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# City and Town

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## UMAS Manual Update Completed

In response to several national events in the 1970s that stimulated the need for more financial disclosure in the local governmental sector, the Massachusetts Bureau of Accounts (Bureau), in April 1980, commissioned a project to develop a manual for a revised system of Massachusetts governmental accounting. The system, unveiled in July 1980, which became known as Uniform Municipal Accounting System (UMAS), was intended to bring the Massachusetts accounting system more closely in conformity with generally accepted accounting principles, an important component in adequate financial reporting.

In the fall of 2002, the Bureau assembled representatives from several professional organizations (including the Massachusetts Municipal Auditors' and Accountants' Association and the Massachusetts Society of Certified Public Accountants) to review UMAS and suggest revisions to accommodate changes in governmental accounting over the last 20 years. During this process, it was decided to maintain the basic system of accounting, to update for changes in law and accounting standards, and to incorporate accounting guidance provided by the Bureau in various forms into the manual.

On July 1, 2003, the Bureau unveiled its updated UMAS accounting system. Although the system, now known as the Uniform *Massachusetts* Accounting System, is still applicable to Massachusetts cities and towns, the Bureau expects over the next fiscal year to extend the requirements to other local govern-

mental entities, such as regional school and special purpose districts.

The manual is written to meet the particular needs of Massachusetts local accounting officials. Its scope is not to assist in the development of an accounting system, but to address the operation of an existing system. The manual is intended for use by an accountant whose background is not necessarily in governmental accounting.

The update accomplishes three objectives: an update for new laws, an update for new accounting standards, and a strict focus upon technical accounting issues.

### An Update for New Laws

Over the last 20 years, legislation created new programs that required creation of new funds in the accounting system. For example, the 1980s saw the creation of enterprise funds, offset receipts, the scholarship fund and preliminary tax bills. The 1990s saw the creation of revolving funds, teacher deferrals, the Massachusetts Water Pollution Abatement Trust and the Law Enforcement Trust fund. More recently, the Community Preservation Act was created.

### An Update for New Accounting Standards

In 1984, the Governmental Accounting Standards Board was established to formalize generally accepted accounting principles for governmental entities. The Board has issued pronouncements over time that have caused changes to fund types (GASB 34), re-

quired further disclosure of account activity (GASB 12 and 18) and required disclosure of investments at fair market value (GASB 31).

### A Strict Focus Upon Technical Accounting Issues

The updated UMAS manual now focuses on technical accounting issues rather than on overall government financial management. Municipal financial issues such as budgeting or audit procurement are not included. Other publications of the Division of Local Services address such subjects.

### Contents

The manual details the Chart of Accounts for assets, liabilities, fund equity, revenues and expenditures. In addition, the manual includes a series of entries for recording the annual budget, and recording the normal activities of the general fund including adjusting and closing entries. Subsequent chapters are by fund type and provide illustrative

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### From the Acting Deputy Commissioner

What is considered a "parcel" for the purposes of property taxation? In Massachusetts, there is no general definition

of the term parcel. Court cases decided on this issue have held that assessors must simply have a reasonable basis for their determination of what constitutes a parcel and if they do, the assessment will be valid.

Assessors often define a parcel according to the description found in a deed or plan, but are not bound by it. For example, a tract of contiguous land described in a deed and owned by the same person may be assessed as a single parcel. If a plan divides the tract into lots, it may be assessed as separate parcels.

For certain kinds of property, the term parcel is defined by statute. For example, real estate subject to certain restrictions, such as a conservation restriction in perpetuity, must be assessed as a separate parcel. Condominium units are treated as individual parcels for tax purposes even if the same person owns adjoining units. In a time-share unit, the owner has the right to occupy one or more units in the property during a number of separated time periods over a period of years. The tax is assessed on the entire property as a single unit and the bill is sent to, and paid by, the managing entity.

In Massachusetts, assessors have substantial discretion in determining the unit of assessment, provided their determination of the taxable parcel is reasonable and otherwise lawful.

**Gerard D. Perry**  
Acting Deputy Commissioner

# Legal

## in Our Opinion

### Questions & Answers

by James Crowley

**Q:** *Can a city or town borrow to do minor repairs to roads?*

**A:** No. M.G.L. Ch. 44 Sec. 7 Cl. 5 authorizes a municipality to borrow for up to 10 years for the "construction" of roads with different types of pavement, and for widening or extending the roads. This statute also authorizes borrowing for the "original construction" of roads. The term "construction" then would mean more than road maintenance. M.G.L. Ch. 44 Sec. 7 Cl. 5 and 6 authorize borrowing for "resurfacing" only in connection with municipally owned and operated off-street parking lots. M.G.L. Ch. 44 Sec. 7 Cl. 6 permits municipal borrowing for up to five years for the purchase of paving material. In our view, any borrowing for a road re-paving project would only be permissible where the work was substantial with a useful life of at least 10 years.

**Q:** *What are the rules regarding the encumbrance of a school department appropriation at the end of a fiscal year?*

**A:** The rules are governed by the Appeals Court decision of *School Committee of Wilmington v. Town Accountant of Wilmington*, 19 Mass. App. 964 (1985), and by the statutory changes brought about by the Education Reform Act of 1993. M.G.L. Ch. 70 Sec. 11 now provides that if a school district spends less than the amount required to be appropriated for public education, then the balance of the appropriation, up to 5 percent of the amount required to be appropriated, is carried forward automatically to the ensuing fiscal year. The school department does not need purchase orders to carry forward this amount. However, this statutory provision does not apply to communities that have met their net school spend-

ing obligation. The basic rule of encumbrances, substantiated by purchase orders, will apply.

In the *Wilmington* case, the issue before the court was whether the town accountant could prohibit school purchase orders for goods and supplies after June 10 of the 1983 fiscal year. The Appeals Court held that the town accountant's policy improperly limited the school department's fiscal autonomy. Although the school department admitted that the ordered supplies would be used in the upcoming fiscal year (FY84), the Appeals Court did not make a ruling on the legality of contracts for services or supplies to be performed totally in the next fiscal year. Apparently, for this reason the Appeals Court did not cite M.G.L. Ch. 71 Sec. 49A, which permits a school committee to make commitments against the upcoming fiscal year's appropriation provided no payment is made prior to July 1. Instead, the Appeals Court ruled in favor of the school committee and compelled the town accountant to charge all purchase orders submitted in FY83 to the fiscal year 1983 budget.

The Department has interpreted the *Wilmington* decision to mean that a school committee's line item autonomy does not allow the committee to spend or encumber funds from the current fiscal year's budget for services or supplies that pertain unambiguously to a subsequent fiscal year. In our view, however, the school committee can spend and encumber a current fiscal year's appropriation to pay for services or goods that will be partly provided in the current fiscal year but primarily used in the subsequent fiscal year. No more than 12 months' worth of goods/services should be charged to a particular fiscal year's budget. ■

# Focus

## on Municipal Finance

### 2002 Equalized Valuations

by Donna Demirai and David Wood

The Massachusetts Equalized Valuations for 2002 reflect a 32.08 percent increase from the 2000 values. This Focus article discusses the most recent study, its uses and results, and describes the historical trends in Equalized Valuations (EQV).

Every even numbered year, the Commissioner of Revenue develops an estimate of the fair cash value of all taxable property in each city and town as of January 1, which is called the equalized valuation.<sup>1</sup> Its purpose is to allow for comparisons of municipal property values at one point in time, adjusting for differences in local assessing practices and revaluation schedules. There are three major uses for these equalized values: the allocation of certain state aid, the calculation of various state and county assessments to municipalities, and the determination of municipal debt limits.

#### EQV Methodology

Assessed values as of January 1, 2001 (FY02) served as the starting point for calculating the 2002 EQV. For residential property, the assessments of properties that sold in the preceding year were compared to their sale prices. This relationship of the value and the price of arms-length sales were analyzed by property use classes. A composite assessment sales ratio was then determined for the entire class. For each city and town, the FY02 total residential assessed value was divided by this ratio to estimate the fair market value of all residential property. There were few arms-length sales of commercial and industrial properties. Therefore market appraisals, direct income capitalization information, other sales and economic data were also used in estimating the fair market value of these classes. In municipalities with electric generating plants, the value of the plant was deemed to be at full and fair cash value because of their appraisals or tax agreements.

A municipality's 2002 EQV is the sum of the estimated fair market value of each property class plus an estimate of new growth, resulting in values indicative of January 1, 2002. The Legislature adopted these final values (in House Document No. 2006) in March 2003.

#### Uses of EQVs

EQVs are often used as an indicator of municipal wealth in local aid and assessment formulas. They are used in some distribution formulas so that communities with lower property values receive proportionately more aid than those with higher property values. In some assessment formulas they are used so that those with lower property values assume proportionately less of the cost than communities with higher property values. The 2002 EQVs will be used for the FY2004 and FY2005 Cherry Sheets programs. The local aid receipt programs using EQV are: Lottery, Public Libraries, Municipal Equalization Grants, and Chapter 70. Lottery aid, the second largest state aid program, uses EQV per capita specifically to determine how the annual lottery increases are to be allocated among communities.

The assessments using EQV are: Boston's Metropolitan Transit Districts, the County Tax, Mosquito Control Projects and Air Pollution Control Districts. Information on the calculation of all distributions and charges can be found in the Division of Local Services Cherry Sheet Manual or by visiting the DLS website at [www.mass.gov/dls](http://www.mass.gov/dls). Finally, EQV is used to compute municipal debt limits. The debt limit for cities and towns is now 5 percent of the equalized valuation of the city or town. The limit for cities had been 2.5 percent, but was placed on a par with the limit for towns

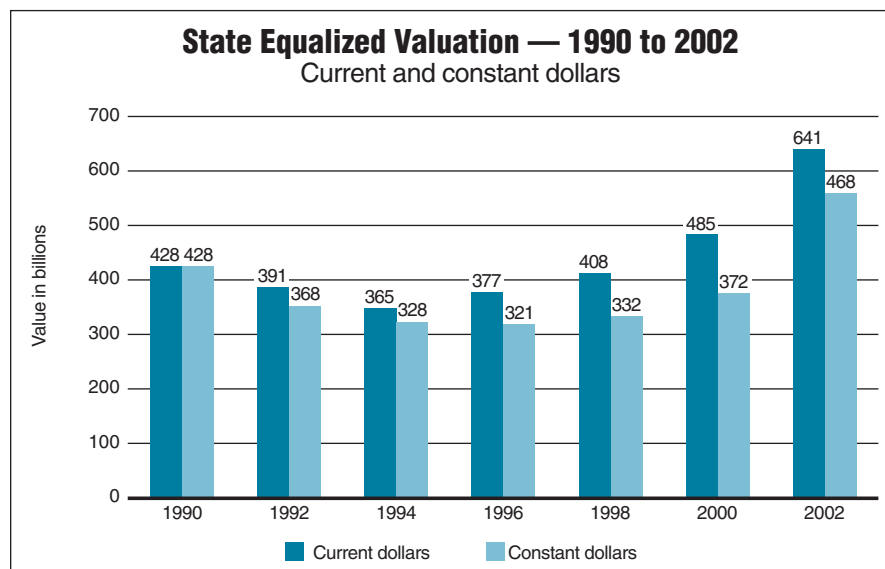


Figure 1

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## 2002 Equalized Valuation

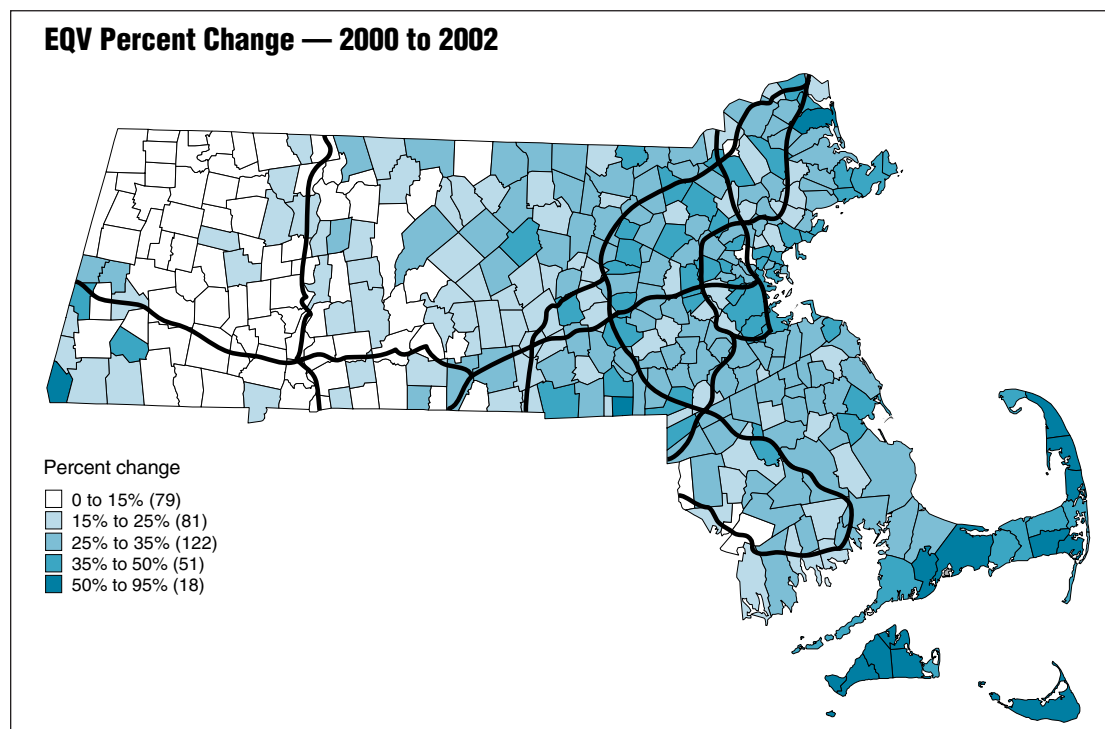
	2000 EDV	2002 EDV	EDV pct. change	Per capita rank	2002 EDV per capita	2000 EDV	2002 EDV	EDV pct. change	Per capita rank	2002 EDV per capita	2000 EDV	2002 EDV	EDV pct. change	Per capita rank	2002 EDV per capita
Abington	819,100,200	1,104,857,000	34.9%	230	75,649	71,709,800	85,458,600	19.2%	71,156	251	96,999,300	104,858,900	8.1%	145,435	75
Acton	2,122,387,100	2,750,704,700	29.6%	89	135,296	2,088,647,100	2,245,227,200	7.5%	41,081	335	1,219,187,200	1,590,101,700	30.4%	120,792	111
Acushnet	508,031,800	649,853,000	27.9%	63,956	276	1,324,776,300	2,028,268,300	53.1%	2,406,012	1	607,900,900	795,888,300	30.9%	83,822	202
Adams	323,504,800	354,436,100	9.6%	40,236	337	68,496,800	71,923,600	5.0%	42,659	333	131,284,200	138,226,000	5.3%	52,718	315
Agawam	1,694,442,700	1,915,767,700	13.1%	68,070	260	561,646,300	700,226,600	24.7%	52,120	318	668,668,100	860,157,600	28.6%	143,815	77
Afford	103,836,300	127,748,800	23.0%	32,070	18	1,145,936,300	1,589,740,600	38.7%	218,942	32	2,105,331,300	3,192,730,100	51.6%	257,769	25
Amesbury	1,032,388,600	1,407,282,100	36.3%	85,549	196	93,607,000	99,311,300	6.1%	54,777	308	290,407,800	323,090,800	11.3%	99,443	166
Amherst	1,176,492,400	1,307,482,200	11.1%	37,482	343	3,060,527,200	4,225,246,400	38.1%	248,646	26	2,637,128,900	3,766,011,700	32.7%	63,864	277
Andover	4,268,662,500	5,589,664,700	30.9%	178,886	53	127,221,700	149,938,300	17.9%	82,885	204	23,842,000	24,121,800	1.2%	71,809	243
Aquinnah	213,941,400	419,020,700	95.9%	1,218,083	3	61,284,200	74,521,800	21.6%	76,198	224	47,781,100	52,370,000	9.6%	65,056	270
Arlington	3,929,054,800	5,164,119,900	31.4%	121,827	106	351,810,600	393,965,500	12.0%	57,163	300	2,568,869,000	3,449,877,600	33.3%	173,518	56
Ashburnham	299,339,500	393,460,300	31.4%	70,945	253	2,584,976,200	3,048,511,700	17.9%	120,915	109	124,752,500	125,887,500	0.9%	67,242	284
Ashby	159,324,400	202,900,400	27.4%	71,318	250	2,376,604,800	3,054,793,400	28.5%	99,615	155	593,119,300	720,216,700	20.9%	71,416	248
Ashfield	121,945,300	136,547,900	12.0%	75,860	228	2,317,003,400	2,818,552,900	21.6%	120,122	113	1,002,369,900	1,237,955,300	23.5%	79,249	213
Ashland	1,178,968,100	1,545,440,500	31.1%	105,318	143	370,118,400	444,107,400	20.0%	93,496	170	156,634,200	179,553,400	14.6%	74,596	232
Athol	372,629,000	421,513,000	13.1%	37,305	345	2,592,569,300	3,590,418,900	38.5%	224,780	27	1,184,289,600	1,470,537,000	24.2%	106,553	141
Attleboro	1,991,552,800	2,476,444,800	24.3%	58,868	294	390,262,600	472,541,900	21.1%	76,525	222	1,453,572,800	1,489,955,600	2.5%	37,400	344
Auburn	1,050,546,400	1,274,352,900	20.3%	80,143	210	416,938,600	570,427,000	36.8%	80,969	207	337,792,300	445,265,900	31.8%	75,379	231
Avon	451,368,600	549,950,200	21.8%	123,779	102	1,219,884,500	1,626,272,300	33.3%	292,600	19	1,361,375,900	2,162,995,900	38.5%	162,064	64
Ayer	646,673,800	762,094,300	17.8%	104,583	145	1,494,819,200	1,943,327,100	30.0%	68,039	261	211,064,500	270,776,100	28.3%	69,270	258
Barnstable	6,116,649,700	9,187,485,800	50.2%	192,122	40	442,375,000	546,977,800	23.6%	54,502	310	1,227,248,900	1,666,957,500	35.8%	92,031	176
Barre	221,571,500	264,645,800	19.4%	51,759	321	1,892,795,900	347,342,100	35.0%	122,779	104	816,138,900	1,259,250,700	54.3%	113,959	126
Becket	326,100,200	261,104,800	10.6%	148,778	74	2,564,487,200	3,551,779,989	35.5%	179,989	52	105,454,000	118,659,800	12.5%	54,581	309
Bedford	1,794,674,400	2,270,729,600	26.5%	180,288	50	750,010,200	967,283,500	29.0%	74,556	233	1,319,589,000	1,749,463,900	32.6%	134,709	93
Belchertown	642,945,600	743,257,000	15.6%	57,315	299	116,597,600	134,678,900	15.5%	64,225	275	878,355,800	1,202,641,400	36.9%	102,092	153
Bellingham	1,243,723,100	1,600,519,500	28.7%	104,513	146	1,042,274,200	1,224,567,200	17.5%	86,849	192	732,880,000	934,972,000	27.6%	95,201	164
Belmont	3,062,399,600	3,878,821,500	26.7%	160,313	67	1,036,048,200	1,558,526,500	50.4%	285,811	21	409,390,400	538,937,000	31.6%	73,027	235
Berkley	342,791,500	439,018,500	28.1%	76,364	223	724,911,600	808,215,000	11.5%	50,532	323	236,680,000	254,469,100	7.5%	85,107	198
Berlin	271,005,000	328,737,600	21.3%	138,125	83	1,550,108,600	1,994,103,700	26.7%	88,080	188	1,450,497,800	2,022,345,300	39.4%	28,071	351
Bernardston	1,143,900,800	130,121,200	13.8%	60,381	289	2,039,559,600	3,432,512,900	68.3%	908,372	6	476,861,200	570,060,000	19.5%	95,248	163
Beverly	3,068,041,100	4,106,379,100	33.8%	103,015	150	211,583,000	248,287,900	17.3%	184,601	47	459,021,600	549,737,500	19.8%	52,501	316
Billerica	2,990,146,300	4,066,469,000	36.0%	104,319	147	602,573,900	609,339,800	1.1%	415,365	13	540,845,400	692,299,700	28.0%	136,360	87
Blackstone	402,559,000	737,700,600	83.3%	387,292	203	387,296,700	539,134,700	39.2%	165,024	61	1,945,455,400	2,360,140,400	21.3%	57,142	301
Blackford	81,434,900	90,088,500	10.6%	74,208	234	2,437,507,600	3,309,726,100	35.8%	87,013	191	139,048,000	181,954,500	30.9%	109,413	134
Bolton	542,446,600	691,788,800	27.5%	166,776	60	955,924,600	1,129,666,900	18.2%	69,909	257	4,841,620,900	6,095,404,200	25.9%	200,804	35
Boston	45,858,307,300	65,751,333,200	44.4%	111,605	129	2,870,554,400	3,166,310,800	10.3%	34,440	348	43,701,300	51,862,200	18.7%	67,179	265
Bourne	1,715,025,000	2,305,263,200	34.4%	123,138	103	4,606,596,800	6,532,637,100	41.8%	200,020	36	1,195,989,800	1,502,759,700	25.6%	186,539	45
Boxborough	523,418,400	732,777,600	40.0%	150,529	71	1,269,841,900	1,496,433,500	17.8%	38,270	340	825,271,900	1,079,530,300	30.8%	131,907	96
Boxford	1,025,881,000	1,353,443,900	31.9%	170,868	57	121,811,900	104,816,000	-14.0%	155,053	69	1,304,613,000	1,474,738,300	13.0%	94,335	167
Boylston	320,028,400	436,585,400	32.3%	108,928	135	1,338,723,600	1,669,949,800	24.7%	102,791	152	3,126,381,800	4,160,223,600	33.1%	39,558	338
Braintree	3,063,928,900	4,086,633,400	33.4%	120,806	110	5,075,655,400	6,503,031,500	28.1%	97,191	159	1,021,886,000	1,137,089,000	11.3%	53,614	314
Brewster	1,427,451,000	2,004,040,300	40.4%	196,538	37	2,478,622,600	3,167,005,800	27.8%	107,138	139	650,154,200	818,512,300	25.9%	87,067	190
Bridgewater	1,277,814,200	1,637,290,300	28.1%	65,011	272	535,363,300	683,999,600	27.8%	80,736	208	3,004,807,900	4,129,696,800	37.4%	46,375	331
Brimfield	201,108,600	238,308,600	18.5%	71,371	249	653,616,700	784,411,800	20.0%	37,767	341	1,335,119,500	1,722,509,800	29.0%	149,238	72
Brockton	3,330,760,700	4,420,483,600	32.7%	46,875	330	643,532,100	811,806,600	26.1%	110,046	133	2,563,266,200	3,501,200,000	36.6%	62,144	284
Brookfield	129,320,000	145,282,600	12.3%	47,618	328	75,901,400	84,265,900	11.0%	61,824	286	1,077,529,800	1,499,906,700	39.2%	286,899	20
Brookline	7,371,209,100	9,756,124,700	32.4%	115,249	58	2,605,524,400	3,748,749,800	43.9%	123,831	101	1,700,340,200	2,201,418,400	29.5%	98,216	157
Buckland	104,840,800	117,563,400	11.9%	58,947	293	69,796,700	74,871,200	7.3%	81,293	205	2,811,457,400	3,015,051,700	35.7%	187,223	44
Burlington	2,898,482,700	3,754,232,500	29.5%	164,112	62	112,512,800	133,620,000	18.8%	1,553,721	2	746,949,300	938,824,800	25.7%	183,257	48
Cambridge	12,681,060,300	18,243,245,900	43.9%	179,994	51	881,668,600	1,154,344,500	30.9%	77,504	220	2,769,313,700	3,504,173,300	26.5%	96,654	162
Canton	2,134,909,700	2,833,786,800	32.7%	136,404	86	313,413,400	370,099,200	18.1%	60,355	290	2,093,081,700	2,703,305,500	29.2%	111,137	130
Carlsle	828,690,400	1,033,981,500	24.8%	219,203	31	101,319,900	110,351,400	8.9%	72,552	241	1,732,494,000	2,717,977,300	56.9%	209,947	33
Carver	611,841,100	720,016,800	17.7%	64,500	274	595,773,400	668,249,100	12.2%	88,780	186	700,435,100	846,061,300	19.4%	134,981	91
Charmont	70,977,000	80,479,800	13.4%	59,263	292	808,619,600	869,865,300	7.6%	47,879	327	700,314,200	931,634,100	33.1%	89,316	183
Chatham	641,017,900	853,760,200	33.2%	75,802	229	862,295,200	1,146,883,600	33.0%	120,130	112	1,326,929,700	1,702,325,500	28.3%	138,705	82
Chatham	2,059,343,100	3,463,386,200	68.2%	522,775	9	440,683,900	563,140,000	27.8%	93,266	172	3,668,696,200	4,944,200,300	34.8%	88,661	187
Chelmsford	2,831,077,800	3,902,108,400	37.8%	115,249	123	448,985,100	521,560,400	16.2%	108,817	136	931,098,600	1,208,216,700	29.8%	97,061	161
Chelsea	1,038,467,300	1,387,408,500	33.6%	39,550	339	1,038,467,300	1,387,408,500	33.6%	39,550	339	2,032,450,400	2,460,994,000	21.1%	90,698	181
Cheshire	152,784,000	172,755,800	13.1%	50,796	322	776,386,700	1,040,712,900	34.0%	125,161	100	411,870,100	587,018,100	42.5%	111,051	131
Chester	70,342,100	73,904,600	5.1%	56,502	304	309,140,800	349,315,300	13.0%	67,553	262	379,068,300	466,394,300	23.0%	75,985	225



	2000 EDV	2002 EDV	EDV pct. change	2002 EDV per capita	Per capita rank		2000 EDV	2002 EDV	EDV pct. change	2002 EDV per capita	Per capita rank
Methuen	2,408,485,100	2,770,350,300	15.0%	63,266	280	Princeton	274,385,100	387,285,400	41.1%	115,504	122
Middleborough	1,124,479,800	1,408,031,200	25.2%	70,610	254	Provincetown	986,315,900	1,402,074,400	42.2%	408,649	14
Middlefield	38,838,000	47,658,000	10.7%	71,658	244	Quincy	5,475,339,200	7,703,163,600	40.7%	87,511	189
Middleton	760,460,300	1,013,876,500	33.3%	130,898	97	Randolph	1,692,059,500	2,215,087,100	30.9%	71,540	247
Milford	1,611,293,400	2,129,624,900	32.2%	79,467	211	Raynham	865,298,500	1,170,062,500	35.2%	99,673	154
Milbury	644,188,400	798,374,000	23.9%	62,451	282	Reading	2,182,987,800	2,692,902,800	23.4%	113,586	128
Millis	567,843,000	735,240,000	29.5%	93,045	173	Rehoboth	746,823,800	961,304,200	28.7%	94,505	166
Milwille	134,314,500	169,883,100	26.3%	62,292	283	Revere	2,089,025,300	2,960,729,900	41.7%	62,617	281
Milton	2,340,901,000	3,176,463,900	35.7%	121,881	105	Richmond	355,672,500	558,502,200	32.1%	161,161	65
Monroe	19,801,700	19,258,000	-2.7%	207,875	34	Rochester	375,365,400	434,339,800	15.7%	94,813	165
Monson	409,255,800	448,197,600	9.5%	53,619	313	Rockland	980,011,200	1,242,905,300	26.8%	70,340	255
Montague	428,621,600	465,644,800	8.6%	54,853	307	Rockport	940,259,300	1,351,302,200	43.7%	173,980	55
Monteary	180,671,800	244,231,100	35.1%	261,489	24	Rowe	424,730,000	421,354,100	-0.8%	1,200,439	4
Montgomery	53,797,600	55,999,900	4.1%	85,627	195	Roxley	464,284,500	656,592,400	41.4%	119,380	115
Mt. Washington	35,033,100	52,618,800	50.2%	404,760	15	Royalston	60,141,100	77,017,600	28.1%	61,418	288
Nahant	377,383,500	561,762,900	48.9%	154,670	70	Russell	79,896,200	88,964,300	11.3%	53,690	312
Naticket	6,512,940,000	10,186,285,100	56.4%	1,069,988	5	Rutland	312,444,000	413,044,700	32.2%	65,016	271
Natick	3,533,066,600	4,539,112,900	28.5%	141,098	79	Salem	2,472,012,500	3,184,867,500	28.8%	78,820	216
Needham	3,994,148,300	5,139,824,700	28.7%	177,781	54	Salisbury	641,226,400	766,497,000	19.5%	97,930	158
New Ashford	23,282,800	22,710,000	-2.5%	91,943	177	Sandisfield	124,849,200	134,012,700	7.3%	162,637	63
New Bedford	2,825,891,000	3,278,457,000	16.0%	34,963	347	Sandwich	1,953,686,200	2,627,505,100	34.5%	130,488	98
New Braintree	53,505,400	61,543,200	15.0%	66,390	267	Saugus	2,328,938,000	2,834,282,900	21.7%	108,684	137
New Marlborough	206,220,700	237,420,600	15.1%	158,916	68	Savoy	41,354,400	40,778,000	-1.4%	57,841	297
New Salem	54,310,600	57,640,400	6.1%	62,046	285	Scituate	1,926,402,100	2,565,482,500	33.2%	143,620	78
Newbury	588,640,600	913,361,600	55.2%	135,978	88	Seekonk	1,096,072,700	1,253,757,400	14.4%	93,390	171
Newburyport	1,656,844,700	2,319,323,100	40.0%	134,931	92	Sharon	1,601,170,700	2,089,021,300	29.2%	118,855	116
Newton	12,028,714,200	15,856,203,100	31.8%	189,149	42	Sheffield	301,678,200	369,515,500	24.7%	116,197	120
Norfolk	759,274,900	980,837,000	29.2%	93,770	169	Shelburne	126,242,100	147,371,000	16.7%	71,609	246
N. Adams	433,911,300	476,276,200	9.8%	32,442	349	Sherborn	752,949,700	924,085,100	22.7%	220,020	30
N. Andover	2,595,730,400	3,227,431,200	24.3%	118,647	117	Shirley	303,653,200	405,496,700	33.5%	63,627	278
N. Attleborough	1,736,656,500	2,352,947,100	35.5%	86,687	193	Shrewsbury	2,388,870,700	3,257,882,400	36.4%	102,967	151
N. Brookfield	197,034,300	243,056,300	23.4%	51,902	320	Shutesbury	118,576,300	142,235,600	20.0%	78,583	217
N. Reading	1,445,768,200	1,846,291,300	27.7%	133,431	95	Somerset	1,459,834,900	1,657,377,800	13.5%	90,895	179
Northampton	1,685,782,000	1,933,674,200	14.7%	86,729	266	Somerville	3,858,210,300	5,548,714,800	43.8%	71,617	245
Northborough	1,305,429,200	1,596,170,600	22.3%	113,906	127	S. Hadley	845,874,900	962,554,500	13.8%	55,975	306
Northbridge	698,895,100	862,472,700	23.4%	65,428	269	Southampton	321,618,600	354,887,800	10.3%	65,879	268
Northfield	212,111,200	272,351,100	28.1%	92,494	174	Southborough	1,185,174,600	1,653,815,500	39.5%	188,340	43
Norton	1,050,940,500	1,406,281,600	33.8%	77,971	218	Southbridge	567,282,000	646,149,400	13.9%	37,536	342
Norwell	1,302,184,700	1,568,451,600	20.4%	160,620	66	Southwick	530,178,000	619,348,500	16.8%	70,102	256
Norwood	2,436,838,800	3,046,263,400	25.0%	106,561	140	Spencer	546,219,700	658,273,800	20.5%	56,306	305
Oak Bluffs	981,372,100	1,631,184,300	66.2%	439,317	11	Springfield	4,257,309,200	4,855,465,800	14.1%	31,927	350
Oakham	99,552,900	118,925,200	19.5%	71,085	252	Sterling	557,552,800	704,942,900	26.4%	97,140	160
Orange	255,381,900	308,803,800	20.9%	41,075	336	Stockbridge	403,639,300	440,638,800	9.2%	193,602	39
Orleans	1,569,517,200	2,329,530,500	48.4%	367,376	16	Stoneham	1,779,255,000	2,330,448,800	31.0%	104,885	144
Otis	283,720,700	301,311,600	6.2%	220,741	28	Stoughton	1,794,449,500	2,311,451,700	28.8%	85,139	197
Oxford	630,163,500	769,781,000	22.2%	57,653	298	Stow	585,872,500	805,107,800	37.4%	136,413	85
Palmer	563,909,200	611,384,200	8.4%	48,922	326	Sturbridge	545,611,000	715,102,800	31.1%	91,247	178
Paxton	284,349,200	333,003,200	17.1%	75,924	227	Sudbury	2,415,283,300	3,068,275,800	27.0%	182,191	49
Peabody	4,069,719,500	5,080,121,400	24.8%	105,565	142	Sunderland	190,823,300	224,031,400	17.4%	59,315	291
Pelham	87,796,400	102,237,500	16.4%	72,871	239	Sutton	581,919,300	732,940,400	26.0%	88,841	185
Pembroke	1,219,134,900	1,563,975,500	28.3%	92,396	175	Swampscott	1,431,949,500	1,935,451,100	35.2%	134,294	94
Pepperell	669,812,500	864,252,100	29.0%	77,567	219	Swansea	1,055,184,100	1,262,048,900	19.6%	79,569	212
Peru	42,363,600	46,580,100	10.0%	56,736	303	Taunton	2,597,354,000	3,187,799,600	22.7%	56,949	302
Petersham	81,052,800	105,797,900	30.5%	89,659	182	Templeton	301,371,700	354,914,400	17.8%	52,201	317
Phillipston	88,841,900	109,180,400	22.9%	67,354	263	Tewksbury	2,314,582,000	3,003,930,000	29.8%	104,119	148
Pittsfield	2,045,080,400	2,248,345,900	9.9%	49,098	325	Tisbury	876,099,800	1,644,281,900	87.7%	437,891	12
Plainfield	50,314,200	50,064,800	-0.5%	85,000	199	Tolland	89,242,800	93,953,400	5.3%	220,548	29
Plainville	504,113,600	649,926,800	28.9%	84,593	200	Topsfield	705,473,000	861,663,600	22.1%	140,313	81
Plymouth	4,167,400,800	5,556,961,800	33.3%	107,483	138	Townsend	499,987,500	626,927,000	25.4%	68,159	259
Plympton	206,577,500	271,875,500	31.5%	103,100	149	Turo	780,283,200	1,247,555,200	59.9%	597,774	8
Tyngsborough	771,370,300	1,006,876,400	30.5%	115,504	122	Wellesley	5,266,642,800	7,153,729,900	35.8%	268,806	23
Tyringham	88,000,200	95,188,100	8.2%	271,966	180	Wellfleet	870,896,100	1,395,529,700	60.2%	507,650	10
Upton	510,387,500	675,671,100	32.4%	119,757	114	Wendell	44,590,700	49,372,400	10.7%	50,073	324
Uxbridge	700,183,400	895,636,100	27.9%	80,283	209	Wenham	470,155,300	624,886,300	32.9%	140,740	80
Wakefield	2,229,938,700	2,838,695,100	27.3%	114,445	125	W. Boylston	443,448,500	543,952,900	22.7%	72,711	240
Wales	78,704,300	100,839,000	28.1%	58,054	295	W. Bridgewater	635,389,300	762,770,500	20.0%	114,979	124
Walpole	2,001,530,200	2,529,159,600	26.4%	110,811	132	W. Brookfield	204,047,200	241,779,300	20.3%	63,559	279
Walworth	5,461,431,800	7,455,289,200	36.5%	125,879	99	W. Newbury	446,045,400	566,984,800	27.1%	136,656	84
Ware	408,545,500	455,054,500	11.4%	46,879	329	W. Springfield	1,487,866,700	1,617,927,000	8.7%	57,992	296
Wareham	1,502,560,500	1,916,534,000	27.8%	94,248	168	W. Stockbridge	178,314,000	1,652,350,200	79.9%	669,781	7
Warren	210,213,300	205,927,800	-2.0%	43,117	332	Westborough	2,123,381,700	2,680,822,700	26.3%	148,959	73
Warwick	39,201,200	48,599,700	24.0%	64,800	273	Westfield	1,840,663,700	2,086,451,200	13.4%	52,068	319
Washington	40,168,400	39,688,500	-1.2%	72,957	238	Weston	2,744,892,500	3,818,619,800	39.1%	332,951	17
Watertown	2,984,089,500	4,015,722,400	34.6%	121,740	107	Westport	1,349,601,400	1,647,587,400	22.1%	116,166	121
Wayland	1,981,775,600	2,428,949,400	22.6%	185,416	46	Westwood	2,218,233,000	2,795,016,900	26.0%	197,989	38
Webster	748,448,300	884,241,000	18.1%	53,868	311	Weymouth	3,307,961,200	4,260,870,000	28.8%	78,923	215
Wellesley	5,266,642,800	7,153,729,900	35.8%	268,806	23	Whately	125,337,600	135,725,000	8.3%	86,284	194
Wellfleet	870,896,100	1,395,529,700	60.2%	507,650	10	Whitman	671,570,100	857,931,400	27.8%	61,802	287
Wendell	44,590,700	49,372,400	10.7%	50,073	324	Wilbraham	951,567,900	1,134,487,000	19.2%	84,204	201
Wenham	470,155,300	624,886,300	32.9%	140,740	80	Williamsburg	160,216,900	175,334,900	9.4%	72,243	242
W. Boylston	443,448,500	543,952,900	22.7%	72,711	240	Williamstown	585,601,400	645,390,700	10.2%	76,613	221
W. Bridgewater	635,389,300	762,770,500	20.0%	114,979	124	Wilmington	2,059,670,500	2,509,464,300	21.8%	117,488	119
W. Brookfield	204,047,200	241,779,300	20.3%	63,559	279	Winchendon	372,135,500	351,996,600	-5.4%	36,624	346
W. Newbury	446,045,400	566,984,800	27.1%	136,656	84	Winchester	2,869,200,600	3,972,708,800	38.5%	190,904	41
W. Springfield	1,487,866,700	1,617,927,000	8.7%	57,992	296	Windsor	62,526,600	66,47			

## 2002 EQVs

continued from page three

**Figure 2**

in the "Municipal Relief Package" (Ch. 46 Sec. 32 of the Acts of 2003), which was effective on July 31, 2003.

Either a city or town may seek approval of a board comprised of the attorney general, the state treasurer, the state auditor and the director of accounts for a limit up to 10 percent of the equalized valuation.

Although many borrowing purposes (e.g., water projects, landfill closure and certain sewer projects) are outside of this general debt limit, certain of these have specific debt limitations also based on EQV.

### Findings

The 1990 EQV represented the high-point of values until this study. The fluctuations in statewide EQV values over the years mirror the rise and fall of the Commonwealth's real estate market. The figures, however, are subject to a time-delay since the estimates are primarily tied to real estate prices of two years earlier. The EQVs peaked in 1990 at \$428 billion, after a continuous increase from the program's 1976 incep-

tion, which included a period of very rapid escalation between 1986 and 1990. In 1992, the first EQV decrease (8.6 percent) reflected the beginning of the market decline of the early nineties. This downturn deepened in 1994. The three percent increase in 1996 could have indicated a slight market recovery. However, when adjusted for inflation, the 1996 EQV actually continued the downward trend. The 1998 values, with an increase of 8 percent, provided the first signal of a true market turnaround, both in actual and constant dollars. The 2000 values continued this trend. The latest EQVs show that they have now gone beyond the 1990 EQVs. Converting the current total of \$641 billion to 1990 dollars, the adjusted value of \$468 billion actually surpasses the 1990 total of \$428 billion (see *Figure 1*).

Between 2000 and 2002, increased EQVs occurred across the state, although the extent of the rise varied depending on region. Only a few scattered municipalities experienced a slight value decrease in either the actual or the per capita value. *Table 1* lists each

municipality's 2000 EQV, 2002 EQV, the percentage change, 2002 EQV per capita (using 2000 population data), and per capita rank. The two-year changes in EQVs are presented graphically in the accompanying state map (*Figure 2*), which allows quick identification of regional and economic differences. The greatest increases occurred in the eastern part of the state, particularly in the metropolitan Boston area, Cape Cod and the Islands. Except for the resort communities in southern

Berkshire County, the least amount of change was found west of Springfield.

A state map representing the EQV per capita by community (*Figure 3*) shows another view of the EQV program and its results by coupling the municipality's EQV with population data. The analysis reveals the highest EQVs occurring in the resort areas of the state, particularly in Cape Cod and the Islands and lower Berkshire County. This is due to the high value of residential property and second homes in communities with a relatively small year-round population. The cluster of wealthy suburban towns between Routes 495 and 128 and along Route 95 also had high EQVs per capita, coinciding with their large two-year percentage increase in EQVs. Conversely, the lowest EQVs per capita are found in the older cities with large urban populations such as Springfield, New Bedford, and Worcester, despite substantial increases in Lawrence, Lynn and Brockton.

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## 2002 EQVs

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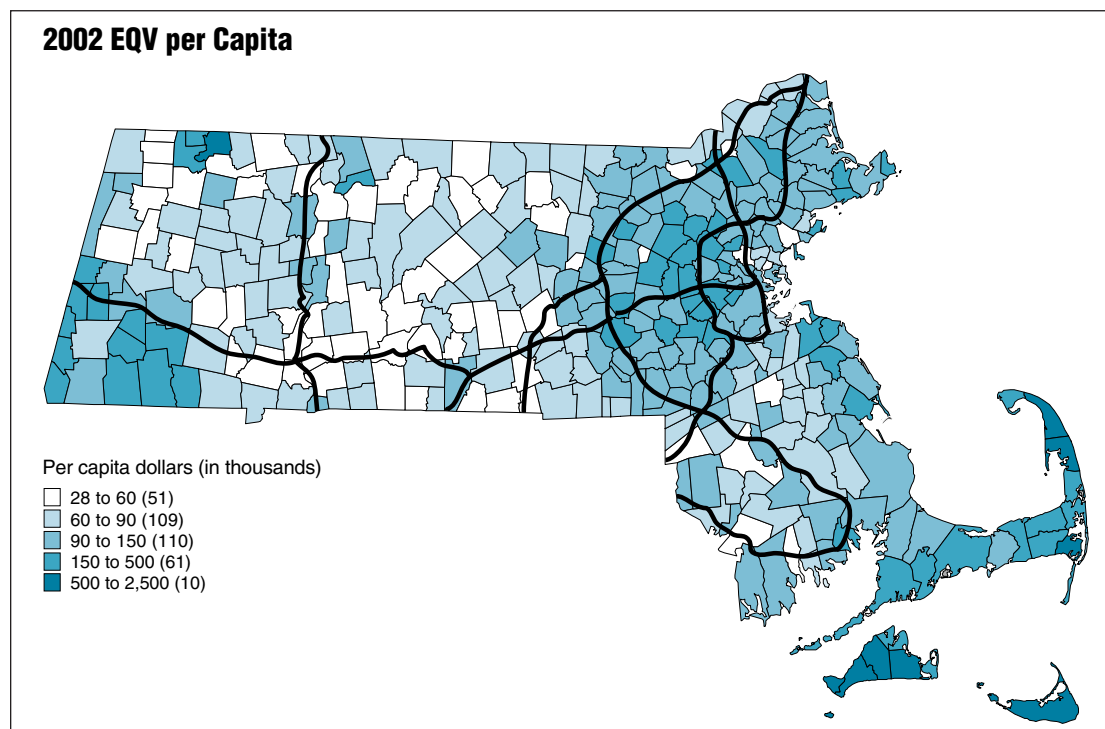


Figure 3

## 2000–2002 EQV Percent Change

Region	Counties	Residential % change	Commercial & Industrial % change	Personal Property % change	EQV overall % change
Northeast	Essex, Middlesex, Suffolk	35.9%	30.0%	12.4%	34.4%
Southeast	Bristol, Norfolk, Plymouth	31.1%	20.6%	13.3%	29.1%
Cape & Islands	Barnstable, Dukes, Nantucket	53.5%	32.1%	19.9%	51.4%
Central	Worcester	26.9%	17.3%	21.9%	25.6%
West	Berkshire, Franklin, Hampden, Hampshire	13.8%	8.5%	2.9%	12.5%
<b>Totals</b>		<b>33.9%</b>	<b>25.3%</b>	<b>12.9%</b>	<b>32.1%</b>

Table 2

Table 2 presents a detailed overview of changes, highlighting geographic and property class patterns. Across the state, the major real property classes rose at about the same rate. This is particularly noteworthy since in the 1980's

escalating market, residential values significantly outpaced the other classes. Again regional differences in class shifts can be seen. The least growth in commercial and industrial values occurred in the western counties. In Barnstable,

Dukes and Plymouth counties, the residential class increase outstripped the commercial and industrial change. The most dramatic escalation of values occurred in Martha's Vineyard (Dukes County) and Nantucket, especially in the residential class. This was responsible for much of the change in the Cape Cod area. The shift in the Northeast was characterized by a marked increase in both residential and commercial-industrial values in urban metropolitan Boston and its northwest corridor between

Routes 495 and 128. Suffolk County, consisting chiefly of Boston and Chelsea, increased 42.93 percent overall. Values in Middlesex County rose 32.59 percent, led by large increases in the cities of Cambridge and Somerville, as well as in such towns as Boxborough, Concord, Hopkinton and Weston.

The changes in EQV between 2000 and 2002 continue to demonstrate the need for the local assessors to monitor the market closely and annually update values as needed. Massachusetts General Laws states that assessors are responsible for full and fair cash values annually. It is especially important to institute an update program in areas with lively and fluctuating real estate markets. Annual updates can help promote greater property tax equity, both overall and between classes. Also, they can ameliorate the natural lag that occurs between changes in the real estate market and assessments. ■

1. M.G.L. Ch. 58 Sec 9, 10, 10A, 10B and 10C.

# DLS Update

## Ch. 40B Task Force Findings

On June 12, 2003, the Governor unveiled a package of comprehensive reforms to the state's affordable housing law — commonly known as Chapter 40B — designed to give cities and towns throughout the Commonwealth more control over the planning and development process in their communities.

In February, the Governor established the Chapter 40B Task Force, comprised of members of the Legislature, state housing officials, municipal and regional officials and stakeholders representing development and environmental interests. The task force was charged with evaluating the statute and its impact to ensure that the need to create affordable housing is balanced appropriately with other municipal concerns.

Chapter 40B was enacted in 1969 to encourage cities and towns to build more affordable homes in Massachusetts. Under the law, if a community has less than 10 percent of its permanent housing stock affordable to low- and moderate-income families, certain zoning regulations can be overridden provided that 25 percent of a proposed development includes affordable units. In spite of 15 regulatory changes by the state Department of Housing and Community Development to improve the law over the last two years, only 31 of the Commonwealth's 351 cities and towns currently comply with the 10 percent threshold.

The task force recommendations respond to concerns raised by communities and address issues pertaining to:

- Promoting equity by changing the way homeownership units are counted;
- Guiding how and where homes are developed by introducing smart growth principles into 40B and density guidelines for homeownership develop-

ments, and empowering site approval authorities to reject developments that are inappropriate;

- Addressing local capacity by limiting the number of units a community has to review at one time and permanently fund consultants to work with municipalities;
- Planning and reasonable growth by establishing planned production goals that reward communities with time-off;
- Improving the 40B process by inserting more information, expertise and communication at the beginning of the process to dispel misinformation and promote cooperation; and
- Reforming the Housing Appeals Committee (HAC) by recommending that it undergo procedural reform. This change will expedite the permitting and building of a significant number of housing units while dismissing projects, which are not consistent with local need.

In addition, the proposed changes to 40B supplement the regulatory changes made over the past two years, including:

- Limiting project size;
- Enhancing project notification for cities and towns;
- Allowing for a cooling off period to eliminate using 40B as a threat;
- Including accessory apartments and Department of Mental Retardation/Department of Mental Health units to count on the subsidized housing inventory; and
- Placing reasonable controls on projects funded through non-governmental agencies (including the Federal Home Loan Bank's New England Fund).

A full copy of the report is available online at [www.mass.gov/dhcd](http://www.mass.gov/dhcd).

## 2003 Municipal Law Seminars

The Division of Local Services' legal staff will offer the seminar "What's New in Municipal Law" Friday, September 26, 2003, at the Best Western Hotel in West Springfield and Friday, October 3, 2003, at Lantana in Randolph. Presentations will include new legislation and recent court decisions pertaining to local government.

The general session in the morning will be conducted by Daniel J. Murphy, Chief of the Property Tax Bureau; Gary Blau; Kathleen Colleary; James Crowley; and Christopher Hinchey.

The afternoon session will consist of three simultaneous workshops. Workshop A will focus on assessing and collecting issues relating to property taxes, excises and the Chapter 61, 61A and 61B classifications. Workshop B will examine a variety of current topics relating to municipal accounting, special funds and other finance issues. Workshop C will present information and encourage a dialogue on current personnel and related workforce issues, and should be of interest to local officials.

To the extent pertinent, information in new municipal relief legislation will be incorporated into these programs and attendant materials.

As of July 1, 2003, registration bulletins for this seminar and other courses and seminars will no longer be mailed. A registration bulletin for this seminar is available on the DLS website at [www.mass.gov/dls/PUBL/BULL/2003/2003\\_15B.pdf](http://www.mass.gov/dls/PUBL/BULL/2003/2003_15B.pdf). ■



# DLS Update

## Classification Workshop Updated

The online Classification Workshop tutorial has just been updated. Previously, this tutorial was incompatible with Windows 2000 operating systems. Now, users with Windows 2000 (or higher or lower versions) can take advantage of this online workshop. It is available on the Division of Local Services' website ([www.mass.gov/dls](http://www.mass.gov/dls)) under "Training and Seminars."

Completion of this tutorial fulfills assessors' and certain assistant assessors' obligation to attend a Classification Workshop, without leaving the home or office. According to Bureau of Local Assessment supervisor Regina McArdle, "it also serves as a refresher for assessors who are preparing for the annual classification hearing and can be used to familiarize new town officials with the classification processes."

Upon completion of the tutorial, the program will print a Certificate of Completion. The program features colorful graphics and animation and each section contains examples and hands-on exercises. The Classification Workshop tutorial also contains an updated glossary of terms on issues such as Proposition 2½, tax levies and overrides, and the certification process.

## New England Economic Information

The following websites contain economic data that pertains to the six New England states.

When possible, the links go directly to the subdirectory/page of the target site containing the specific data. This information, as well as the monthly publication *New England Economic Indicators*, is available on the Federal Reserve

Bank of Boston website at [www.bos.frb.org](http://www.bos.frb.org). *Indicators* provides current and historical economic data for the New England states, large metropolitan areas in the region, New England as a whole, and the United States.

Subscriptions to *Indicators* are free. You can subscribe online to this and other publications issued by the Federal Reserve Bank of Boston via links provided on its website.

### Employment, Unemployment, Hours, Earnings, Consumer Prices

Bureau of Labor Statistics:  
<http://stats.bls.gov>

### Construction Contracts

F. W. Dodge: <http://www.dodge.construction.com/Analytics/>

### Initial Claims for Unemployment Insurance

U.S. Department of Labor, Employment and Training Administration:  
<http://workforcesecurity.doleta.gov>

### Housing Permits, State Tax Collections

Bureau of the Census:  
<http://www.census.gov>

### Help Wanted Index, Consumer Confidence

The Conference Board, Inc.:  
<http://www.conference-board.org>

### Merchandise Exports

Massachusetts Institute for Social and Economic Research:  
<http://www1.miser.umass.edu/trade/>

### Massachusetts Consumer Confidence

Mass Insight/MassDevelopment Project: <http://www.massinsight.com>

### Repeat-Sales Home Prices

Fannie Mae and Freddie Mac:  
<http://www.freddiemac.com>

### Personal Income, Wage and Salary Disbursements

Bureau of Economic Analysis:  
<http://www.bea.doc.gov>

### Existing Home Sales, Median Sales Prices of Existing Homes

National Association of Realtors:  
<http://www.realtor.org>

### Electricity Sales

Energy Information Administration:  
<http://www.eia.doe.gov>

### Indicators Website

Federal Reserve Bank of Boston:  
<http://www.bos.frb.org/economic/nee/nee.htm> ■

### UMAS Manual

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journal entries for various programs within that fund type. For example, the special revenue fund chapter details accounting entries for grants, revolving funds, receipts reserved for appropriation, offset receipts funds, and gifts and donations. One chapter is devoted to an explanation of how free cash is calculated. Finally, a chapter is devoted to the general fixed asset account group and the general long-term obligation account group. Although these two groups were eliminated by GASB 34, the manual retained them for the accountant to have an adequate audit trail for fixed assets necessary to be disclosed on the government-wide statements.

### Distribution

The manual is available on the Division of Local Services website at [www.mass.gov/dls/pub/misc/umas.pdf](http://www.mass.gov/dls/pub/misc/umas.pdf). Revisions will be distributed on the DLS website subscription service for downloading. ■

## DLS Profile: BOA Field Representatives

Though **Terry Williams** and **Maura O'Neil** are relative newcomers to the Bureau of Accounts, they have established solid working relationships with the communities they assist. Terry works in the Division's Springfield office and works with communities in Franklin and Hampshire counties. Maura works with communities north of Boston as well as those surrounding the Hub.

Terry is a lifelong resident of Dalton. Prior to working for the Division, he held a financial position with a company in western Massachusetts that manufactures paper-making machinery. He has served as a Dalton Finance Committee member for 16 years and has co-hosted a local call-in program on cable television for about 10 years. A graduate of Ithaca College, Terry holds a bachelor's degree in business administration.

Mike Kociela, town accountant in Greenfield, said he was initially impressed with Terry's "enthusiasm" for his work. He also said that "Terry is always on top of things here. He keeps his own records on Greenfield and does his own analyses."

Prior to coming to the Bureau of Accounts, Maura worked for the Department of Revenue as a sales/use tax auditor and an audit manager in the Special Investigations unit. A native of Lowell, she attended the University of Lowell (now UMass Lowell) and holds a bachelor's degree in business management.

In West Newbury, town accountant Susan Yaskell says the town "considers itself very fortunate to work with Maura. She is always willing to visit the town to expedite the submission of required documents. Maura is very competent and always professional in her work." ■



**Terry Williams**



**Maura O'Neil**

## DLS Employment Opportunity

The Division of Local Services is seeking an attorney to work in the Property Tax Bureau. This Bureau provides legal oversight and assistance with respect to local property taxation and municipal finance to cities, town and districts. A full description of this employment opportunity is available on the Internet at <http://ceo.hrd.state.ma.us/ceo.nsf/5c3369073f86873085256a4e006606cc/6ebbc3739557f02f85256d640067fc7c?OpenDocument>. The deadline for submitting applications is August 26, 2003. ■

### City & Town

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**Joan E. Grouke, Editor**

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

- website: [www.mass.gov/dls](http://www.mass.gov/dls)
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