Healey-Driscoll
Administration Announces
\$5 Million in IT Grants for
Municipalities Through
Community Compact**

The Healey-Driscoll administration announced that \$5 million in grants have been awarded to municipalities to upgrade and improve their information and technology systems through the Community Compact program. This funding comes from one of four Community Compact grant programs being run this fiscal year and will benefit 68 municipalities and school districts, including 13 first-time recipients.

The 52 grants being awarded total more than \$4.95 million and will go toward improving cybersecurity and e-permitting, centralizing financial systems, implementing records management systems and infrastructure needed for hybrid meetings. The full list of IT grant awards can be found [here](#).

In addition to the information and technology grants, funding has been made available through both the Fiscal Year 2024 budget and the administration's capital investment plan to support each of the following Community Compact programs:

Best Practices - \$2 million
Efficiency & Regionalization - \$600,000
Municipal Fiber - \$5 million

The application periods for the Efficiency and Regionalization Grant Program and Municipal Fiber Grant Program open on Jan. 8, 2024 and March 11, 2024, respectively.

**2023 "What's New in
Municipal Law" Materials
Now Available Online**

We are pleased to announce that the 2023 "What's New in Municipal Law" court decisions presentation, workshop materials, and discussion summaries are now available online. All of the material can be accessed on the seminar's website [here](#).

**New DLS Visualization Tool
Highlights Trends in
Municipal Debt**

DLS is pleased to announce the release of our latest municipal

In general, the larger the community, the more likely it is that a forecast is part of the overall financial planning process. Officials in these communities report that they are using a forecast tool that provides a wholistic view of revenues and expenditures, gives credibility to their budgeting process, and allows them to easily generate multiple fiscal scenarios. However, many of the officials acknowledge the significant amount of time required for data entry to implement the tool and the needed updates to keep the information timely and relevant. Additionally, some note that the knowledge and effort required to maintain a forecast, and to properly use the software and internal templates, restricts its management and understanding to limited staff.

Indicative of smaller communities, common reasons for not maintaining a forecast were insufficient resources, both staff and time, and not knowing how to get started. Many of these communities are looking for either in person training, tools, or written instruction like a flowchart or checklist. A few communities feel the financial team has a handle on the budgeting process and do not see the value of a forecast.

Only six communities in the survey are actively using the DLS financial forecasting template, and two of those are supplementing it with additional excel workbooks. The remaining 47 communities use a combination of available software, internally created tools, or other custom templates. We received conflicting opinions on the usability of all financial forecasting tools. Comments on the survey include liking the tool's simplicity and flexibility, disliking the tool for being too simple and without sufficient information, or just finding it too complex and hard to keep updated and maintained. Having worked with communities across the state to establish forecasts, these comments were not surprising to us as we fully understand that there is not a one size that fits all.

Most communities maintaining a forecast follow the DLS recommendation of a 5 to 10-year lookback, depending on general economic activity and local trends, with a 5-year forward projection.

finance visualization. Our new [Trends in Municipal Debt](#) tool provides an in-depth look at both general fund debt service and outstanding debt using data collected through the [DLS Gateway application](#). Individual charts show trends in debt service over time and sort the data by type and per capita. We've also included a glossary page to help explain many of the terms associated with [municipal debt](#). Each dashboard can be downloaded to a PDF file, and the source data can be accessed using the "351 Report" button.

Please email any feedback to the Data Analytics & Resources Bureau at DARB@dor.state.ma.us.

New Informational Resource Page for City/Town Clerks

The Division of Local Services is pleased to announce the availability of materials on the Municipal Finance Training & Resource Center under [resources by position](#) to assist city or town clerks. A city or town clerk is an integral member of the municipal management team and a central information point for residents. While the job responsibilities may vary from community to community in Massachusetts, the clerk is a bonded official who is the municipality's record keeper and often the chief election officer. The new page is one stop shopping for the following topics important to clerks:

- Overview of responsibilities
- Adopting local option excise
- Local elections and town meeting
- Local Officials Directory
- Municipal debt and borrowing
- Proposition 2 ½ votes
- Record legislative action
- Tax rate setting process

Be sure to bookmark the [Municipal Finance Training and Resource Center](#) page and subscribe to our [YouTube channel](#).

2024 Municipal Cybersecurity Awareness Grant Program

The Executive Office of Technology Services and Security (EOTSS) is pleased to announce the Municipal Cybersecurity Awareness Grant Program (MCAGP) for 2024!

The MCAGP is **open to all local government agencies** (municipalities, public school districts, libraries, police

Historical Lookback					
0 - 3 Years	4 - 5 Years	6 - 9 Years	> 10 Years	Blank	Total
25	14	9	4	1	53

Projection							
1 Year	2 Years	3 Years	4 Years	5 Years	>5 Years	Blank	Total
2	3	8	1	32	6	1	53

Forecasting is a foundational element in a community's financial plan. DLS considers forecasting, along with adopting formal policies and maintaining a capital improvement plan essential to developing an annual budget to meet community needs and priorities. Key takeaways as communities develop and maintain a financial forecast include:

- Involving all members of the financial management team with expert input from other officials and boards as needed;
- Updating the forecast as information becomes available;
- Keeping policymakers informed;
- Adopting relevant policies that guide the forecast process, including reserve levels, capital planning, debt management, and budget process.

Based on the survey feedback, DLS is developing further interactive educational materials and in-person training workshops for financial officials to build their own forecast. Current assistance is available by clicking [here](#) for the DLS Municipal Finance Tools and Templates. Look for future DLS alerts for updates and training.

The DLS [Financial Management Resource Bureau \(FMRB\)](#) provides tailored consultative services to municipalities across the state. Articles in this series highlight a particular financial management best practice that we frequently recommend.

The Stabilization Fund

Tony Rassias - Deputy Director of Accounts

This article focuses on the municipal Stabilization Fund (Fund), Statewide balance trends, how the Fund is invested and accounted for and how the Fund's balance can be replenished when depleted.

departments, fire departments, planning commissions, and municipally run utility departments and airports), as well as members of the PERAC Retirement System. The program improves overall cybersecurity posture by helping organizations mitigate their human risk through awareness training, and monthly threat simulations (phishing campaigns).

EOTSS' Office of Municipal and School Technology (OMST) procures the user licenses and manages the program – making the program **free** to participating organizations. More specific information about the program, learning paths, and information sessions can be found [here](#). The applications are now available, but act quickly! The application period will close when all available seats are taken or on January 10, 2024, whichever occurs first.

Latest Issue of *Buy the Way Now* Available

Don't miss Issue #23 of [Buy the Way](#), the official magazine of the Operational Services Division (OSD).

[Click here](#) to get news and updates from OSD delivered to your inbox.

BULLETIN-2023-6: Massachusetts Statewide Opioid Settlement Funds

The Division of Local Services (DLS) Bureau of Accounts has issued Bulletin 2023-6. Bulletin 2023-6 is a reminder to city and town accounting officials of the requirements for the accounting treatment of statewide opioid funds as well as the reporting requirements to document their use in accordance with the State Subdivision Agreement.

[BUL-2023-6 – Massachusetts Statewide Opioid Settlement Funds](#)

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

BULLETIN-2023-5: Tax Title Foreclosure Surplus Proceeds

The DLS Municipal Finance Law Bureau has a new Bulletin. Bulletin 2023-5 discusses a recently decided United States Supreme Court case, *Tyler v. Hennepin County*, 598 U.S. 631 (2023). As a result of that decision, there is uncertainty as to whether or not tax title foreclosure surplus proceeds will need to be

Data is taken from Schedule A, the Annual Report of cities and towns.

[Chapter 124 of the Acts of 1945](#) first authorized Massachusetts cities and towns to appropriate and reserve money as a mechanism to help stabilize the tax rate from the impact of costs “for which the town or city would be authorized to borrow money” under G.L. c.44, §§ 7 and 8 or for another municipal purpose with prior approval of the State’s Emergency Finance Board (EFB). The EFB was created by [Chapter 49 of the Acts of 1933](#), abolished in 2003 and replaced by the [Municipal Finance Oversight Board \(MFOB\)](#) which continues today. Since 1945, several subsequent amendments have been made to [G.L. c. 40, § 5B](#), the Fund’s General Law, eliminating certain requirements and broadening certain restrictions.

There are two fund types. A General Stabilization Fund may be appropriated for any lawful purpose. A Specific Purpose Stabilization Fund may be appropriated for a particular purpose. This type was created by the Municipal Modernization Act, so called, [c. 218 of 2016, § 22](#).

A General Stabilization Fund may be created by a 2/3rds vote of the city, town or district legislative body, requires a majority vote of that body to appropriate into the Fund but a 2/3rds vote to appropriate out of the Fund or transfer from it to another Fund. A Specific Purpose Stabilization Fund may be created by a 2/3rds vote of the city, town or district legislative body, requires a majority vote of that body to appropriate into the Fund and requires only a majority vote to appropriate out of the Fund (a recent change made by Chapter 77 of the Acts of 2023; however there remains a 2/3rds vote to appropriate out of the Fund for a purpose other than for which the Specific Purpose Fund was created.

Either form of Fund may be revoked in the same way it was accepted, subject to charter, but no sooner than three years after acceptance. [G.L. c. 4, § 4B](#). Section 197 of Chapter 77 of the Acts of 2023 also added a special revocation provision for opioid settlement receipts dedicated to a Special Purpose Stabilization Fund, the dedication for which may now be revoked at any time. See Division

returned to property owners. The Bulletin notes that DLS will not object to a community temporarily holding any such surplus proceeds in an agency account until there is a directive from the courts on this matter.

[BUL-2023-5 – TAX TITLE FORECLOSURE SURPLUS PROCEEDS](#)

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

MassDEP: New Large Entity Reporting Requirement

The Massachusetts Department of Environmental Protection (MassDEP) adopted a new regulation 310 CMR 7.41: *Large Entity Reporting Requirement* that became effective on September 1, 2023, which requires large entities (fleet owners, businesses, government agencies, municipalities, brokers, etc.) to submit a one-time report on medium- and heavy-duty (MHD) vehicles greater than 8,500 lbs. operated or dispatched in Massachusetts. Specific information that must be reported includes vehicle type and usage characteristics.

This report will help MassDEP assess the best way to develop electric vehicle charging infrastructure and programs to support and accelerate the MHD zero emission vehicle market in Massachusetts.

Entities must submit the report to MassDEP by **5:00 PM on Friday, March 1, 2024**. To determine whether an entity is required to report, follow the instructions provided in the link below:

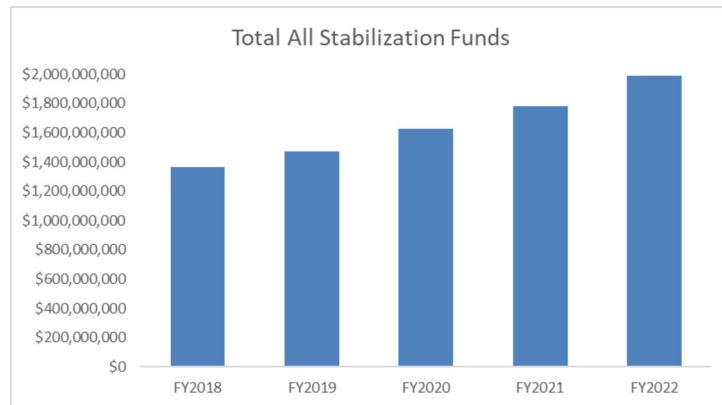
<https://www.mass.gov/how-to/large-entity-reporting-requirement>

"Adopting Local Option Excise Taxes" Training Video Now Available

DLS is pleased to announce the availability of a [new training video](#) explaining the process for adopting a local option excise on room occupancy, meals and adult use recreational marijuana, or a community impact fee on short-term rentals in your community. The training also covers the Division of Local Services' role in local option excises, discusses the timetable involved with adopting any of these options, and provides examples of warrant language to assist you in preparing for a vote on a local option excise tax.

of Local Services (DLS) guidance on this new provision.

The following graph shows total stabilization fund balances for FY2018 to FY2022 as of June 30 at the time of this writing.



In FY2018, total Stabilization Fund balances was \$1.364 billion. In FY2022, the balance grew to \$1.987 billion, an increase of 45.7%.

The above graph reveals a consistent Statewide trend of annual increases over the five most recent fiscal years. In FY2022, the \$1.987 billion consisted of \$1.6 billion of General Fund Stabilization and \$349 million of Special Purpose Stabilization, as reported by municipalities.

Investing the Fund

As custodian, the treasurer may deposit or invest Fund money into:

- a trust company, co-operative bank, or savings bank
- a national bank, federal savings bank or federal savings and loan association
- the Massachusetts Municipal Depository Trust (MMDT)
- securities that are legal investments for savings banks included in the annual legal list of investments established by the Commissioner of Banks under G.L. c. 167, §§ 15A-15K, and permitted by G.L. c. 167F, § 3 meeting the prudent investment standard governing the investment of public funds in G.L. c. 44, § 55B.

The [training video](#) is now available on the DLS YouTube channel, along with the [presentation slides](#). Additional [local options related training resources](#) and [local options data and reporting](#) information is also available on the DLS website. If you have any questions relative to adopting local option excise taxes please contact databank@dor.state.ma.us.

OIG Offers No Cost Procurement Training for Municipalities

The Office of the Inspector General introduced a pilot program, "One Free Designee," that offers core public procurement training to one public employee per municipality at no cost. Effective in FY 24 (July 1, 2023 – June 30, 2024), the OIG is offering free tuition for the three courses required for one employee to receive MCPPO designation to any municipality in the Commonwealth for whom the cost is a barrier. The \$100 fee associated with all designation applications and renewals has been eliminated.

To receive the free training for an employee, the chief municipal officer (Mayor, Manager/Administrator or Select Board Chair) must submit a [form](#) indicating the employee they wish to receive the training and an acknowledgement that obtaining the cost of training could be a factor in obtaining the designation.

If you want to learn more about the MCPPO designation, please visit our [website](#). If you have any questions, please email the OIG at MA-IGO-TRAINING@mass.gov.

[One Free Designee Application Form | Mass.gov](#)

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](#)

Investment options for this Fund are more liberal than options for other municipal monies but have certain legal restrictions written into the Fund's General Law.

Accounting for the Fund

All interest earned on the deposit and investment of Fund proceeds belong to the Fund. The treasurer may pool monies from all such funds for investment purposes, but the accounting officer must account for them separately in the general ledger.

For Uniform Massachusetts Accounting System (UMAS) purposes, interest earned as of June 30 on pooled monies are allocated proportionately to each Fund, or if segregated are accounted for within the individual Fund account.

Replenishing the Fund

Fund balance reductions may not be cause for panic if other similar reserves remain healthy. For Special Purpose Stabilization Funds, reductions in fund balance may indicate that the purpose(s) of the Fund has/have been met. For the General Stabilization Fund reductions in fund balance could be an indicator of budget stress. Annual reliance on the General Stabilization Fund is risky, so here are some recommendations on how to maintain a strong balance.

- *Don't Appropriate It All:* If you do, the balance will have to be entirely rebuilt.
- *Monitor the Fund's Balance in the Budget Process:* Since the Municipal Modernization Act ([St. 2016, c. 218](#)) eliminated Fund annual dollar, percentage appropriation and aggregate balance caps, more can be appropriated into the Fund.
- *Dedicate an Allowable Revenue Stream into the Fund:* By accepting the fourth paragraph of [G.L. c. 40, § 5B](#), a city, town or district legislative body may vote to dedicate a revenue source to a Special Purpose Stabilization Fund by a two-thirds vote. The vote has required language and may

[Releases \(IGRs\)](#)

[Bulletins](#)

[Tools and Financial
Calculators](#)



include any fee, charge or other receipt except locally assessed taxes, excises and property tax surcharges and revenues reserved by law for particular purposes.

- *Vote a Prop 2½ Stabilization Fund Override:* Voters may approve a Prop 2½ levy limit override ballot question to fund any Stabilization Fund it establishes. If approved, the additional amount levied is earmarked to that fund in the fiscal year the override is effective and in subsequent years ([G.L. c. 59, § 21C\(g\)](#))
- *Adopt a Stabilization Fund Policy:* Similar to a free cash policy, adopting a policy on generating and using the Stabilization Fund's balance is considered a best practice.

For more information on Stabilization Funds, visit the [Division of Local Services' website](#) for further Stabilization Fund guidance.

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

To unsubscribe to *City & Town* and all DLS alerts, email dls_alerts@dor.state.ma.us.

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