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# City and Town

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## Massachusetts Municipal Early Retirement Incentive

by Gary Blau

Chapter 116 of the Acts of 2002 became effective May 15, 2002. It provides for a local option early retirement incentive for employees of a city, town, county or district within local or regional retirement systems, including employees of regional school districts who are in the state retirement system, but excluding such employees in the state teacher's or Boston teacher's retirement systems. The primary purpose of the act is to give local governments the ability to reduce FY03 operating expenses by personnel reductions at the higher pay scales. However, no limits are placed on the ability to hire replacement employees; and in some communities retirees' accumulated benefit costs payable in lump sums in the year of retirement may offset or eliminate FY03 budget savings.

Acceptance of the act will lead to increased retirement benefits over an indefinite number of years resulting in an actuarial estimate and annual appropriation increases to fully fund the program. The executive authority may limit the local government's financial exposure by setting the age, creditable service or combination of age and service additions to less than the five years authorized by the act, and may limit the employee groups (1, 2 and 4) and the total number of employees who may participate. Employees with more years of creditable service have preference.

The program will apply only in units that accept it by legislative and executive authorities on or before November 1, 2002. The legislative authority in towns is town meeting or town council, but the act provides that if that body "fails to

accept" it by June 30, 2002, the board of selectmen may accept it without approval of the legislative authority. The selectmen appear to have no authority to accept the act on its own if the legislative authority affirmatively rejects it prior to July 1, 2002 or the date the selectmen vote on acceptance (see House 5194). The act shortens the notice requirements for a special town meeting from 14 to 7 days to assist in calling such a meeting within the limited time provided. It also authorizes such a meeting to be called by written request of at least 200 voters or 10 percent of the registered voters in a town, whichever is less, and requires such a meeting be held within 30 days of the request.

Persons eligible for increased benefits must:

- be employees of the aforementioned legal entities and active members of the retirement system on the day of acceptance of the bill by the local governmental unit;
- be eligible for a superannuation pension under M.G.L. Ch. 32 Secs. 5(1) or 10(1) on the chosen retirement date;
- have filed a written application with the retirement system; and
- be a member of Group 1, 2 or 4.

The "legislative authority" and "executive authority" are specifically defined with respect to each legal entity and generally are the legislative and executive bodies of such entities. Notably, however, the county commissioners act as legislative and executive authority in Nantucket and Barnstable Counties.

District meeting is both legislative and executive authority in districts, except that the regional school district (RSD) committee is both legislative and executive authority in the RSD. Additional retirement benefits for regional school district employees must be funded by the regional school districts.

Benefit levels cannot exceed 80 percent of the average of the highest three consecutive years' compensation or the last three years, even if not consecutive, whichever is higher. Applications for retirement must be filed no later than December 2, 2002, or earlier if so determined by the executive authority. Retirements are effective as of a date determined by the executive authority, but no earlier than May 15, 2002 and no later than December 31, 2002. The retirement date for city or town retirement board employees shall be no later than 30 days after the general retirement date established for the city or town and the retirement date for employees of a county retirement board or regional retirement board shall be January 30, 2003.

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### From the Deputy Commissioner

While some communities are required to have annual, independent audits under the guidelines of the federal single

audit act, others may or may not choose to conduct an audit annually. However, communities that conduct annual audits realize many benefits.

First, the presence of an outside auditor is an incentive for financial officials to maintain sound procedures and accurate records. Also, annual audits tend to be more cost effective. For example, when audits are conducted triennially, the auditor cannot rely on the accuracy of the prior year's ending balances, since that year was not formally audited (nor was the year before it). Consequently, it takes more work to verify the accuracy of beginning balances, and more work means more cost to the community.

Towns that conduct annual audits usually contract with the auditor for a few years. This enables the community to use the auditor as a resource to help resolve issues raised in the management letter. Annual audits also enable local officials to act more quickly to take corrective action when problems are detected. This not only improves the financial condition of the community, it helps officials demonstrate that the government's assets are in responsible hands.

It is also worth noting that in assigning ratings, credit rating agencies prefer to review audited financial records from the past three consecutive years. Not having these records may detract from the community's overall rating.

Joseph J. Chessey, Jr.  
Deputy Commissioner

# Legal

## in Our Opinion

### Overview of Chapter 61A Agricultural Land

by James Crowley

As a general matter, real property in Massachusetts must be assessed at its full and fair cash value. This statement, however, is not true of classified agricultural/horticultural (A/H) land. A state constitutional amendment approved in 1972 authorized the valuation and taxation of A/H land solely on the land's A/H use. The Legislature then enacted M.G.L. Ch. 61A to establish a statutory basis for the classification, valuation and taxation of A/H land. The Legislature's intent was to promote farming and the conservation of A/H land by taxing the land at a reduced value.

Under M.G.L. Ch. 61A, land must be valued on the basis of its A/H use. Local assessors are guided by the list of ranges of value published each year by the Farmland Valuation Advisory Commission (FVAC) for the different categories of A/H land. The rate of tax applied to A/H values is the Class 3, commercial rate. All buildings situated on classified A/H land are assessed under M.G.L. Ch. 59 at full and fair cash value.

M.G.L. Ch. 61A requires that the land contain not less than five contiguous acres under the same ownership and be *actively devoted* to A/H use during the subject tax year and for at least the two immediately preceding tax years. An equal amount of contiguous non-productive land may also qualify for favorable tax treatment. Agricultural use is defined as land primarily and directly used in raising animals for the purpose of selling them or a product derived from them in the regular course of business. Land is considered to be in horticultural use if primarily and directly used in growing food, plants, shrubs or forest products in the regular course of business. Land that is primarily and directly

used in a manner that is necessary and related to the A/H production may also qualify for classification. M.G.L. Ch. 61A also requires that the land satisfy certain annual gross sales requirements.

There is an annual filing requirement for property to be classified under M.G.L. Ch. 61A. The deadline is October 1 of the year prior to the start of the fiscal year, e.g., October 1, 2002 is the deadline for fiscal year 2004. There is an exception for a revaluation year. The application deadline for a revaluation year is extended until 30 days after the tax bills are sent with the new values. By statute, the local assessors must act on the application within three months or it is deemed approved. Within 10 days of their decision, the assessors must send written notice to the Chapter 61A applicant. If the application is disallowed, the assessors must notify the applicant of the right of appeal to the Appellate Tax Board. In the first year a Chapter 61A application is approved for a parcel, the assessors must record a statement of lien at the Registry of Deeds. The assessors will later record a release of the lien if the land is removed from classification and they determine that no regular or penalty taxes are due.

There are two penalty taxes: conveyance and rollback taxes. They are alternative taxes, and only one may be imposed. If classified A/H land is sold for another use within 10 years from the date of its acquisition or the earliest date of its uninterrupted use by the current owner for A/H purposes, whichever is earlier, the land will be subject to a conveyance tax. The tax is determined by applying the appropriate conveyance tax rate to the total sales price of the land. The conveyance tax rate is 10 percent if sold within the first year of ownership, and declines after the first year by 1 percent per year until the rate

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# Focus

## on Municipal Finance

### Stabilization Funds

by Joan Gourke

Massachusetts communities are permitted by M.G.L. Ch. 40 Sec. 5B to appropriate an amount of money each year to be held in a fund known as the "Stabilization Fund." Originally, stabilization funds could be used only to finance any capital expenditure for which a community could borrow. An outside section of Chapter 138 of the Acts of 1991 amended the statute to permit the use of stabilization funds for any lawful municipal purpose.

A community may appropriate up to 10 percent of the previous year's tax levy into the fund, as long as the balance in the stabilization fund does not exceed 10 percent of the community's equalized valuation (EQV). Interest earned on any fund balance is retained as part of the fund. A majority vote by the community's legislative body (town meeting or city or town council) is required to appropriate funds into the stabilization fund. A two-thirds vote by the same body is required to appropriate money out of the stabilization fund for any lawful purpose.

This FOCUS looks at stabilization funds over the 10-year period FY92–FY01. More specifically, the article examines stabilization balances for each of the 10 years. These year-end balances, as reported on the Schedule A, reflect stabilization fund activity during the fiscal year — appropriations into and out of the fund as well as interest earnings on the balance. The article also describes stabilization funds as a percent of the total budget and discusses communities that have consistently maintained a high percentage of their total budgets in stabilization funds. Some communities have no stabilization fund either by choice or by economics, and other communities have less than 0.1 percent of their budget in their stabilization fund.

Figure 1 shows the yearly totals from FY92 to FY01. Due to the recession of the early 1990s, the totals remained the same from FY92 to FY93. However, as the economy began to improve, annual stabilization fund balances began to increase steadily, as indicated in Figure 1. Although this increase got off to a slow start, (from FY93 to FY94, balances increased only 3.7 percent), from

FY94 to FY01, stabilization funds increased an average of 23.8 percent. From FY92 to FY01 stabilization funds more than quadrupled.

Figures 2, 3 and 4 indicate that the financial condition for most cities and towns was on the upswing from FY94 through FY01. State totals of revenue sources such as motor vehicle excise increased almost 62 percent from FY94 to FY01, while free cash more than doubled. State aid increased 87 percent over the same time span. The correlation between the increases in state totals of revenue sources and stabilization funds indicates that communities are more inclined to build reserves when healthy economic conditions prevail. On the other hand, the recession of the early 1990s and the corresponding lag in stabilization fund increases between FY92 and FY94 suggest that cities and towns typically appropriate fewer dollars into stabilization funds during difficult financial times.

Table 1 lists all 351 cities and towns and shows their total budgets, the total in stabilization funds, and the stabilization funds as a percent of their budgets for FY97, FY99 and FY01. From FY 97 to FY01, the number of communities that had no stabilization fund balance or had a balance of less than 0.1 percent of their budgets declined almost 36 percent. Statewide in FY97, 45 communities had no stabilization fund or had a balance of less than 0.1 percent of their total budgets. In FY01, 29 communities were in that category. The statewide total of funds deposited in stabilization funds in FY97 was \$189 million. In FY99 the total increased to \$302 million and in FY01 to \$406 million. Looking at stabilization funds as a percent of the statewide total budgets, the favorable economy is also reflected. The amount of money held in stabilization funds

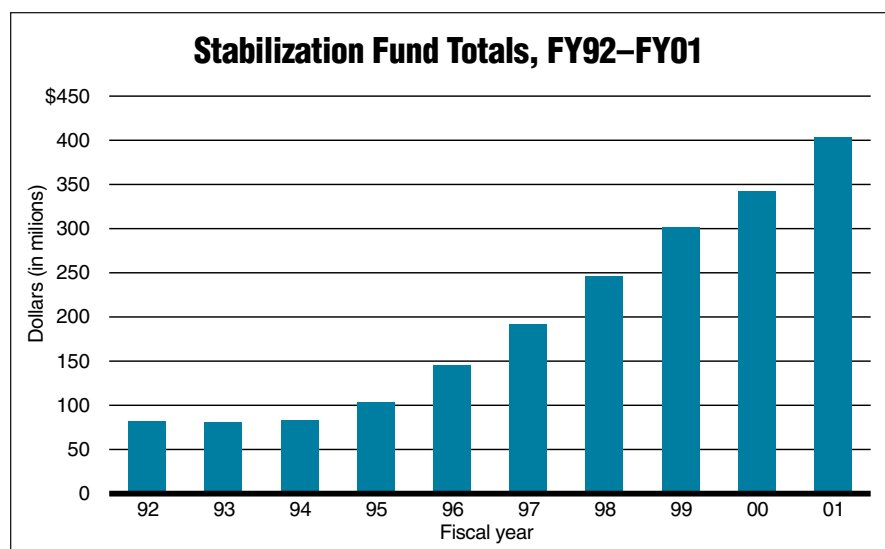


Figure 1

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# Stabilization Funds as a Percent of Budget in FY1997, FY1999 and FY2001

Municipality	FY1997 total budget*	Sb. fund*	Pct. of budget	FY1999 total budget*	Sb. fund*	Pct. of budget	FY2001 total budget*	Sb. fund*	Pct. of budget	Municipality	FY1997 total budget*	Sb. fund*	Pct. of budget	FY1999 total budget*	Sb. fund*	Pct. of budget	FY2001 total budget*	Sb. fund*	Pct. of budget
Abington	23,572	64	0.3	26,530	123	0.5	30,253	133	0.4	Chesterfield	1,551	39	2.5	1,736	38	2.2	1,932	94	4.9
Acton	39,445	315	0.8	43,894	334	0.8	50,315	355	0.7	Chicopee	88,977	4	0.0	101,504	5	0.0	110,255	1,006	0.9
Akushnet	13,431	273	2.0	16,158	734	4.5	19,774	1,163	5.9	Chilmark	3,354	435	13.0	4,208	620	14.7	4,736	823	17.4
Adams	9,058	2,192	24.2	9,802	2,137	21.8	10,568	2,414	22.8	Clarksburg	2,232	155	7.0	2,644	184	6.9	3,090	295	9.5
Agawam	43,396	1,471	3.4	49,427	2,127	4.3	56,780	3,602	6.1	Clinton	19,364	459	2.4	23,060	492	2.1	27,548	1,129	4.1
Afford	782	79	10.1	885	83	9.3	967	88	9.1	Cohasset	18,487	306	1.7	21,462	389	1.8	25,319	438	1.7
Amesbury	30,050	2	0.0	34,609	2	0.0	42,093	0	0.0	Colrain	2,061	92	4.5	2,180	185	9.2	2,361	360	15.2
Amherst	42,605	2,004	4.7	48,289	3,360	7.0	54,351	4,577	8.4	Concord	37,286	2	0.0	40,807	2	0.0	45,859	2	0.0
Andover	74,788	1,468	2.0	86,206	1,791	2.1	97,050	880	0.9	Conway	3,273	141	3.8	3,717	141	3.8	3,914	168	4.3
Aquinnah	1,478	0	0.0	1,873	94	5.0	2,252	0	0.0	Cummington	1,294	260	12.4	1,437	270	18.8	1,581	317	20.1
Arlington	74,762	1,321	1.8	83,615	2,232	2.7	91,799	2,503	2.7	Dalton	8,768	462	5.3	9,826	772	7.9	10,931	1,759	16.1
Ashburnham	6,256	5	0.1	7,086	51	0.7	7,909	61	0.8	Danvers	53,473	408	0.8	58,573	1,045	1.8	64,579	3,897	5.8
Ashby	3,473	51	1.5	3,332	104	3.1	3,734	254	6.8	Dartmouth	41,313	1,090	2.6	43,492	901	2.1	49,859	1,081	2.2
Ashfield	2,376	78	3.3	2,723	130	4.8	2,713	171	6.3	Dedham	44,842	192	0.4	50,013	586	1.2	57,290	1,122	2.0
Ashland	23,691	4	0.0	27,603	4	0.0	33,612	4	0.0	Deerfield	9,922	720	8.1	9,177	804	8.8	9,035	1,000	11.1
Athol	8,971	256	2.9	10,596	235	2.2	12,413	137	1.1	Dennis	25,444	0	0.0	29,479	0	0.0	33,200	557	1.7
Attleboro	67,766	211	0.3	77,078	381	0.5	86,249	329	0.4	Dighton	6,950	333	4.8	7,757	65	0.8	8,905	435	4.9
Auburn	24,155	7	0.0	25,939	267	1.0	30,788	605	2.0	Douglas	10,804	601	5.6	13,159	978	7.4	15,643	2,040	13.0
Avon	9,037	44	0.5	10,929	82	0.8	11,840	74	0.6	Dover	12,547	400	3.2	13,859	453	3.3	16,324	501	3.1
Ayer	17,270	181	1.0	17,764	3	0.0	19,033	498	2.6	Dracut	38,935	970	2.5	44,951	1,491	3.3	51,525	1,247	2.4
Barnstable	93,344	411	0.4	95,521	6,908	7.2	116,365	6,557	5.6	Dudley	8,193	53	0.6	8,996	184	2.0	10,951	323	2.9
Barre	5,799	281	4.8	5,931	524	8.8	6,556	624	9.5	Dunstable	3,640	126	3.5	4,090	329	8.0	4,388	407	9.3
Becket	2,756	96	3.5	3,300	90	2.7	3,545	117	3.3	Duxbury	33,271	729	2.2	36,543	1,053	2.9	42,070	1,399	3.3
Bedford	36,082	794	2.2	42,022	2,846	6.8	45,983	3,727	8.1	E. Bridgewater	21,930	564	2.6	25,296	1,609	6.4	29,634	2,505	8.5
Belchertown	22,257	758	3.4	23,894	132	0.6	27,098	378	1.4	E. Brookfield	2,085	439	21.1	2,182	461	21.1	2,637	527	20.0
Bellingham	28,060	1,704	6.1	30,965	2,612	8.4	39,100	3,325	8.3	E. Longmeadow	26,252	252	1.0	28,243	380	1.3	32,065	705	2.2
Bellmont	55,134	292	0.5	60,990	0	0.0	65,614	1,230	1.9	Eastham	11,956	5	0.0	12,417	111	0.9	13,202	124	0.9
Berkley	7,371	173	1.5	9,096	140	1.5	11,767	188	1.6	Easthampton	22,958	257	1.1	27,032	1,155	4.3	30,747	1,574	5.1
Berlin	4,448	639	14.4	5,352	935	17.5	6,558	676	10.3	Easton	33,339	207	0.6	39,110	365	0.9	42,966	337	0.8
Bernardston	1,411	9	0.4	2,785	11	0.4	3,264	336	10.3	Edgartown	14,268	13	0.1	16,741	642	3.8	18,454	1,296	7.0
Beverly	68,473	0	0.0	75,672	0	0.0	85,373	0	0.0	Egremont	2,256	0	0.0	2,594	33	1.3	2,748	97	3.5
Billerica	72,602	1,083	1.5	83,082	3,132	3.8	98,709	5,528	5.6	Enring	5,970	559	14.1	4,855	953	19.6	4,656	1,040	22.3
Blackstone	7,939	420	5.3	9,868	737	7.5	11,745	569	4.8	Essex	3,947	135	2.3	6,798	209	3.1	7,079	265	3.7
Blandford	1,411	18	1.3	1,611	35	2.1	1,878	48	2.6	Everett	73,612	12	0.0	82,318	4,533	5.5	97,301	8,213	8.4
Boston	7,457	0	0.0	9,420	0	0.0	10,864	0	0.0	Fairhaven	25,982	1,622	6.2	34,134	1,985	5.8	34,856	2,227	6.4
Boston	1,423,911	0	0.0	1,604,211	0	0.0	1,786,529	0	0.0	Fall River	150,347	281	0.0	166,767	1,778	1.1	190,394	2,186	1.1
Bourne	28,037	378	1.3	32,921	2,258	6.9	48,305	3,047	6.3	Falmouth	60,359	785	1.3	66,407	821	1.2	73,000	632	0.9
Boxborough	8,385	131	1.6	10,373	616	5.9	13,075	739	5.7	Fitchburg	68,316	0	0.0	77,967	0	0.0	90,934	0	0.0
Boxford	14,459	254	1.8	17,412	336	1.9	20,177	433	2.1	Florida	1,710	70	4.1	2,076	184	8.9	2,361	180	7.6
Boylston	5,558	313	5.6	6,831	559	8.2	8,575	12	0.1	Foxborough	30,383	1,662	5.5	32,631	1,780	5.5	38,690	2,071	5.4
Brantree	68,930	1,109	1.6	77,213	1,389	1.8	87,328	1,359	1.6	Frammingham	134,198	3,938	2.9	147,627	3,478	2.4	163,178	4,241	2.6
Brewster	22,566	2,195	9.7	22,418	535	2.4	29,742	2,049	6.9	Franklin	50,746	1,339	2.6	59,473	1,807	3.0	70,210	5,748	8.2
Bridgewater	24,655	504	2.0	29,478	291	1.0	33,517	405	1.2	Freetown	11,997	85	0.7	12,165	697	5.7	14,229	493	3.5
Brimfield	5,524	617	11.2	5,754	622	10.8	6,596	453	6.9	Gardner	32,609	472	1.4	38,041	372	1.0	43,003	414	1.0
Brockton	190,996	2,111	1.1	222,691	5,209	2.3	257,368	8,459	3.3	Georgetown	12,709	1,282	10.1	14,672	1,113	7.6	18,127	794	4.4
Brookfield	4,873	469	9.6	5,662	905	16.0	5,842	636	10.9	Gill	1,447	97	6.7	1,638	128	7.8	1,912	103	5.4
Brookline	128,885	5	0.0	144,275	1,622	1.1	166,033	3,724	2.2	Gloucester	57,493	2,527	3.9	63,562	2,469	3.9	72,116	2,540	3.5
Buckland	2,408	22	0.9	2,721	24	0.9	2,858	230	8.1	Goshen	1,321	119	9.0	1,393	166	11.9	1,657	103	6.2
Burlington	57,565	14	0.0	63,461	15	0.0	70,542	650	0.9	Gosnold	635	248	39.0	838	243	28.9	810	60	7.4
Cambridge	280,198	7,095	2.5	319,101	8,016	2.5	350,972	8,959	2.6	Grafton	19,250	784	4.1	22,031	1,558	7.1	25,394	2,096	8.3
Canton	41,945	253	0.6	45,656	536	1.2	54,613	868	1.6	Granby	7,988	150	1.9	10,028	1,852	18.5	12,050	3,112	25.8
Carlisle	11,334	6	0.1	12,822	7	0.1	15,358	323	2.1	Granville	2,560	69	2.7	2,942	146	5.0	3,834	130	3.4
Carver	21,087	410	2.0	24,869	1,918	7.7	26,609	2,928	11.0	Grt. Barrington	13,712	311	2.3	13,509	468	3.5	14,620	980	6.7
Charmont	1,704	111	6.5	2,142	122	5.7	1,988	293	14.7	Greenfield	31,364	129	0.4	40,154	435	1.1	39,950	313	0.8
Chatham	9,119	142	1.6	11,178	175	1.6	13,612	642	4.7	Groton	13,744	219	1.6	17,034	617	3.6	20,672	757	3.7
Chatham	20,915	90	0.4	25,302	754	3.0	29,716	481	1.6	Groveland	7,509	82	1.1	7,879	65	0.8	8,808	100	1.1
Chelmsford	58,352	2,744	4.7	66,766	4,696	7.0	75,376	7,656	10.2	Hadley	8,153	549	6.7	9,272	1,365	14.7	10,945	1,547	14.1
Chelsea	76,400	340	0.4	86,241	2,758	3.2	101,708	4,179	4.1	Halfax	11,159	714	6.4	12,776	287	2.2	14,098	573	4.1
Cheshire	2,948	96	3.3	3,072	209	6.8	3,784	468	12.3	Hamilton	12,450	286	2.3	14,166	658	4.6	16,083	473	2.6
Chester	1,421	48	3.3	1,535	54	3.5	1,990	210	10.5	Hampden	5,851	105	1.8	6,377	116	1.8	7,463	205	2.7
Chilmark	1,016	5	0.5	1,129	6	0.5	1,135	6	0.5	Hancock	1,016	5	0.5	1,129	6	0.5	1,135	6	0.5
Chilmark	26,378	516	2.0	30,160	709	2.4	35,228	1,016	2.9	Hanover	26,378	516	2.0	30,160	709	2.4	35,228	1,016	2.9
Chilmark	11,702	241	2.1	13,511	846	6.3	15,279	1,439	9.4	Hanson	11,702	241	2.1	13,511	846	6.3	15,279	1,439	9.4
Chilmark	3,098	537	17.3	3,375	707	21.0	3,775	756	20.0	Hardwick	3,098	537	17.3	3,375	707	21.0	3,775	756	20.0
Chilmark	11,457	852	7.4	12,914	681	5.3	15,034	1,297	8.6	Harvard	11,457	852	7.4	12,914	681	5.3	15,034	1,297	8.6
Chilmark	27,761	1,017	3.7	31,776	1,297	4.1	36,650	589	1.6	Harwich	27								



Municipality	FY1997 total budget*	Sub. fund*	Pct. of total budget	FY1999 total budget*	Sub. fund*	Pct. of total budget	FY2001 total budget*	Sub. fund*	Pct. of total budget	FY1997 total budget*	Sub. fund*	Pct. of total budget	FY1999 total budget*	Sub. fund*	Pct. of total budget	FY2001 total budget*	Sub. fund*	Pct. of total budget
Methuen	67,999	1,016	1.5	79,441	2,129	2.7	90,103	2,462	2.7	17,814	596	3.3	21,259	1,364	6.4	26,124	622	2.4
Middleborough	35,908	130	0.4	41,260	387	0.9	46,779	656	1.4	860	60	7.0	942	94	10.0	918	82	8.9
Middlefield	629	41	6.5	738	46	6.3	804	52	6.5	6,857	221	3.2	7,856	233	3.0	9,343	409	4.4
Middletown	10,530	154	1.5	13,222	307	2.3	15,873	292	1.8	17,541	627	3.6	22,356	1,112	5.0	26,625	1,151	4.3
Milford	46,329	4,058	8.8	50,567	4,871	9.6	56,727	3,494	6.2	47,076	2,246	4.8	54,691	4,930	9.0	57,432	4,341	7.6
Milbury	17,305	698	4.0	18,414	754	4.1	23,078	923	4.0	2,293	189	8.2	2,705	72	2.7	2,939	141	4.8
Mills	13,873	268	1.9	15,795	321	2.0	17,279	342	2.0	39,494	51	0.1	43,717	539	1.2	48,630	319	0.7
Millville	2,780	451	16.2	3,072	555	18.1	3,714	744	20.0	115,544	2,481	2.1	130,836	807	0.6	146,913	2,833	1.9
Milton	48,361	500	1.0	53,754	570	1.1	58,535	857	1.5	14,663	475	3.2	17,794	399	2.2	21,190	468	2.2
Monroe	458	57	12.5	488	49	10.0	472	55	11.7	37,472	225	0.6	40,908	741	1.8	44,144	530	1.2
Monson	14,208	393	2.8	16,140	568	3.5	18,832	813	4.3	5,181	672	13.0	5,193	653	12.6	5,725	1,336	23.3
Montague	9,504	143	1.4	11,167	229	2.0	12,998	90	0.9	770	87	8.7	995	88	8.8	1,246	124	10.0
Monterey	1,757	63	3.6	1,905	145	7.6	2,098	291	13.9	971	51	6.6	847	67	7.8	946	107	11.3
Montgomery	977	181	18.5	1,161	115	9.9	1,182	237	20.0	60,253	773	1.3	68,596	843	1.2	76,950	922	1.2
Mt. Washington	336	20	6.1	364	90	24.6	429	122	28.4	34,288	117	0.3	37,551	130	0.3	43,086	8	0.0
Nahant	7,024	5	0.1	7,716	51	0.7	8,444	103	1.2	25,088	549	2.2	26,639	611	2.3	28,864	678	2.3
Nantucket	46,831	730	1.6	51,583	721	1.4	57,293	799	1.4	54,528	1,554	2.8	60,646	1,170	1.9	68,105	1,401	2.1
Natick	62,735	2,510	4.0	72,791	5,009	6.9	82,011	5,975	7.3	9,093	50	0.5	9,535	54	0.6	11,257	11	0.1
Needham	64,557	1,067	1.7	73,111	1,800	2.5	81,616	2,031	2.5	1,298	206	15.8	1,420	257	18.1	1,634	409	25.0
New Ashford	377	24	6.3	340	21	6.2	356	22	6.3	6,621	26	0.4	7,489	106	1.4	8,701	369	4.2
New Bedford	178,997	0	0.0	202,660	3,891	1.9	229,851	7,038	3.1	11,705	1,477	12.6	12,619	1,555	12.3	14,456	1,392	9.6
New Braintree	1,197	147	12.3	1,114	175	15.7	1,343	316	23.5	13,708	348	2.5	14,258	501	3.5	16,073	559	3.5
New Marlborough	2,371	40	2.0	2,391	69	2.9	2,512	323	12.9	771	51	6.6	847	67	7.8	946	107	11.3
New Salem	1,228	88	7.1	1,360	108	7.9	1,587	94	5.9	60,253	773	1.3	68,596	843	1.2	76,950	922	1.2
Newbury	9,032	171	1.9	10,147	209	2.1	11,658	178	1.5	34,288	117	0.3	37,551	130	0.3	43,086	8	0.0
Newburyport	30,789	15	0.0	32,153	564	1.6	40,249	1,136	2.8	25,088	549	2.2	26,639	611	2.3	28,864	678	2.3
Newton	199,053	0	0.0	215,624	0	0.0	233,809	0	0.0	54,528	1,554	2.8	60,646	1,170	1.9	68,105	1,401	2.1
Norfolk	15,634	467	3.0	18,365	573	3.1	20,643	684	3.3	9,093	50	0.5	9,535	54	0.6	11,257	11	0.1
N. Adams	29,179	83	0.3	30,494	12	0.0	33,296	321	0.9	6,941	391	5.6	7,113	265	3.7	8,116	379	4.7
N. Andover	42,018	3	0.0	50,094	3	0.0	59,081	131	0.2	48,988	391	0.8	57,668	5,123	8.9	62,788	5,814	9.3
N. Attleborough	44,029	4,935	11.2	54,045	6,665	12.3	61,250	3,878	6.3	2,779	269	9.7	2,921	357	12.2	3,606	409	11.3
N. Brookfield	7,756	0	0.0	9,054	405	4.5	9,951	468	4.7	7,063	59	0.8	7,472	220	2.9	7,947	381	4.8
N. Reading	28,668	816	2.8	32,220	1,053	3.3	35,790	780	2.2	39,727	586	1.5	45,663	936	2.0	50,472	1,230	2.4
Northampton	49,490	0	0.0	54,322	0	0.0	63,669	0	0.0	74,101	2,955	4.0	79,263	3,283	4.1	82,834	2,182	2.4
Northborough	22,062	1,101	5.0	26,228	1,454	5.5	30,772	1,824	5.9	36,285	604	1.7	44,709	1,621	3.6	49,390	1,803	3.0
Northbridge	20,536	437	2.1	24,239	1,674	6.9	29,873	3,117	10.4	2,661	47	1.8	2,741	43	1.6	2,977	48	1.6
Northfield	3,509	93	2.7	3,982	254	6.4	4,720	175	3.7	9,214	1,048	11.4	9,774	737	7.5	11,868	939	7.9
Norton	28,290	1,512	5.3	30,849	1,704	5.5	36,335	1,813	5.0	34,931	9	0.0	39,118	10	0.0	45,751	12	0.0
Norwell	21,460	118	0.5	23,742	18	0.1	30,374	1,660	5.5	17,886	274	1.5	20,330	667	3.3	22,460	926	4.1
Norwood	82,218	205	0.2	82,742	360	0.4	89,903	670	0.7	34,282	4	0.0	37,850	4	0.0	44,271	272	0.6
Oak Bluffs	13,498	411	3.0	12,928	504	3.9	15,024	483	3.2	87,573	183	0.2	100,939	2,043	2.0	107,328	2,958	2.8
Oakham	1,827	114	6.2	1,889	57	3.0	2,033	93	4.6	2,779	221	7.9	3,094	287	9.3	3,339	570	17.1
Orange	12,641	447	3.5	15,632	439	2.8	16,846	899	5.3	17,006	319	1.9	19,771	427	2.2	22,870	626	2.7
Orleans	16,705	682	4.1	17,107	23	0.1	18,359	26	0.1	18,599	397	2.1	21,333	1,276	6.0	24,724	787	3.2
Otis	2,360	491	20.8	2,908	548	18.8	3,085	678	22.0	3,392	105	3.1	3,766	126	3.4	4,238	168	4.0
Oxford	18,405	248	1.3	23,820	517	2.2	25,716	4,005	15.6	12,124	89	0.7	13,877	542	3.9	15,051	244	1.6
Palmer	21,496	16	0.1	24,605	56	0.2	29,597	1,560	5.3	38,833	0	0.0	42,888	0	0.0	49,664	0	0.0
Paxton	5,260	47	0.9	6,017	53	0.9	7,017	112	1.6	18,186	352	1.9	20,870	1,338	6.4	23,058	1,505	6.5
Peabody	89,281	5,358	6.0	95,043	5,944	6.3	109,106	6,889	6.3	44,950	216	0.5	48,307	1,155	2.4	56,306	1,773	3.1
Pelham	2,063	151	7.3	2,543	215	8.5	2,637	161	6.1	1,027	188	18.3	1,217	205	16.8	1,379	215	15.6
Pembroke	25,473	294	1.2	27,835	823	3.0	32,024	258	0.8	27,252	26	0.1	29,651	136	0.5	32,531	291	0.9
Pepperell	12,424	637	5.1	14,052	1,042	7.4	15,832	1,927	12.2	70,172	0	0.0	80,506	0	0.0	89,294	200	0.2
Peru	1,009	84	8.3	996	89	8.9	1,042	102	9.8	334,401	0	0.0	374,540	534	0.1	414,569	1,728	0.4
Petersham	1,816	42	2.3	1,627	80	4.9	2,018	58	2.9	1,663	130	7.8	1,649	143	8.7	1,924	370	19.3
Phillipston	1,317	101	7.7	1,724	248	14.4	2,029	178	8.8	17,640	1,092	6.2	19,875	1,206	6.1	24,209	1,293	5.3
Pittsfield	78,784	347	0.4	85,980	699	0.8	99,495	603	0.6	45,789	801	1.7	49,525	577	1.2	56,669	757	1.3
Plainfield	1,063	58	5.5	953	83	8.7	1,275	157	12.3	27,172	0	0.0	30,506	0	0.0	33,339	570	17.1
Plainville	10,263	486	4.7	12,708	876	6.9	14,535	1,426	9.8	334,401	0	0.0	374,540	534	0.1	414,569	1,728	0.4
Plymouth	102,085	9,577	9.4	110,989	2,796	11.5	126,605	2,034	9.5	1,663	130	7.8	1,649	143	8.7	1,924	370	19.3
Plympton	4,010	304	7.6	4,372	281	6.4	4,784	239	5.0	17,640	1,092	6.2	19,875	1,206	6.1	24,209	1,293	5.3
State totals										45,789	801	1.7	49,525	577	1.2	56,669	757	1.3
FY1997										11,951,638			13,456,710			15,246,074		
FY1999										189,361			302,271			406,113		
FY2001										1.6			2.2			2.7		

\*Total budget and stabilization fund amounts denoted in thousands of dollars.

Data provided by Jared Curtis, Municipal Data Bank.

Table 1

## Stabilization Funds

continued from page three

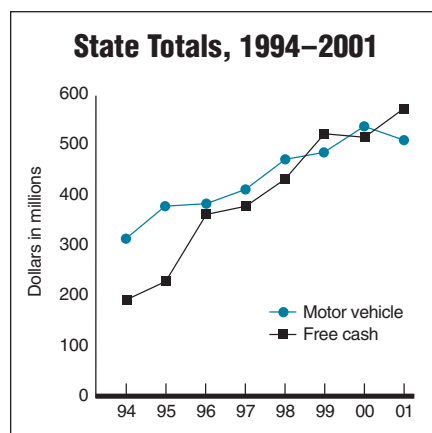


Figure 2

statewide as a percent of the statewide budget was 1.6 percent in FY97. The percent increased to 2.2 in FY99 and finally to 2.7 in FY01.

The top 10 communities with the highest average of stabilization funds as a percent of total budget from FY97 through FY01 are as follows: Rowe (79.0), Sandisfield (30.8), West Brookfield (29.9), Gosnold (25.1), Stockbridge (23.8), Adams (22.9), East Brookfield (20.7), Otis (20.5), Southwick (20.4) and Mt. Washington (19.7). The cities of Amesbury, Beverly, Boston, Fitchburg, Lawrence, Lowell, Lynn, Newton, Northampton, Revere and

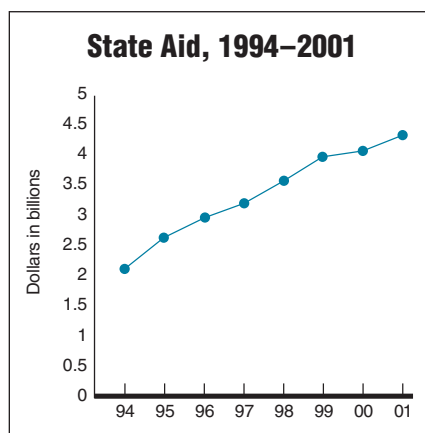


Figure 3

Springfield did not have stabilization funds in FY97, FY99 and FY01.

Towns which have had no stabilization funds in all three years include Ashland, Bolton, Concord, Hingham, Marblehead, Reading, Rockland, Salisbury, Sharon, Stoughton, Swansea, Weston and Wilmington.<sup>1</sup>

The Division of Local Services encourages municipalities to adopt general policies to build an adequate stabilization fund. One way to build a stabilization fund is to establish a policy to appropriate a modest amount of free cash into the fund annually. In good

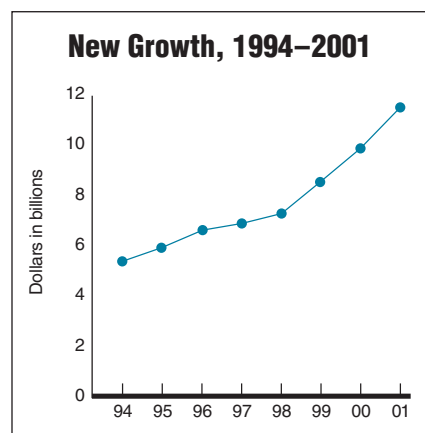


Figure 4

economic times, any free cash over a certain percentage of budget, approximately 3 to 5 percent, may be appropriated to the stabilization fund. Even though stabilization funds may be used for any lawful purpose, local policy might direct funds to certain budgetary areas, such as tax rate reduction, or one-time only expenditures. A healthy stabilization fund balance can also strengthen the community's position when it seeks a review and upgrade of its credit rating. ■

1. Some of these communities may have established capital acquisition funds, similar to stabilization funds, through special acts of the Legislature.

## Chapter 61A Land

continued from page two

is 1 percent in the tenth year of ownership. If the owner changes the use within 10 years of the date of acquisition, the assessors will impose a conveyance tax using the fair market value of the land to calculate the conveyance tax. In either scenario, there is no conveyance tax after the tenth year. The assessors will impose the conveyance tax only if it is greater than the rollback tax.

When a classified parcel is no longer actively devoted to A/H uses, it will be

subject to rollback taxes for that year and the four preceding years. If the parcel is not classified under Chapter 61A at the time of the change in use, then the assessors will impose rollback taxes for the five immediately preceding years. The rollback tax is calculated for each of the years by deducting the Chapter 61A value from the parcel's full and fair cash value, and by then applying the commercial tax rate of that year to the resultant value.

An owner of classified A/H land may not sell the land for residential, industrial or commercial use, or convert the land to such use while the land is in the special classification unless the owner gives the municipality where the property is located a notice of intent to sell for or convert to such use. For a period of 120 days subsequent to such notification, the community will have a first refusal option. ■

# DLS Update

## FY03 Cherry Sheets

The FY03 estimated receipts for cities, towns and regional school districts total \$5.140 billion, an increase of \$5 million or 0.1 percent from the FY02 Cherry Sheet totals of \$5.135 billion. The increase is primarily attributable to a \$45.8 million increase in Chapter 70 aid and an \$18.3 million increase in School Construction aid. Local officials should also be aware of reductions to certain accounts. Additional Assistance was reduced by \$31 million or 6.5 percent; School Transportation aid was reduced by \$5.8 million or 10.1 percent; and state-owned land was reduced by \$5 million or 33.3 percent below the FY02 levels. Highway Fund aid was not funded in the FY03 budget, a decrease of \$10.9 million from FY02 levels.

Local and school officials should note that the final FY03 Cherry Sheet may reflect a level of Chapter 70 aid different from that included in the Department of Education's February notification. Similar to last year, Section 3 of the FY03 budget establishes a local option process to make any increase in Chapter 70 above the amount appearing in Section 3 of the House Ways and Means Committee (HB5100) budget available to be spent by the school committee without appropriation. Instructions on the local approval process, as well as accounting and reporting procedures, will be posted to the Division of Local Services' (DLS) website at [www.dls.state.ma.us/Cherry/index.htm](http://www.dls.state.ma.us/Cherry/index.htm).

In the future, the DLS will be disseminating Cherry Sheets solely in an electronic format. Cherry Sheets will be posted exclusively on the DLS website for easy, efficient access and printing by local and school officials. For further information, call the DLS Local Aid Section at (617) 626-2386 or (617) 626-2376.

## Greenfield Adopts New Form of Government

The town of Greenfield's (population 18,000) home rule charter, adopted in 1983, established a 27-member town council, a five-member board of selectmen and a town manager. Under this charter, the council served as the town's legislative body, the selectmen as the executive branch and the manager was responsible for the daily operations of the town. In June 2001, however, the voters overwhelmingly approved the establishment of a nine-member charter commission to study the town's governmental structure due to concerns of lack of accountability, communication and direction.

After a yearlong review of the town and study of other municipal organizations, the charter commission presented a new proposal to the Greenfield voters who approved the new charter. Under the new charter, the town will operate under a mayor-council form of government but continue to be known as a town. The major changes in the town's charter are the replacement of the executive branch (selectmen and town manager) with a mayor and the reduction of the town council membership from 27 to 13 persons. In addition, the school committee of nine will continue to exist, but eight members will be elected at large and the ninth seat will be filled by the mayor. Also, a new position, a director of municipal finance, will report to the mayor and consolidate the financial offices of accountant, treasurer/collector and assessors into one department. The charter also provides for a town auditor who will perform legislative oversight and post audit responsibilities, and report to the town council.

The election of the mayor and new council is scheduled for June 2003.

## Website News

The Division of Local Services' (DLS) "Guide for Implementation of Governmental Accounting Standards Board Statement #34" is now available on the DLS website ([www.dls.state.ma.us](http://www.dls.state.ma.us)) under "Publications and Forms." This 277-page manual was published by the Division's Bureau of Accounts in consultation with Powers and Sullivan, Certified Public Accountants, and has been widely distributed to participants who attended DLS' GASB 34 seminars in the fall of 2001.

For further information relating to GASB 34, refer to our recently updated manual on Enterprise Funds, also available on the website under "Publications and Forms." Also, the Bureau of Local Assessment has recently posted commonly used forms, including certification forms, local option forms and others (such as the interim year adjustment report and the omitted and revised assessments report) under "What's New."

If you experience problems in printing these and other DLS publications (including *City & Town*), information regarding troubleshooting printer problems in Acrobat Reader for Windows is available at [www.dor.state.ma.us/forms/adobe.htm](http://www.dor.state.ma.us/forms/adobe.htm).

## Mark Your Calendar

The "What's New in Municipal Law" seminars will be held on September 20, 2002 in West Springfield and on September 27, 2002 in Framingham. Registration bulletins were sent to local officials in early August. For more information contact Joan Gourke at (617) 626-2353. ■

## DLS Profile: BOA Field Representatives

This profile features **Daniel Bazin** and **Kathy Reed**, Bureau of Accounts (BOA) field representatives who work out of the Division of Local Services' (DLS) regional office in Worcester. Dan and Kathy are veteran DLS employees and have worked for the BOA for 27 and 17 years respectively. They each work with 29 communities.

Dan is a graduate of Northern Essex Community College where he majored in business and is a resident of North Andover. He has worked for the past 15 years in the Worcester office.

Lisa Gabree, town accountant in Ayer, has worked with Dan for almost 12 years. "Working with Dan has been an enjoyable experience," she said. "He has always been very helpful and if he does not know the answer to a question, he will take time to research it and get back to me. He also has a good sense of humor, which I think we all need to have these days."

Kathy is a graduate of the former Southeastern Massachusetts University (now UMass Dartmouth) and is a resident of Rochester. In addition to her regular duties, Kathy is an instructor in Course 101, the basic course for assessors, as well as various schools for municipal finance officers. She has also conducted about 80 "financial team seminars" to familiarize local officials with budget preparation and the key elements of effective financial management.

Marilyn Mathieu, chief finance officer of the Town of Bellingham, has worked with Kathy since the early 1990s. According to Marilyn, "Kathy has years and years of experience. She is a vital part of the services that the Division offers. Her expertise has been very valuable to me." ■



**Daniel Bazin and Kathy Reed**

### Retirement

*continued from page one*

The Public Employee Retirement Administration Commission (PERAC) is required to analyze the costs and actuarial liabilities for the additional benefits for each retirement system and file a report with each governmental body. The act sets no final date for reaching zero liability; however, PERAC will use a 15-year schedule or the current fully funded schedule, depending on the amount of the additional liability, the plan's funded status and funding schedule, on a case by case basis. The increased costs will be the responsibility of the accepting governmental unit by means of an allocation formula in a regional system. See [www.state.ma.us/perac/02memos/2402%20.pdf](http://www.state.ma.us/perac/02memos/2402%20.pdf) for more details on the early retirement incentive and on additional provisions of the act. ■

### City & Town

City & Town is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials.

**Joan E. Gourke, Editor**

To obtain information or publications, contact the Division of Local Services via:

- website: [www.dls.state.ma.us](http://www.dls.state.ma.us)
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