

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



March 7th, 2024



Spring Resources, Tools and Trainings from DLS

Sean Cronin - Senior Deputy Commissioner of Local Services

In this edition:

- **Spring Resources, Tools and Trainings from DLS**
- **Ask DLS: The Budget Setting Process**
- **PERAC's January 1, 2024 List of Retirement Boards by Funded Ratio**

Important Dates & Information

DLS Spring Update

Given the seasonal nature of certain reporting requirements, municipal responsibilities, billing processes and regulatory functions, we are utilizing seasonal pages on our website that provide helpful resources, tools and guidance you might find useful for the time of year. In Spring, local finance officials are continuing to prepare the FY2025 budget in addition to working on other important spring priorities highlighted below. Bookmark our Spring resources [here](#).

DLS Seeks Public Finance Analyst/Field Representative

The Division of Local Services Bureau of Accounts (BOA) seeks an individual with a strong background in municipal accounting/auditing and preferably also experience with municipal borrowing and treasury functions to serve as a [BOA Public Finance Analyst/Field Representative](#). The primary responsibility of the incumbent will be to review the required documentation for approval of State House Notes and perform other

As we (hopefully) edge our way out of Winter and into Spring, I wanted to provide a few updates.

In the [February 1st edition of City & Town](#), BLA Chief Chris Wilcock wrote about the improvements being made to the MDM-1 Form in Gateway, which is used by assessors for reporting the information needed to get reimbursed for certain Property Tax Exemptions related to Chapter 59, Section 5 and the MVE exemption per Chapter 60A. The new version, launched just yesterday, will be more straight forward and require less detailed information, significantly reducing the effort on your part. We are confident that these changes will result in a more efficient and pleasant experience for all users.

Directly related, last week we issued [IGR 2024-1](#) on the Property Tax Exemption Reimbursement program. I strongly suggest you review that, **as the deadline for submission into Gateway is April 30**. If data is not entered into Gateway by then, reimbursement will not be provided.

Also highlighted in the [February 1st edition of City & Town](#) was the [Municipal Empowerment Act](#) filed by Governor Healey. This comprehensive bill is designed to arm local governments with greater tools and supports to chart their own course, making it easier for communities to generate resources for vital local services

procedures related to the Public Finance Section of BOA. This position will also serve as field representative for a small inventory of cities and towns, setting tax rates, reviewing balance sheets and related documents for free cash certification, Schedule A review and review of audited financial statements and management letters, among other tasks.

As part of the Future of Work initiative, the agency has adopted a hybrid work model. Hybrid work is a mix of in-office work and telework. This is a hybrid work position that requires some travel, but primarily works remotely. To view the job posting, please [click here](#).

DLS Seeks Municipal Finance Analyst

The Division of Local Services seeks an individual with a strong background in municipal accounting/auditing and preferably also experience with municipal borrowing and treasury functions to serve as a [Municipal Finance Analyst](#). The primary responsibility of the incumbent will be to produce local aid proposals, cherry sheet estimates, and processes monthly and specialized local aid payments review. This position will also coordinate the exchange or dissemination of data with information technology personnel in numerous state and federal agencies, and analyze data for use in various reports, the DLS website and other publications, among other tasks.

As part of the Future of Work initiative, the agency has adopted a hybrid work model. Hybrid work is a mix of in-office work and telework. This is a hybrid work position that requires some travel, but primarily works remotely. To view the job posting, please [click here](#).

New Bulletin and Local Finance Opinions

The Division of Local Services recently published a new Bulletin and two new Local Finance Opinions (LFOs).

Bulletin 2024-1 discusses G.L. c. 44, § 53 Clause 4 special revenue fund treatment for Altria JUUL settlement receipts and monetized credits under the Federal Inflation Reduction Act (IRA) for certain green energy projects.

LFO-2024-1 addresses questions relating to (1) the accounting treatment of money received by a

and access the products and people they need to best serve Massachusetts residents. During the week of February 27th, both the Joint Committee on Municipalities and Regional Government and the Joint Committee on Revenue held hearings on the bill. Along with Lt. Governor Driscoll and Secretary of Administration and Finance Gorzkowicz, many local officials testified about the myriad provisions designed to help municipalities. You can watch those hearings at <https://malegislature.gov/Events/Hearings/Detail/4868> (February 27) and <https://malegislature.gov/Events/Hearings/Detail/4876> (February 29).

This past month, our Municipal Finance Law Bureau (MFLB) began its “Ask the Chief” program, a complement to the Bureau’s “Attorney of the Day” service. On Wednesdays between 10am and 12pm, local officials can [enter the waiting room](#) and, in order of arrival, speak with the Bureau’s legal counsel, primarily the Bureau Chief. Check it out!

Last week, our Financial Management Resources Bureau (MFRB) offered an in-person, hands-on training regarding long-range financial forecasting. Eight municipalities participated and each was guided through a “how to” session and left with an initial forecast for their community. This is the latest example of DLS working to train local officials in various manners.

Earlier this week, our new Seasonal Page launched. The [Spring edition](#) not only includes the Spring Module of the [Foundations in Municipal Finance training](#), but also provides resources related to important priorities related to personal property, property tax exemptions, the overlay, municipal indebtedness, tax billing and the annual budget process.

Finally, I want to remind you about the importance of the [Local Officials Directory](#) (LOD). Please confirm that your contact information is accurate in the LOD, as the contact information in there is used to send information to municipalities ranging from approval of tax rates and certification of Free Cash to directed emails to certain groups such as municipal CEO’s. Municipal clerks

city, town or district under an insurance policy or as restitution for damage to its property and (2) the availability of the money for expenditure. LFO-2024-2 addresses questions about the municipal finance law and accounting treatment of (1) local option excises on the retail sales of marijuana for adult use and (2) impact fees or other payments under a community host or other agreement with a marijuana establishment or medical marijuana treatment center in connection with its siting and operation in the municipality.

[BUL-2024-1: G.L. c. 44, § 53 Clause 4: Inflation Reduction Act Monetized Credits for Local Governments for Certain Clean Energy Projects and Proceeds Received Pursuant to the Altria Settlement Regarding JUUL Products](#)

[LFO-2024-1: Insurance and Restitution Proceeds](#)

[LFO-2024-2: Money from Marijuana Establishments and Medical Marijuana Treatment Centers](#)

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

MA Dredging Program FY25 Annual Grant Round is coming soon!

The Executive Office of Economic Development (EOED) FY25 Annual Grant Round of the [Massachusetts Dredging Program](#) opens March 11th. Grants will be competitively awarded with a focus on shovel-ready projects that contribute to the economic vitality, vibrant waterfronts, maritime safety, or ecosystem health of Massachusetts's harbors. All coastal municipalities are eligible to apply. To be added to the round's announcement list, please send your name, organization, and email address to EOHEDgrants@mass.gov, subject line: "Dredging Program Email List."

Municipal Finance 101: Budgeting & Best Practices Webinar Now Available

The Division of Local Services recently partnered with the [Massachusetts Municipal Association](#) to offer *Municipal Finance 101: Budgeting & Best Practices* webinar to local officials. This webinar reviews the building blocks of municipal finance, including Proposition 2 ½, budgeting revenues and expenditures, and the importance of financial policies, forecasting, and capital planning. The [recording](#) of the webinar is now

play a critical role in updating the Local Officials Directory, so make sure to check with your clerk.

At DLS, we remain committed to supporting our colleagues in local government. If you have any thoughts or ideas that you would like to share with me directly, please contact me at

croninse@dor.state.ma.us. In closing, I wish you the best during the busy coming months and always know that DLS is here to assist.

Ask DLS: The Budget Setting Process

This month's *Ask DLS* features frequently asked questions on the general roles and powers of city councils, select boards and finance committees in setting the annual budget, respectively. Please let us know if you have other areas of interest or send a question to cityandtown@dor.state.ma.us. We would like to hear from you.

In a city, what authority does the city council have in setting the annual budget?

In a city, the mayor recommends a budget to the city council in advance of the fiscal year commencing. [G.L. c. 44, § 32](#). The city council may authorize any recommended appropriation by majority vote and may also reduce or outright reject by majority vote any recommended appropriation, absent a statute, charter provision or bylaw to the contrary. [G.L. c. 44, § 32](#). Reductions should be in clearly specified amounts for each item, as opposed to a flat dollar amount or percentage reduction to the overall budget. The council has 45 days to act on the mayor's recommendation – otherwise, the recommendation is deemed accepted. [G.L. c. 44, § 32](#). The city council may not increase a recommended appropriation or add a new appropriation and may not increase the overall amount of the proposed budget, unless the mayor recommends it. [G.L. c. 44, § 32](#).

If the mayor has not recommended an appropriation for a purpose the city council deems necessary, they may request that the mayor do so. [G.L. c. 44, § 33](#). If, after seven (7) days, the mayor has not recommended an appropriation for a purpose requested by the

available along with the presentation [slides](#).

Additional [budgeting and long-range financial planning resources](#) are available at the DLS [Municipal Finance Training and Resource Center](#).

FY2025 Preliminary Cherry Sheet Estimates

Cherry Sheet estimates for charter school tuition and reimbursements are based on estimated tuition rates and projected enrollments under charters previously issued by the Board of Elementary and Secondary Education. Please be advised that charter school assessments and reimbursements will change as updated tuition rates and enrollments become available. Estimates for the school choice assessments may also change significantly when updated to reflect final tuition rates and enrollments.

For a detailed view of the updated information the cherry sheet websites, please see:

[Municipal estimates receipts and charges](#)

[Regional school estimated receipts and charges](#)

It is important for local officials to remember that these estimates are preliminary and are subject to change as the legislative process unfolds.

Please contact the DLS Data Analytics and Resources Bureau at databank@dor.state.ma.us or (617) 626-2384 with any questions.

MassGIS' Statewide Geospatial Strategic Planning Initiative

MassGIS is undertaking an update of the state's geospatial strategy, last updated in 2007. MassGIS would like all geospatial data and technology users in municipal and regional government, state government, federal agencies, non-profit organizations, higher education, utilities, and the private sector to participate in the development of the strategy.

The strategy will lay out the strategic direction for all geospatial activities in the Commonwealth. MassGIS will lead the strategy development. Applied Geographics (AppGeo), a national company that has done such work for dozens of states, is

council, the council may make an appropriation for that purpose by two-thirds majority vote. [G.L. c. 44, § 33](#). Further, upon request of the school committee or a regional school district committee, the city council may, by two-thirds majority vote, increase the appropriation for the school budget, so long as doing so will not raise the overall budget in excess of the levy allowed by Proposition 2 ½. [G.L. c. 44, § 32](#); G.L. c. 59, § 21C. This exception only applies in cities that have accepted it. [G.L. c. 44, § 32](#); [Section 2 of Chapter 329 of the Acts of 1987](#).

If the mayor fails to submit a proposed budget within 170 days after annual organization of the city government, the city council must, by June 30, prepare a budget consistent with laws and rules governing the mayor's budget recommendation. [G.L. c. 44, § 32](#). In such an instance, the city council must adopt the budget within fifteen (15) days after preparing it. [G.L. c. 44, § 32](#).

For further details on the city budget process please see DLS' [CITY BUDGET PROCESS FAQs](#).

In a town, what authority do the finance committee and select board have in setting the annual budget?

Any town with aggregate property valuation of more than a million dollars must have a finance committee responsible for advising on and recommending appropriations. [G.L. c. 39, § 16](#). DLS valuation data demonstrates that currently every municipality in the Commonwealth has an aggregate valuation of more than a million dollars, so every city and town should have a finance committee. Accordingly, the finance committee is frequently responsible for developing a recommended budget. In towns where a bylaw provides otherwise or for any reason there is no finance committee, the select board is responsible for recommending appropriations. [G.L. c. 39, § 16](#).

In the event the finance committee is responsible for preparing the recommended budget, the select board remains integral to the budget-making process in its capacity as the executive body of the town and having general supervision of the town's departments. The

under contract to assist with this update. The work will begin with distribution of a [survey](#) to capture initial input and feedback. The survey is intended for anyone who uses geospatial data or technology.

[Click here to take the survey.](#)

There will be six workshops between February 19th and March 7th around the state to engage participants in dialogue regarding the strategic direction of geospatial technology, data development and collaboration. [Check the MassGIS 2024 Strategic Plan web page](#) for more information about the locations and other details.

New Bulletins: New Cannabis Control Commission Regulations, Recent Legislation Amortization of FY2024 Major Disaster Related Deficit

The Division of Local Services recently published two new bulletins. Bulletin 2023-9 discusses recent regulatory changes affecting municipal finance promulgated by the Cannabis Control Commission pursuant to Chapter 180 of the Acts of 2022, An Act Relative to Equity in the Cannabis Industry. Bulletin 2023-10 summarizes Section 205 of Chapter 77 of the Acts of 2023 which authorizes cities and towns to amortize their FY2024 major disaster related deficit over fiscal years 2025 to 2027, inclusive, in equal installments or more rapidly.

[BUL-2023-9: New Cannabis Control Commission Regulations](#)

[BUL-2023-10: Recent Legislation Amortization of FY2024 Major Disaster Related Deficit](#)

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

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

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

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

select board should be actively engaged in the process of developing budget recommendations, as it is many times responsible for managing disbursement of those funds throughout the year.

Per [G.L. c. 41, § 60](#), the town accountant must prepare a report after the end of the calendar year (midway through the fiscal year) summarizing the disbursements and receipts made and projecting expected disbursements and receipts for the remainder of the fiscal year. The statute indicates that the report should be delivered to the select board or the finance committee depending on who is responsible for recommending the budget, but as a practical matter, the report should be delivered to both. That report should assist the town's officials, including any manager or administrator and department heads, in formulating budget requests for the coming year.

[G.L. c. 41, § 60](#) further directs responsible officials to prepare their recommended budget in a form and with sufficient information to enable town meeting participants to understand the proposal. That document must be printed and distributed to the community prior to convening town meeting.

In a town, what authority does town meeting have in setting the annual budget?

Town meeting has authority to appropriate funds to finance the annual budget. Town meeting is not constrained by the recommendations of the finance committee or the select board.

[Young v. Town of Westport, 302 Mass. 597, 20 N.E.2d 404 \(1939\).](#)

However, the budget must conform with the strictures of Proposition 2 ½, [G.L. c. 59, § 21C](#), unless there is an override or debt exclusion vote. Tax rates are set at a level sufficient to fund the budget town meeting passes. Town meeting must be convened before July 1 to vote on appropriations, but may meet thereafter to approve transfer of unexpended, unencumbered funds.

Beyond appropriating funds that comprise the annual budget, town meeting, in part:

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

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

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

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

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

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

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

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

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

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

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

The application periods for the

- authorizes debt by the town;
- authorizes the creation, appropriation and expenditure from stabilization accounts; and
- enacts by-laws and policies governing budget management and organization of the town.

PERAC's January 1, 2024 List of Retirement Boards by Funded Ratio

Tony Rassias - Deputy Director of Accounts

The [Public Employee Retirement Administration Commission \(PERAC\)](#) 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 system for Boston teachers. It publishes quarterly a list of retirement boards and their last valuation date (the date when the system's actuarial valuation was last performed). The most recent [list](#) is as of January 1, 2024.

The Governmental Accounting Standards Board (GASB) requires a new valuation at least every two years, if not more frequently.

PERAC's report includes three common fiscal metrics as reported by each system that can help assess whether a retirement system is fiscally healthy: funded ratio, investment return assumption (IRA, commonly referred to as assumed rate of return or ARR), and funding schedule ([G.L. c. 32, §22F](#)) for amortizing the system's unfunded actuarial liability (UAL). This article will review the latest list for the 99 municipal systems only and determine how their metrics have changed from one year ago.

PERAC lists each system's funded ratio, the total value of a plan's assets weighed against its accrued liabilities as of its last valuation date. It indicates the extent to which assets cover system liabilities. A system with a greater funded ratio is considered a

Efficiency and Regionalization Grant Program and Municipal Fiber Grant Program open on Jan. 8, 2024 and March 11, 2024, respectively.

2024 Massachusetts
Municipal Cybersecurity
Summit

The Massachusetts Municipal Cybersecurity Summit is an in-person event created by the MassCyberCenter at the MassTech Collaborative for the state's 351 municipalities. The event is designed for municipal leaders, first responders, utility providers, and IT personnel to help improve cybersecurity programs in their city or town. If you're part of a municipality, don't miss the opportunity to attend this free event and learn from experts on how to become more cyber resilient! [Click here to register.](#)

New DLS Visualization Tool
Highlights Trends in
Municipal Debt

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

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

Informational Resource
Page for City/Town Clerks

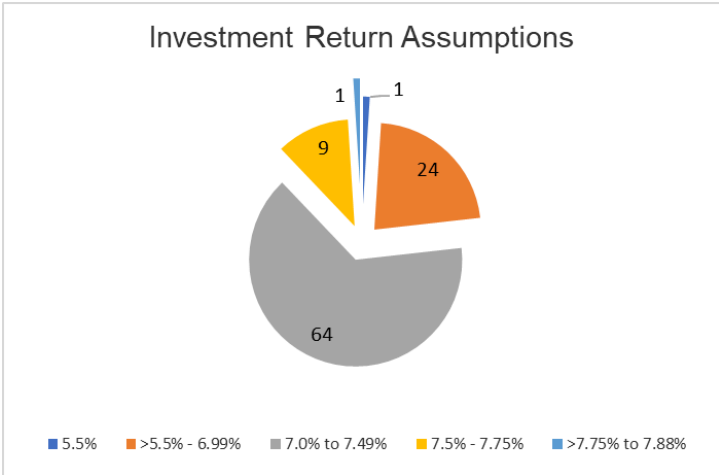
The Division of Local Services is pleased to announce the availability of materials on the Municipal Finance Training & Resource Center under [resources by position](#) to assist city or town clerks. A city or town clerk is an integral member of the municipal management team and a central information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

stronger system. Leading this list is Leominster at 119.4%, with Springfield at the end of the list at 35.6%. The group median is 73.6%, up from last year's 72.9%. The following two tables list the five highest and five lowest funded ratios along with their valuation dates.

System	Funded Ratio	Valuation Date
Leominster	119.4%	1/1/2022
Greater Lawrence	106.9%	1/1/2023
Winthrop	102.1%	1/1/2023
Watertown	101.3%	1/1/2023
Quincy	101.2%	1/1/2022

System	Funded Ratio	Valuation Date
Middlesex	54.5%	1/1/2022
New Bedford	52.2%	1/1/2022
Worcester Regional	50.9%	1/1/2022
Fall River	50.9%	1/1/2023
Springfield	35.6%	1/1/2022

A system's IRA is a major component in a retirement system's projected asset growth because of the importance of investment earnings to the system. The IRA is chosen by the retirement system and should represent the long-term rate of return based upon a retirement system's investment policy. The current list shows that no system has reported an IRA greater than Plymouth County at 7.88% with the lowest in Leominster at 5.5%. Forty-six systems reported an IRA of 7.0% which is the group median.



State law mandates that each system amortize its UAL by a fiscal

the following topics important to clerks:

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

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

Latest Issue of *Buy the Way* Now Available

Don't miss [Issue #25 of *Buy the Way*](#), the official magazine of the Operational Services Division (OSD).

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

BULLETIN-2023-6: Massachusetts Statewide Opioid Settlement Funds

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

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

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

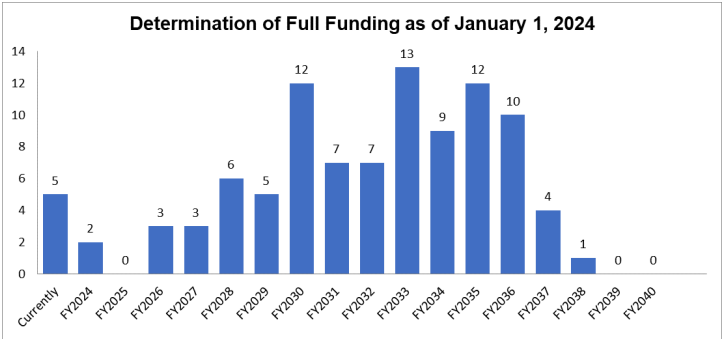
BULLETIN-2023-5: Tax Title Foreclosure Surplus Proceeds

The DLS Municipal Finance Law Bureau has a new Bulletin. Bulletin 2023-5 discuss a recently decided United States Supreme Court case, *Tyler v. Hennepin County*, 598 U.S. 631 (2023). As a result of that decision, there is uncertainty as to whether or not tax title foreclosure surplus proceeds will need to be returned to property owners. The Bulletin notes that DLS will not object to a community temporarily holding any such surplus proceeds in an agency account until there is a directive from the courts on this matter.

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

year of its choosing, but no later than by FY2040. A system's UAL is the difference between its projected future pension costs, demographic and economic events and the value of its invested assets. Projecting these costs and values requires an actuarial review that includes many factors. PERAC's FY2022 Annual Report, its most current annual report, shows an unfunded liability for the 99 municipal systems of about \$15.6 billion (about \$55.6 billion when including all 105 systems within PERAC's oversight).

The following graph illustrates when all 99 systems reportedly will reach full funding as of their current valuation. Note that as of 1/1/2024, five systems are already considered fully funded and two are fully funded in FY2024. The most common date for expected full funding is 2033.



When comparing PERAC's most recent list to its 1/1/2023 list, 37 of the 99 municipal systems updated their valuation. If a system's valuation was not updated, there is no change to the information listed. The following highlights the 37 systems reporting new information by their consistent valuation dates. Of these 37 systems, 33 updated their valuations to 1/1/2023 and four updated to 1/1/2022.

The following table shows changes from PERAC's 1/1/2023 report in the three common fiscal metrics for 33 systems that updated their valuations to 1/1/2023.

[PROCEEDS](#)

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

OIG Offers No Cost Procurement Training for Municipalities

The Office of the Inspector General introduced a pilot program, "One Free Designee," that offers core public procurement training to one public employee per municipality at no cost. Effective in FY24 (July 1, 2023 – June 30, 2024), the OIG is offering free tuition for the three courses required for one employee to receive MCPPO designation to any municipality in the Commonwealth for whom the cost is a barrier. The \$100 fee associated with all designation applications and renewals has been eliminated.

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

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

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

DLS Links:

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

[Events & Training Calendar](#)

[Municipal Finance Training and Resource Center](#)

[Local Officials Directory](#)

[Municipal Databank](#)

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

[Bulletins](#)

Updated Valuations to 1/1/2023

	Investment		
	Funded Ratio	Return Assumptions	Funding Schedule
Increase	30	0	6
Decrease	3	7	12
No Change	0	26	15

Individually, funded ratios increased from 0.7 percentage points in Worcester to 48.7 percentage points in Andover (Andover issued Pension Obligation Bonds or POBs) while Gardner, Shrewsbury and Watertown decreased ratios by 11.3, 10.4 and 2.3 percentage points respectively. Investment return assumptions decreased by 0.05 to 0.25 percentage points in seven systems while 26 other showed no change. Funding schedules were shortened in 12 systems from one year in four systems to nine years in Andover. Fifteen schedules showed no change while schedules lengthened in six systems.

The following table shows changes from PERAC's 1/1/2023 report in the three common fiscal metrics for four systems that updated their valuations to 1/1/2022.

Updated Valuations to 1/1/2022

	Investment		
	Funded Ratio	Return Assumptions	Funding Schedule
Increase	3	0	1
Decrease	1	3	1
No Change	0	1	2

Individually, funded ratios increased from 3.7 percentage points in Newton to 9.1 percentage points in Leominster while Norwood's ratio decreased by 2.1 percentage points. Investment return assumptions decreased in three systems while Leominster's showed no change. Newburyport's funding schedule was shortened by two years while Newton's showed no change and Norwood's was lengthened by six years. Leominster's schedule was considered fully funded in both 2023 and 2024.

Retirement board information shown in PERAC's 1/1/2024 listing only reflects system performance as of the valuation date shown. All

[Tools and Financial
Calculators](#)



systems are scheduled to amortize their unfunded liability before the legal deadline of 2040 and investment return assumptions continue to remain conservative.

Here are some words of caution:

- An asset portfolio dependent upon the capital markets always carries a risk of value and revenue loss which then negatively affects the system's funded ratio;
- When the UAL reaches \$0, the system is said to be fully funded after which appropriations are only required to cover the Normal Cost, costs that represent a portion of the Actuarial Present Value of pension plan benefits to be paid in a single fiscal year. However, the funding status can change. Actuarial and investment losses, changes in plan provisions, and/or assumption changes can increase UAL, or even return a fully funded system to a less than fully funded status;
- In a near future local budget, systems with low funded ratios could experience their annual fixed cost assessment consuming a far greater portion of their annual operating budget.

Follow this [link](#) to see PERAC's complete list of Retirement Board Funded Ratios.

Editor: Dan Bertrand

Editorial Board: Kasey Bik, Sean Cronin, Emily Izzo, Paula King, Lisa Krzywicki, Jennifer McAllister and Tony Rassias

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

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

This email was sent to <<Email Address>>

[why did I get this?](#) [unsubscribe from this list](#) [update subscription preferences](#)

Massachusetts Department of Revenue - Division of Local Services · PO Box 7095 · Boston, MA 02204-7095 · USA