



April 21st, 2022

Overview of Municipal Budgets Webinar Now Available, Registration Still Open for Free Cash Certification Training



In this edition:

- **Overview of Municipal Budgets Webinar Now Available, Registration Still Open for Free Cash Certification Training**
- **Highly Recommended: Establishing a Capital Projects Special Purpose Stabilization Fund**

Last week, DLS staff hosted our latest webinar. Our "Overview of the Municipal Budget Process" training highlighted core concepts in municipal budgeting and identified key tasks and milestones for the budget preparation process. During the webinar, DLS staff reinforced the importance of financial policies, forecasting, capital planning, and other local budgeting best practices.

The [recorded version of the webinar](#) is now available on our YouTube channel along with the [presentation](#) from the webinar. You can also view other resources that were shared relative to the [municipal budget process](#), [revolving funds](#), [municipal finance tools & templates](#), and an [introduction to free cash](#).

As a reminder, DLS is hosting our next webinar on Tuesday, April 26th. This training discusses the free cash upload and certification process. Our staff will provide the walkthrough and answer any questions from attendees. We hope this serves as a good refresher for long-time accountants and a great professional development for those new to the process serving in accountant/auditor's office, but all local officials are welcome to attend. To learn more and register, click [here](#).

Be sure to bookmark the [Municipal Finance Training and](#)

- **Data Highlight:**
Reserves Data

[Resource Center](#) page and subscribe to our [YouTube channel](#) to stay updated on new items added.

- **Municipal Opt-Out of Mosquito Spraying**

Highly Recommended: Establishing a Capital Projects Special Purpose Stabilization Fund **Financial Management Resource Bureau**

Important Dates & Information

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

Bulletins on Coronavirus Relief Fund

The Division of Local Services Bureau of Accounts has issued and posted the following two bulletins:

A city or town's capital assets are a vital part of providing essential services to residents. Capital assets include public buildings and structures, roadways, parks and fields, large equipment like dump trucks, mowers, fire engines, fire breathing apparatus, police cruisers, radio equipment, as well as land acquisitions. Major repairs to a capital asset, or when it needs to be replaced unexpectedly or reaches its expected useful life early, can be a significant shock to the budget. Additionally, deferred maintenance of existing capital assets is a major contributor to capital failures, as these necessary upkeep costs are sometimes avoided in the interest of balancing the budget. One way to better prepare for capital expenditures, both planned and unexpected, is to establish a special purpose capital stabilization fund dedicated to funding regular, required capital repairs and maintenance.

[BUL-2022-3](#): Coronavirus Relief Fund – Municipal Program Denied Costs at Audit

This Bulletin outlines procedures for COVID-19 expenses deemed ineligible during of the audit performed by the Executive Office for Administration and Finance's Federal Funds Office on the use of CvRF-MP funds.

A community can create a special purpose stabilization fund under [M.G.L. 40 § 5B](#) with a two-thirds vote of the legislative body and designate capital expenses as its purpose. Additionally, with further acceptance, communities may dedicate all or a portion of a particular fee, charge, or other receipt to provide a consistent funding source. A capital stabilization fund works best accompanied by a set of formal financial policies governing the use and replenishment of

[BUL-2022-4](#): Veterans' Cost of Living Adjustment Chapter 115 Funds

This Bulletin outlines procedures to account for additional FY2022 Veterans'

Cost of Living Adjustment (COLA) Chapter 115 Funds in a special revenue fund.

To access additional IGRs and Bulletins, please visit this [webpage](#). For additional information and guidance regarding emergency procedures, please visit our webpage [here](#).

**Informational Guidelines
Releases (IGRs) Concerning
Personal Property Audits and
Intermunicipal Assessing
Agreements**

The Division of Local Services Municipal Finance Law Bureau has issued two new Informational Guidelines Releases (IGRs) concerning personal property audits and intermunicipal assessing agreements.

[IGR 2022-10 Personal
Property Audits](#)

IGR 2022-10 explains procedures for auditing personal property tax returns (also referred to as “true lists” or “forms of lists”) for the purpose of verifying that a complete and accurate accounting of personal property subject to tax has been made. Procedures for making omitted and revised

reserves, as well as capital planning by defining a capital project (dollar threshold, years of useful life, type of project) and detailing a funding strategy with regard to cash, debt, and uses of the stabilization fund(s). For example, by authorization, the capital stabilization fund is generally for capital expenses, but by policy, the use can be more narrowly defined as a funding source for cash-funded capital expenditures or for maintenance/repair projects that may not qualify to be funded under the capital plan but will preserve the useful life of capital assets.

When adopting policies for capital planning and special purpose stabilization funds, communities should consider the following:

- Overall financing strategy, including use of the capital stabilization fund (balance of debt versus cash capital spending), the size of the annual capital budget (often in terms of a percentage of revenue), and a statement expressing the preference for borrowing terms, such as 10, 15, or 20 years (limited by useful life).
- Definition of a capital project and what can be funded through the capital improvement plan versus what is to be included in the operating budget.
- Criteria used to evaluate, rank, and prioritize capital projects.
- Special purpose stabilization funding source (dedicated source or annual appropriation) and level (minimum dollar amount or a percentage of the budget).
- A method to replenish the fund, including establishing indicators for when to appropriate into the funds, such as a percentage of new growth or free cash above a policy target.

assessments resulting from audits are also explained.

[IGR 2022-11 Intermunicipal Assessing Agreements](#)

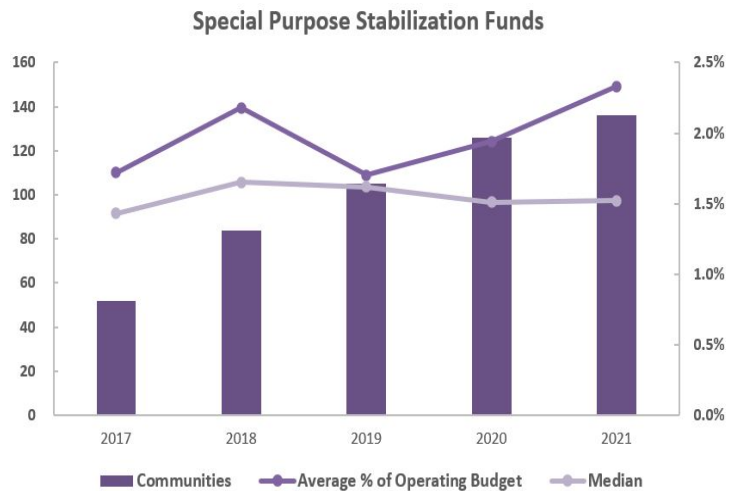
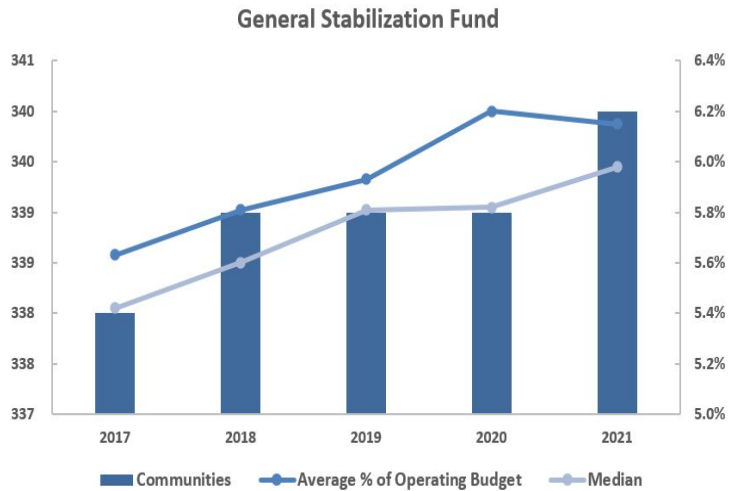
IGR 2022-11 provides boards of assessors and other city and town officials with information on entering into intermunicipal agreements to share assessing functions through common boards and administrative staff.

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

DLS Issues Bulletin Related to Calendar 2021 Legislation

The Division of Local Services (DLS) Bureau of Municipal Finance Law has issued a new bulletin concerning calendar 2021 legislation. DLS periodically publishes a bulletin summarizing new laws that affect municipal budgets and local tax assessment, administration and collection. Each issue contains a cumulative summary of session laws enacted to that time and indicates whether the Division has issued any further implementation guidelines. This edition of the Legislative Bulletin includes legislative

Based on municipal data submitted to DLS on the Schedule A, the below graphics display the number of communities reporting a general stabilization fund and those reporting at least one special purpose stabilization fund. Our review found that 97% of communities have a general stabilization fund. The statewide average balance for FY21 is 6.15% of the general fund operating budget. This represents strong adherence to the best practice of maintaining a balance of between 5-7%. In addition, the number of communities with at least one specific purpose stabilization funds has grown over the last five years from less than 15% to close to 40%. Target levels for these funds, either as a total dollar amount or as a percentage, will vary depending on purpose and need.



More information on capital planning is available at [Municipal Finance Training and Resource Center](#). Click [here](#)

changes affecting municipal finance found in Chapters 1 - 116 of the Acts of 2021.

[BUL-2022-02: CALENDAR 2021 LEGISLATION](#)

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

Recent DLS IGRs

The Division of Local Services Bureau of Accounts has issued the following Informational Guideline Releases (IGRs).

[IGR-2022-1: PREMIUMS AND SURPLUS PROCEEDS FOR PROPOSITION 2½ EXCLUDED DEBT](#)

IGR No. 22-01 informs local officials about the adjustments made to a Proposition 2½ debt exclusion when premiums are received in connection with the sale of the bonds or notes for the excluded borrowing and when surplus loan proceeds remain after the project or purpose of the borrowing is completed.

[IGR-2022-2: BORROWING](#)

IGR No. 22-02 informs local officials about borrowing purposes and debt issuance procedures, including changes

for the latest guidance on adopting, funding, using, and maintain stabilization funds.

**Data Highlight: Reserves Data
Data Analytics and Resource Bureau**

Today's data highlight will focus on finding data relating to reserves. On the DLS website, we have real-time data reports capturing data on Free Cash, stabilization fund balance, special purpose stabilization fund balances, and overlay reserves. A graphical 5-year trend is available on our Municipal Finance Trend Dashboard – [Category 1](#) as is a data report showing all 351 communities over multiple years. Data can be accessed directly from our [Debt and Financial Indicators](#) page. The DLS [Cherry Sheets, Data Analytics & Visualizations](#) page on also provides users with access to a multitude of data sets. If you have data questions or need assistance using the reports, please email us at databank@dor.state.ma.us.

**Municipal Opt-Out of Mosquito Spraying
Executive Office of Energy and Environmental Affairs**

In July 2020, Governor Baker signed into law legislation entitled *An Act to Mitigate Arbovirus in the Commonwealth* (M.G.L. Chapter 252, Section 2A), which requires the Executive Office of Energy and Environmental Affairs (EEA) to develop a process for the State Reclamation and Mosquito Control Board (SRMCB) to permit municipalities to opt out of mosquito control spraying, including aerial or other, conducted by the SRMCB.

On April 8th, 2022, EEA announced the release of the 2022 opt-out process, which reflects several updates in response to outcomes from the 2021 opt-out process. The 2022 process requires municipalities to review the regional historical EEE risk level map, which serves as EEA's 2022 evaluation criteria, in order to determine interest in

made by the Municipal Modernization Act and by An Act Relative to Immediate COVID-19 Recovery Needs.

[IGR 2022-3: CALENDAR YEAR 2022 ADJUSTMENT IN LAND OF LOW VALUE FORECLOSURE VALUATION LIMIT](#)

IGR 2022-3 informs local officials of a calendar 2022 7.0% increase in the maximum valuation for parcels qualifying for land of low value foreclosure procedure to a new maximum of \$24,804.

[IGR 2022-4: OPTIONAL COST OF LIVING ADJUSTMENT FOR FISCAL YEAR 2023 EXEMPTIONS](#)

IGR 2022-4 informs local officials that 7.0% is the (1) maximum local option cost-of-living-adjustment (COLA) increase in Cl. 17 (surviving spouse/minor & elderly) exemption amount; (2) optional COLA applied to increased asset limit of Cl. 17s exemptions; (3) optional COLA applied to increase income & asset limits of Cl. 41s senior exemptions.

[IGR 2022-5: SOCIAL SECURITY DEDUCTION FOR FISCAL YEAR 2023](#)

proceeding with an opt-out application for 2022. If the municipality determines it wishes to proceed, it must prepare an alternative mosquito management plan which includes only submission of at least three education and outreach activities, and secure approval to opt out via a certified vote by local select board or city council.

All plans are subject to approval by EEA. Approval of a plan allows a municipality to opt out of spraying conducted by the SRMCB under M.G.L. Chapter 252, Section 2A through calendar year 2022. It does not extend to any spraying conducted by a mosquito control project or district of which a municipality may be a member.

Guidance and application information can be found at the following webpage, linked [here](#). The application, including a checklist, alternative mosquito management plan, and copy of certified vote are due as email attachments to EEAopt-out@mass.gov by **May 27th, 2022**. If you have any questions, please direct them to EEAopt-out@mass.gov.

IGR 2022-5 informs local officials that FY2023 deductions from gross receipts for Clause 41s senior personal exemption increased by 5.9% over FY2022.

[IGR 2022-6: FISCAL YEAR 2023
TAX BILLS QUARTERLY
PAYMENT SYSTEM](#)

[IGR 2022-7: FISCAL YEAR 2023
TAX BILLS SEMI-ANNUAL
PAYMENT SYSTEM](#)

[IGR 2022-8: FISCAL YEAR 2023
TAX BILLS SEMI-ANNUAL
PAYMENT SYSTEM –
OPTIONAL PRELIMINARY BILLS](#)

[IGR 2022-9: FISCAL YEAR 2023
TAX BILLS SEMI-ANNUAL
PAYMENT SYSTEM – ANNUAL
PRELIMINARY BILLS](#)

IGRs 2022-6 through 2022-9, respectively, explain the procedures and tax billing requirements for quarterly tax billing and payment systems, regular semi-annual payment systems, semi-annual tax billing and payment systems with optional preliminary bills and semi-annual tax billing and payment systems with annual preliminary bills.

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

**Municipal Vulnerability
Preparedness (MVP) Program
FY23 Funding Round Now
Open for Applications**

***Municipal Vulnerability
Preparedness Program***

Planning Grants - The Executive Office of Energy and Environmental Affairs (EEA) is seeking proposals for Municipal Vulnerability Preparedness (MVP) Planning Grants, which provide support for Massachusetts cities and towns to complete climate vulnerability assessments and develop action-oriented climate resiliency plans.

The program helps communities define climate related hazards; understand how their community may be impacted by climate change; identify existing and future vulnerabilities and strengths; and develop, prioritize, and implement key actions. State-trained MVP providers offer technical assistance to communities in completing the assessment and resiliency plans. Communities that complete the MVP planning grant program become certified as an MVP Community and are eligible for MVP Action Grant funding.

The link to the RFR and

required forms can be accessed through the [MVP program website](#) or directly on [COMMBUYS](#). **Planning Grant applications are due by 4:00 p.m. ET on Tuesday, June 7, 2022** (via email, see RFR for details) for MVP planning processes that must be complete by June 30, 2023.

Municipal Vulnerability Preparedness Program Action

Grants - EEA is also seeking proposals for MVP Action Grants, which provide designated MVP Communities funding to implement priority climate adaptation actions identified through the MVP planning process or similar climate change vulnerability assessment and action planning that has led to MVP designation after EEA review.

Projects are required to use climate data and projections. Projects that propose nature-based solutions or strategies that rely on green infrastructure or conservation and enhancement of natural systems and that have robust community engagement plans are preferred. Applicants can request up to \$3 million in funding (regional proposals may request up to \$5 million), and a 25% match of the total project cost is required (see RFR for new exceptions).

Significant changes to the RFR from the last funding round are outlined on page 1.

The link to the RFR and required forms can be accessed through the [MVP program website](#) or directly on [COMMBUYS](#). **Action Grant proposals are due by 2:00 p.m. ET on Thursday, May 5, 2022** (via online form, see RFR for details) for project proposals that must be completed by June 30, 2023, or June 30, 2024.

The MVP team hosted a recent webinar about this FY23 funding round. The recording can be accessed [here](#). The slides can be accessed [here](#).

DCR Seeks Summer Lifeguards

The Department of Conservation and Recreation is seeking lifeguards at agency-managed waterfronts and pools across the state for the summer season. Pay starts at \$21/hour; and positions are available five days per week, 40 hours per week, weekends included. Additionally, lifeguards who sign on by March 27 will receive a \$500 signing bonus and those who remain guarding for the

duration of the season with DCR will also receive an additional \$500 bonus at the end of the season. Interested candidates 16 years and older can find additional information by visiting the DCR [lifeguard webpage](#). To apply to be a lifeguard, please visit the [application webpage](#). To assist DCR in safeguarding local swimming destinations in your area, please share with any interested applicants seeking summer employment.

Cybersecurity Health Check Program

The Office of Municipal and School Technology provides the following program available to Massachusetts municipalities and schools. If you have any questions, please contact Catherine.Marques@mass.gov

[Cybersecurity Health Check](#)

The Cybersecurity Health Check Program provides opportunities for local government to access basic cyber security services at no cost. These services can be a good first step in discovering, assessing and identifying cybersecurity gaps that could impact IT systems that support essential business

functions. This is a rolling application.

DLS Links:

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

[Events & Training Calendar](#)

[Municipal Finance Training and Resource Center](#)

[Local Officials Directory](#)

[Municipal Databank](#)

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

[Bulletins](#)

[Tools and Financial Calculators](#)



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