



**November 4th, 2021**

**Save the Date: MARPA and DLS Virtual Statewide Municipal Conference**

**Lieutenant Governor Karyn Polito**



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On **November 17th**, the Massachusetts Association of Regional Planning Agencies (MARPA) and the Division of Local Services (DLS) will sponsor a virtual Statewide Municipal Conference, “The American Rescue Plan Act – Opportunities for Impactful and Strategic Investment for Recovery in Communities and the Commonwealth.”

**This interactive and robust half-day webinar will focus on the use of funds allocated to cities and towns under the American Rescue Plan Act (ARPA).**

A formal invitation with further details will be forthcoming, but in the meantime, please mark your calendars and join me for this timely and comprehensive event. This municipal conference will include presentations on new and established initiatives to support continued partnerships with cities and towns across the Commonwealth. In addition, Secretaries Acosta, Kennealy and Theoharides will participate in a keynote panel.

The conference will offer several breakout sessions focused on certain categories of the U.S. Treasury’s defined areas for deployment of ARPA funds, featuring speakers with diverse backgrounds, perspectives, and areas of expertise.

## By the Numbers

*City & Town* provides updates on the progress of the tax rate and certification season while also allowing you to follow the tax rate setting process in real time. Thanks to our Municipal Databank staff, this public information is available 24/7 by [clicking here](#).

Preliminary Certifications  
Approved: 45

Final Certification: 30 (of  
74 total)

LA4 (Assessed Values)  
Approved:  
179 (200 submitted)

LA13 (New Growth) Approved:  
178 (194 submitted)

Tax Rates Approved: 37

Balance Sheets Approved: 165

Total Aggregate Free Cash  
Approved: \$1,065,445,021

## Important Dates & Information

### Sewer Rate Relief Fund - FY2022 Application Deadline

Please save the date for “the American Rescue Plan Act – Opportunities for Impactful and Strategic Investment for Recovery in Communities and the Commonwealth” conference on **Wednesday, November 17th**. I look forward to seeing you soon!

## PERAC's Annual Report

### Tony Rassias - Bureau of Accounts Deputy Director

PERAC, the Public Employee Retirement Administration Commission, is responsible for oversight, guidance, monitoring and regulation of 99 city, town, county, special purpose district and regional school district public pension systems (municipal systems), and six state public pension systems inclusive of the Boston Teachers’ system for purposes of this article.

PERAC has recently published its [2020 Annual Report](#) including important indicators on the financial health of each retirement system. Funded Ratios, Investment Return Assumptions, and Funding Schedules as of January 1, 2021, common fiscal metrics of retirement systems, were reported in our March 18, 2021 edition of *City & Town* and were taken from [PERAC’s quarterly report of retirement system funded ratios as of January 2021](#).

The purpose of this article is to summarize particular financial indicators reported in PERAC’s 2020 Annual Report and to compare them to the same indicators reported in PERAC’s Annual Reports for 2017 through 2019. Except for pension appropriations reported on a fiscal year basis, other reported indicators are based on the system’s last valuation date, most of which are dated January 1, 2020.

## Investment Returns

Although the 2020 Annual Report shows double-digit investment return percentages in many systems, these percentages were generally lower than those reported in

## Extended

The Division of Local Services has issued [Bulletin 2021-10](#) containing application instructions for Sewer Rate Relief in FY2022.

For FY2022, \$1.5 million has been appropriated. We have extended the application deadline to Friday, November 19, 2021.

To review other recent DLS Bulletins and Informational Guideline Releases, please see [this page](#) on the DLS website.

## IGR Related to Property Tax Exemptions for Solar/Wind/Fuel Cell and Energy Storage Systems

The Division of Local Services (DLS) has issued and posted Informational Guideline Release (IGR) 2021-24 informing local officials about property tax exemptions for solar powered systems, wind powered systems, fuel cell powered systems and energy storage systems, including under a negotiated tax agreement.

[IGR-2021-24 – Property Tax Exemptions for Solar Powered, Wind Powered, Fuel Cell Powered, and Energy](#)

2019. Composite Investment Return Percentages reported since 2017 were as follows:

Composite Investment Return			
2020	2019	2018	2017
12.80%	16.90%	-2.25%	17.63%

Source: PERAC Annual Report

The 2020 Annual Report's Investment Return Percentages Composite does not include the city of Quincy which had not reported their investment data at the time of PERAC publication. Further system details show:

- 2020 percentage-point decreases of 0.59 to 10.46 from 2019 for 99 systems and increases of 3.07 to 7.03 for five systems
- 2019 percentage-point increases of 6.41 to 27.66 from 2018 for all 105 systems
- 2018 percentage-point decreases of 15.40 to 24.24 from 2017 for all 105 systems

## Market Value of Investments

PERAC's Annual Report shows increases to market value in all systems from 2019, there were fewer with double-digit percentage increases than there were in 2019 from 2018. Composite Market Values since 2017 were reported as follows:

Composite Market Value (in \$ billions)			
2020	2019	2018	2017
104.1	94.9	83.2	87.3

Source: PERAC Annual Report

The current report's Market Value Composite, since this

## [Storage Systems](#)

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

### **8 of 58 Abatement Applications Now Submitted Via DLS Gateway**

Starting Wednesday October 6, 2021, applications to abate a locally assessed tax or charge pursuant to G.L. c. 58, § 8 should be submitted through DLS Gateway. Upload of a completed [Schedule 58.8](#) is required for submission. Visit [the Municipal Finance Law Bureau's 8 of 58 webpage](#) for more information on the application process. Step-by-step instructions for submitting 8 of 58 applications using Gateway can be found on the Gateway landing page.

For general guidance on the standards and policies governing applications for authority to abate local taxes and charges under G.L. c. 58, § 8, please refer to Informational Guideline Release [\(IGR\) 2020-10](#).

**Latest Issue of *Buy the Way* Now Available**

information is included in the investment return data, there is no information for Quincy. Further system details show:

- 2020 increases of 4.3% to 21.1% from 2019 for 104 systems
- 2019 increases of 8.7% to 23.1% from 2018 for all 105 systems
- 2018 decreases of 0.4% to 8.6% for 97 systems, six increases of 0.2% to 5.1% and two with no change from 2017

### **The Cost of Municipal Pension Assessments**

Due to increasing pension costs, government leaders nationwide face fiscal challenges providing necessary governmental services while trying to meet pension obligations. Pension costs rely on three major sources of revenue: investment earnings, employer contribution, and employee contribution.

The Massachusetts municipal pension cost, or employer contribution, is an assessment by the retirement system upon participating local governments and must be provided for in the government's annual operating budget either by appropriation or without appropriation in the next tax levy. ([G.L. c. 32, §22](#)) Retirement systems in other States that do not require such provision may leave them short of their required contribution.

For the 99 Massachusetts municipal systems, the following graph shows the growth in total municipal pension assessments reported from FY2018 to FY2021 by about \$351.7 million, or 20.5%, from \$1,718.2 billion to \$2,069.9 billion.

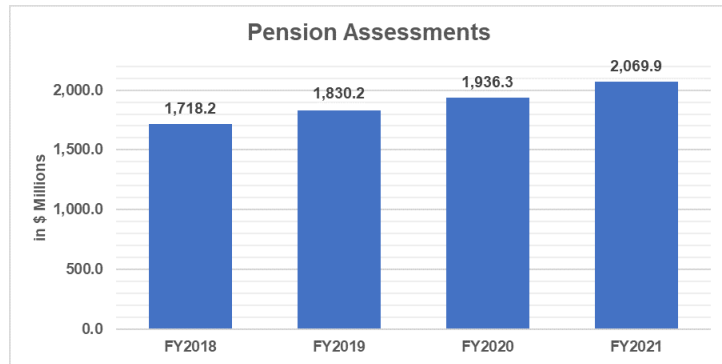
Don't miss Issue #12 of [Buy the Way](#), the monthly magazine of the Operational Services Division (OSD).

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

### **Municipal Vulnerability Preparedness (MVP) Planning 2.0 Request for Responses**

The [Massachusetts Municipal Vulnerability Preparedness \(MVP\) program](#), created in 2017, provides support for cities and towns in Massachusetts to identify climate hazards, assess vulnerabilities, and develop and implement action plans to improve resilience to climate change. As the program reaches its 5-year anniversary, the Commonwealth of Massachusetts' Executive Office of Energy and Environmental Affairs (EEA) is looking to work with a partner team to formulate a planning process, trainings, and resources for updating the MVP plans and the priority actions identified within them.

We are looking to formulate an update process (nicknamed MVP Planning 2.0) that is accessible, inclusive, engaging,



Source: PERAC Annual Report

Further system details reveal:

- FY2021 increases of 1.9% to 77.1% from FY2020 for 89 systems, eight with no change and two with decreases of 4.4% and 18.5%
- FY2020 increases of 1.7% to 33.3% from FY2019 for 92 systems, four with no change and three with decreases of 14.3%, 25.0% and 54.9%
- FY2019 increases of 0.6% to 50.0% from FY2018 for 90 systems, nine with no change and there were no decreases

### **The Unfunded Liability**

The system's unfunded liability is another common fiscal metric. Should revenue sources fall short in a system with this liability, other revenues must be increased for the system to be adequately funded or the system's unfunded liability will grow. A system where the unfunded liability is \$0 is said to be "fully funded."

Projecting future pension costs requires an actuarial look at future demographic and economic events such as investment returns, the number of workers, retirees, life expectancy, wage and benefit growth, inflation, and the value of invested assets.

A system's unfunded liability is updated with each system's actuarial valuation to provide an up-to-date assessment of

equitable, collaborative, and actionable. Project tasks include stakeholder engagement, developing step-by-step guidance of the update process, and creating tools and trainings to go along with the refreshed approach.

The MVP program is committed to centering environmental justice and equity in MVP Planning 2.0 and is seeking to engage with a partner(s) that has expertise in this area as well as with climate resilience planning, creating engaging and accessible content, and working with local MA governments.

[The Request for Responses \(RFR\) can be found here](#) and **closes at 5pm on November 22, 2021**. Questions can be submitted through the Commbuys “Bid Q&A” or at the Bidders’ Conference (see the Procurement Calendar within the RFR).

Responses to questions are estimated to be posted to Commbuys on November 2, 2021.

**Departmental Revolving Funds IGR**

The Division of Local Services

the system’s condition. Otherwise, the liability remains the same until a new valuation is completed. An update, however, does not guarantee a liability reduction.

On an actuarial basis, the nationwide unfunded liability is estimated in the trillions of dollars. As seen in the table below, PERAC reported an unfunded liability for 99 Massachusetts municipal retirement systems of almost \$18 billion in its 2020 Report, up \$1.3 billion or 8.1% from 2019 and \$2.4 billion from 2017.

<b>The Unfunded Liability for Massachusetts Municipal Retirement Systems (in \$ billions)</b>			
	<b>Funding Gap</b>	<b>\$ Inc. (Dec.)</b>	<b>% Inc. (Dec.)</b>
<b>2017</b>	<b>15,608.4</b>		
<b>2018</b>	<b>16,310.4</b>	<b>702.0</b>	<b>4.5</b>
<b>2019</b>	<b>16,620.4</b>	<b>310.0</b>	<b>1.9</b>
<b>2020</b>	<b>17,962.8</b>	<b>1,342.4</b>	<b>8.1</b>
<b>2017 to 2020</b>		<b>2,354.4</b>	<b>15.1</b>

Further system details reveal:

- 2020 increases from \$300,000 to \$300 million in 58 systems, decreases from \$100,000 to \$22.9 million in 19 systems and no change in 22 systems
- 2019 increases from \$300,000 to \$53.1 million in 30 systems, decreases from \$100,000 to \$8.3 million in 7 systems and no change in 62 systems
- 2018 increases from \$400,000 to \$150 million in 45 systems, decreases from \$200,000 to \$65.3 million in 22 systems and no change in 32 systems

**Additional Resources and Suggestions**

Through their [education](#) sessions and [publications](#), PERAC provides recommendations on assumptions, funding strategies, and funding measures retirement systems should employ to better manage their pension obligations.

For further details on funded ratios and unfunded liabilities,

(DLS) has issued and posted Informational Guideline Release (IGR) 2021-23 informing local officials about the procedures and requirements of departmental revolving funds.

[IGR-2021-23](#)  
[– DEPARTMENTAL REVOLVING FUNDS](#)

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

**Webinar on Yarmouth’s Streamlined Tax Rate Recap Process**

On August 4th, local officials from Yarmouth joined DLS in hosting a webinar to walk through how their financial management team completes prepares the tax rate recap. In their presentation, the team in Yarmouth highlighted not only the technical aspects that streamlines this process, but also how collaboration amongst the financial management team leads to success.

The town is routinely amongst the first communities to submit its tax rate recap to DLS for review each year. The [recorded version](#) of the webinar is now available

view the DLS [Massachusetts Municipal Finance Trends Dashboard, Category 2](#).

**Conclusion**

The greatest challenge facing retirement systems going forward will be to continue to provide benefits to employees while achieving and maintaining full funding. Closely analyzing and monitoring investment positions, listening to professional advice and considering the example of systems well on their way to full funding can help system administrators navigate their system’s pension obligations and help keep their system financially stable.

***Ask DLS: Prepayment Using Local Cultural Council Funds***

This month's *Ask DLS* features frequently asked questions concerning Local Cultural Councils using funds received from the Massachusetts Cultural Council to prepay for services or expenses incurred in grant agreements. Please let us know if you have other areas of interest or send a question to [cityandtown@dor.state.ma.us](mailto:cityandtown@dor.state.ma.us). We would like to hear from you.

**What is a Local Cultural Council?**

Pursuant to [G.L. c. 10, § 58](#), any city or town may establish a Local Cultural Council (LCC). While each LCC is unique to the areas they serve, they share the general goal of enriching the cultural life of cities and towns in Massachusetts. LCCs receive funding, in part, from the [Massachusetts Cultural Council](#) (MCC) which works to promote excellence, education, diversity, and inclusion in the arts, humanities, and sciences to foster a rich cultural life for all Massachusetts residents and contribute to the vitality of communities and economy.

**What is the process by which a LCC receives and expends funds from the MCC?**



online. In addition, the slides from their presentation are available for reference [here](#). You can also find [DLS' Budget and Tax Rate Planning Tool](#), which the team Yarmouth uses as part of their automated process, on our website, along with other helpful [tools and templates](#).

### **Municipal Audits Webinar and Training Materials**

Thank you to all who joined our *Overview of Municipal Audits* webinar hosted by the Office of the Inspector General and the Division of Local Services. The [recorded webinar](#) is now available on [the DLS Municipal Finance Training & Resource Center](#). The training provides information on the different components of the audit, the benefits of having an audit completed, the best practices for procuring a local audit, and how often a community is required to have an external audit completed. DLS and OIG staff also answered other questions from attendees. The [slides](#) from the presentation are also available online.

In addition, you can review the [Municipal Audits: FAQs](#) document that provides answers to common questions

The monies received by the LCC from the MCC as a grant come from the State Arts Lottery Fund ([G.L. c. 10, § 57](#)) and are passed through the LCC for re-granting to mostly private parties for the purposes of the fund. [G.L. c. 10, § 58](#). Under prior MCC regulations and guidelines, the pass-through funds were not paid to the grantee until after performance of the event or service which the grant is designed to fund. It was a reimbursement grant. However, current MCC guidelines allow for payment to the grantee of MCC funds in advance of the service or event to be funded by the grant. The MCC has issued [guidelines](#) concerning both the reimbursement and direct grant processes.

LCCs also have authority under [G.L. c. 10, § 58](#) to raise local funds for the same purposes which are to be credited, along with the MCC funds, to a revolving fund under [G.L. c. 10, § 58](#).

### **What is the general rule concerning prepayment of goods or services?**

[G.L. c. 41, § 56](#) requires that payments for goods and services be made after such goods have been delivered and services have been rendered.

### **Given the general rule concerning no prepayment of goods or services, how can the LCC make advanced payments of MCC funds to grantees?**

The LCC may make advance payments of MCC funds only. The requirements of [G.L. c. 41, § 56](#) apply to the expenditure of gift and grant funds, including expenditures by a LCC. However, due to the MCC's broad authority regarding MCC funds, as opposed to locally raised funds, it may issue guidelines that those funds are to be paid to grantees by the LCC in advance of performance. The authority of the LCC to issue advance payment of MCC funds, notwithstanding [G.L. c. 41, § 56](#), is derived from the authority of the MCC to issue guidelines regarding those funds. Because the MCC guidelines only apply to advance payment of MCC funds and there is no such authority regarding locally raised LCC funds, the payment of locally raised, non-MCC funds is still subject



regarding municipal audits, including procurement and preparing for audits.

We look forward to offering training opportunities on this and other municipal finance topics in the future! Be sure to bookmark the [Municipal Finance Training & Resource Center](#) and subscribe to our [YouTube channel](#) to stay updated on new items added.

### **Land of Low Value Post Affidavit Process and Deeds in Lieu of Foreclosure IGR**

The Division of Local Services (DLS) has issued and posted Informational Guideline Release (IGR) 2021-22 informing local officials of the administrative foreclosure process following the receipt of a Commissioner of Revenue's affidavit pursuant to a Land of Low Value tax title foreclosure application and how communities may accept title from the owners of properties on which there are municipal liens as an alternative to tax taking and foreclosure proceedings.

IGR-2021-22 – [LAND OF LOW VALUE POST AFFIDAVIT PROCESS AND DEEDS IN LIEU OF FORECLOSURE](#)

to the payment-after-performance requirement of [G.L. c. 41, § 56](#). The purpose of [G.L. c. 41, § 56](#) is to ensure that the municipality receives the value of its expenditures for goods, services and materials before payment to the vendor. However, the monies here are not tax dollars or other monies raised by the municipality and the MCC, as noted above, has the statutory authority to permit LCCs to distribute its funds in accordance with the policies and procedures it promulgates, including for the advanced payment to the ultimate grantee.

### **Clerk Reminder: Please Submit Community Votes Data Analytics & Resources Bureau**

Election season is upon us, be sure to submit votes to us within 48 hours. Delays in submission could delay tax rate setting. Please see below to ensure that your information ends up in the right hands.

- Proposition 2 1/2 referendum questions require an emailed copy of the specimen ballot with results written on the ballot. Results should be submitted whether the vote passed or failed and sent to [databank@dor.state.ma.us](mailto:databank@dor.state.ma.us).
- Municipalities may adopt certain local option statutes that will impact the assessment of local property taxes or account differently for certain funds. They can be found [here](#). It's important that these notifications be emailed to the Municipal Databank as soon as possible at [databank@dor.state.ma.us](mailto:databank@dor.state.ma.us).
- DA-82 with supporting warrant articles, town meeting votes and other supporting documents should be emailed to [municipaldebit@dor.state.ma.us](mailto:municipaldebit@dor.state.ma.us). A copy should *not* go to the Databank email.

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

**Tax Agreements for  
Affordable Housing  
Developers & "Brownfields"  
IGR**

The Division of Local Services (DLS) has issued and posted Informational Guideline Release (IGR) 2021-21 informing local officials about tax collection and tax abatement agreements with developers of affordable housing, including changes made by the Municipal Modernization Act in 2016. It also includes standards and procedures for tax agreements and accepting and implementing a local option law that permits tax agreements in connection with the cleanup of contaminated sites or "Brownfields."

IGR-2021-21 – [Tax Agreements for Affordable Housing Developers & "Brownfields"](#)

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

**Senior Citizen and Veteran**

**Property Tax Work-off  
Abatement Program IGR**

The Division of Local Services has issued and posted Informational Guideline Release (IGR) 2021-20 informing local officials about two local acceptance statutes that allow cities and towns to establish property tax work-off programs for senior citizens and veterans.

IGR-2021-20 – [SENIOR CITIZEN AND VETERAN PROPERTY TAX WORK-OFF ABATEMENT PROGRAMS](#)

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

**Accelerating Clean  
Transportation for All**

Please view the following announcement from the Massachusetts Clean Energy Center regarding funding opportunities for Accelerating Clean Transportation for All. Please [click here](#).

**Assessment IGRs**

The Division of Local Services (DLS) has issued and posted Informational Guideline Releases (IGR) 2021-18 and

2021-19 informing local officials that assessors no longer are required to obtain prior written approval from the Commissioner of Revenue to assess taxes on commonland in cluster developments or planned unit developments to owners of individual lots in the development and about the requirements for local assessors to assess partially completed construction improvements in common areas of phased unit condominium developments.”

IGR-2021-18: [ASSESSMENT OF CLUSTER DEVELOPMENT COMMONLAND](#)

IGR-2021-19: [ASSESSMENT OF PRESENT INTERESTS IN PARTIALLY-COMPLETED CONDOMINIUM CONSTRUCTION](#)

### **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.Margues@mass.gov](mailto:Catherine.Margues@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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