

City and Town

Navjeet K. Bal, Commissioner • Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs



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Special Purpose Stabilization Funds: A Long-Term Planning Tool

Joe Markarian, Director of Technical Assistance, Municipal Data Management and Technical Assistance Bureau

The 1945 statute that initially authorized cities and towns to establish a stabilization fund restricted the use of any fund balance to capital expenditures. In 1991, permitted uses were expanded to include any lawful purpose, but still funds could not be reserved for a specific purpose. However with the adoption of legislative amendments to M.G.L. Ch. 40 § 5B in 2003, municipalities can now create multiple special purpose stabilization funds. Each of these funds can be assigned a different purpose allowing municipalities to take advantage of a new management and funding option.

As a result, at a time when many cities and towns are faulted for operating in perpetual crisis mode, for allowing municipal assets to deteriorate, and for general short-sightedness, a special purpose stabilization fund can be an effective planning tool.

A fund might be established, for instance, to pay solely for the maintenance and repair of municipal buildings. Another might be created to supplement state highway funds, received under Chapter 90, and to cover the cost of an ongoing street improvement program. A special purpose stabilization fund might also be set up to finance a government-wide vehicle replacement program. For example, if a community anticipated the need to purchase a \$400,000 fire truck in five years, it could reserve \$80,000 a year in a special purpose stabilization fund,

and retain interest earned. In the past, municipalities would need state approval of special legislation to set up such a reserve.

A special purpose stabilization fund:

- Encourages a community to think long-term. Programs to replace vehicles, maintain buildings and improve roads require an evaluation of all assets, formulation of a replacement or repair schedule, and calculation of long-term projected costs.
- Helps a community save money. Rather than pay cash, if the \$400,000 purchase price of a fire truck were borrowed over 15 years, interest payments could add around \$150,000 to the total cost, depending on interest rates. Even if this additional cost would have a nominal tax rate impact, it can instead be saved or expended elsewhere.
- Helps a community manage debt. A plan to accumulate cash over time and pay outright for a moderate-range capital expenditure helps preserve debt capacity for major, high-dollar purchases or projects. An approach that balances debt with pay-as-you-go practices, and protects against unforeseen costs is viewed in a positive light by credit rating agencies.
- Builds resident confidence in government. Special purpose stabilization funds directly address resident concerns and provide assurance that

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Please consider the environment before printing this newsletter.





**DLS
Commentary**

A series of three proposals of interest to cities and towns was enacted in the closing month of this legislative session.

An Act Relative to Intermunicipal Agreements will now permit towns to enter into cost sharing intermunicipal programs without the requirement of first obtaining town meeting approval. Recognizing that boards of selectmen currently have the authority to contract with private vendors directly — without town meeting approval — this new law extends that same logic to agreements between towns. Town meeting remains the statutory appropriations authority to fund agreements.

A special commission will examine how cities and towns spend their money and make recommendations for improving municipal budgeting.

Lastly the governor's original proposal to spend \$25 million to improve Internet access in western Massachusetts has been pumped up to \$40 million with the creation of a new Broadband Institute. The goal is to wire 32 unserved communities with high-speed broadband in the next two years. More on these in upcoming editions.

On a separate note, I want to extend my thanks to the many municipal officials who attended Gov. Deval Patrick's unprecedented series of 11 town hall meetings and four public cabinet meetings held in every corner of Massachusetts this summer. These meetings have given citizens and officials alike unique access to the governor and have focused on substantive issues.

**Robert G. Nunes
Deputy Commissioner &
Director of Municipal Affairs**

Best Practices

Financial Planning

Hans Larson, Executive Director, Town of Wellesley

Having worked for the majority of my career in the private sector, and as a relative newcomer to municipal government, it has been fascinating to experience firsthand the differences between private and public sector governance. As one might expect, there are many similarities, but also some significant differences. A municipality's finance director acts in much the same capacity as a private sector CFO. While fund accounting is difficult for corporate finance professionals to grasp, the basic workings of business and financial controls in a corporation and municipality are similar. Whereas in a corporation, revenue growth, net income and return on investment are overarching objectives that serve to integrate the goals and intentions of individual business units, municipal boards and departments are freer to pursue their own service and policy priorities. In addition, working with town meeting as well as the multiple boards and committees within a municipality certainly requires a more deliberate approach and a greater emphasis on process than dealing with a corporation's board of directors.

The Town of **Wellesley** has a proud tradition of strong financial planning, as evidenced by our fully funded pension plan, favorable bond rating and low tax rate. We are striving to continue this tradition by proactively responding to a number of new financial challenges. We have learned a number of lessons from the town's past experiences, as well as from our ongoing successes and failures. I have attempted to encapsulate some of those lessons in the planning maxims summarized below.

Focus on environmental changes and set priorities based on the level of financial risk

The increasing costs associated with health insurance, Other Post-Employment Benefits (OPEB), public education and building renovations/maintenance have dominated our financial planning discussions in recent years. The financial risk associated with these challenges has warranted a heightened level of focus, which has led to the development of long-term plans for mitigating their impact. For example, we have worked with the other communities in the West Suburban Health Group (a health insurance purchasing consortium) to develop a new set of health insurance plans, which offer lower premiums and the potential of greater consumer accountability. We are now collectively bargaining for the town-wide adoption of these plans.

Recognizing the rapidly increasing pay-as-you-go cost of retiree medical benefits, we obtained special legislation to allow us to both create a funding vehicle and to support the resulting trust fund via a Proposition 2½ funding exclusion. Last year we obtained approval from town meeting and voters for such an exclusion; we are now funding the Annual Required Contribution as defined in the Governmental Accounting Standards Board (GASB) Statement No. 45.

A recent comprehensive assessment of the condition of our schools and other town buildings identified the need for an improved financial plan for the long-term maintenance of the buildings. This was particularly imperative in light of the escalating cost of renovation and

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Legal

Mayor's Power to Appoint

James Crowley, Esq., Municipal Law Bureau

Recently, after a four-year legal battle, the Massachusetts Supreme Judicial Court (SJC) upheld the Mayor of **Somerville's** right to appoint a director of veterans' services without submitting the appointment to collective bargaining with the union. The decision is *City of Somerville v. Somerville Municipal Employees Association*, 451 Mass. 493 (2008).

In January 2004, the mayor appointed Frank Senesi to the position of director of veterans' services, which is a union position. At the time, Senesi was a non-union city election commissioner. An unsuccessful candidate for the position, Paul Nelson, who was a union member, filed a grievance over the appointment with the union, the Somerville Municipal Employees Association. Although both candidates were veterans, Nelson claimed the mayor's appointment of Senesi violated the collective bargaining agreement. The dispute was sent to arbitration. According to the arbitrator, the collective bargaining agreement gave preference to a union member over a non-union member where their qualifications were "substantially equal." In the arbitrator's award, the mayor was ordered to rescind the appointment of Senesi and to appoint Nelson to the position of director of veterans' services with full back pay together with interest compounded quarterly at 12 percent.

The city immediately appealed to the Superior Court and requested that the arbitrator's award be vacated pursuant to M.G.L. Ch. 150C on the grounds the arbitrator exceeded his authority. The Superior Court judge, however, ruled in favor of the union. On further appeal, the Appeals Court affirmed the decision. The city then appealed to the SJC, which reversed the lower courts decisions and allowed the mayor's appointee to keep the director's job. In

the SJC's view, M.G.L. Ch. 115 § 10 expressly authorized the mayor, with the approval of the city council, to appoint a candidate who was a veteran as director of veterans' services, and the mayor's decision was exclusive, nondelegable, and not subject to collective bargaining or arbitration.

In its written opinion, the court acknowledged that there was a long recognized policy in Massachusetts favoring collective bargaining between public employers and their employees over certain terms and conditions of employment. For this reason, the Leg-

In its written opinion, the court acknowledged that there was a long recognized policy in Massachusetts favoring collective bargaining between public employers and their employees over certain terms and conditions of employment.

islature had enacted M.G.L. Ch. 150E. Whenever there was a conflict between the language in a state statute and the terms of the collective bargaining agreement, the court noted that the provisions in the collective bargaining agreement would prevail provided the particular statute at issue was specifically listed in M.G.L. Ch. 150E § 7(d) as being made subject to collective bargaining agreements. According to the court, there was also a strong policy in Massachusetts in support of arbitration.

Consequently, in the case at hand, the court stated the arbitrator's award would stand unless there was a material conflict with M.G.L. Ch. 115 § 10 concerning the appointment of the director of veterans' services.

By its terms, M.G.L. Ch. 115 § 10 explicitly provided that a director of veterans' services, "shall be a veteran and shall be appointed in a city by the mayor, with the approval of the city council." The city first noted that M.G.L. Ch. 115 § 10 was not listed in M.G.L. Ch. 150E § 7(d) as being made subject to a collective bargaining agreement. The city then argued that the mayor's power to appoint could not be delegated to another. The union's attorney, however, contended that this statutory language of M.G.L. Ch. 115 § 10 was merely general in nature and the mayor had to comply with the collective bargaining agreement which gave preference to union members over non-union candidates where their qualifications were "substantially equal." The SJC agreed with the city's argument. The court found a material conflict between the statute and the provisions of the collective bargaining agreement since the intent of the statute was that the mayor's authority and the city council's approval power could not be usurped by the arbitrator. According to the court, the mayor's appointment authority was not an ancillary matter that could be bargained with the union. The Legislature gave exclusive appointment authority to the mayor (subject to the approval of the city council).

With the reversal of the Appeals Court judgment, the arbitrator's order directing the mayor to appoint the unsuccessful candidate to the position was nullified and Mr. Senesi retained his job as director of veterans' services for the City of Somerville. ■

Focus on Municipal Finance

A Ten-Year Perspective on Proposition 2½ Overrides

Rick Kingsley, Bureau Chief

**Data analysis by Lisa Juskiewicz, Director of Municipal Databank
Municipal Data Management and Technical Assistance Bureau**

In the last 10 years, Massachusetts cities and towns have had to cope with volatile state economic conditions, dramatically different prospects for local aid increases and rapidly escalating costs for employee benefits and fuel. To fund important services during this period, voters in many communities chose to override Proposition 2½ to increase their revenue base. An override is a permanent increase in local property taxing capacity that is used to cover spending purposes that are considered ongoing expenses. The override ballot question specifies the dollar amount and spending purpose of the vote and requires a majority vote of the electorate for approval. Once approved, an override increases the levy limit and,

in subsequent years, is included in the levy limit base which is increased annually by 2.5 percent.

In the article that follows, we review statewide override trends and analyze the impact of all overrides voted from FY99 through FY08 as a percentage of each community's FY08 levy limit. Using this historical perspective, we will look at various community characteristics to see if there are any interesting relationships between these characteristics and overrides applied to the levy limit. For example, is it true that small towns are more willing to pass overrides than larger communities? Does a community's property wealth affect the amount of additional taxes resi-

dents are willing to pay? Does a high percentage of children attending public schools as a percent of total population affect the likelihood of a community approving an override vote?

Findings

As shown in Figure 1, both the dollar amount added to the levy limit and the number of communities approving overrides have generally increased since FY99. In fact, in six of the seven most recent years (FY02–FY08) overrides have added at least \$30 million annually to the levy limit, with at least 35 communities having successful overrides in each of these seven years. This reflects a large increase over the first

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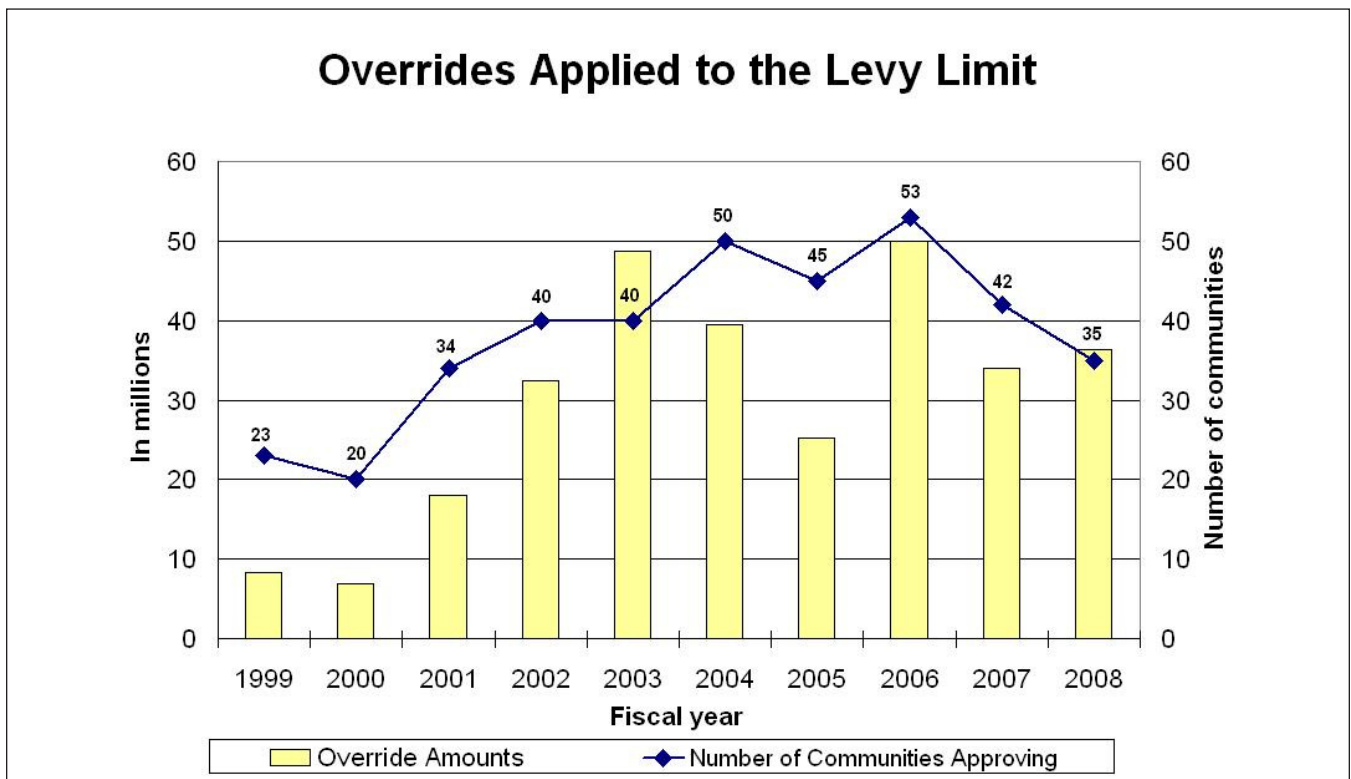


Figure 1

Impact of Overrides on FY2008 Levy Limit

Municipality	2007 population	2006 EDV per capita	Enrollment as pct. of population	Impact of overrides FY98-FY08	FY08 levy limit	Overrides as pct. of FY08 levy limit	Municipality	2007 population	2006 EDV per capita	Enrollment as pct. of population	Impact of overrides FY98-FY08	FY08 levy limit	Overrides as pct. of FY08 levy limit	Municipality	2007 population	2006 EDV per capita	Enrollment as pct. of population	Impact of overrides FY98-FY08	FY08 levy limit	Overrides as pct. of FY08 levy limit
Abington	16,365	127,097	14.7	0	20,595,123	0	Chesterfield	1,273	107,191	13.06	0	2,042,402	0	Hancock	1,082	259,407	9.43	0	1,683,080	0
Acton	20,753	188,369	22.99	7,303,814	56,521,428	12.92	Chicopee	53,876	59,618	13.97	0	57,709,275	0	Hanover	13,966	185,528	19.33	0	27,354,249	0
Acushnet	10,443	116,242	15.32	0	11,590,425	0	Chilmark	963	3,020,015	10.7	1,427,601	5,191,070	27.5	Hanson	9,956	132,347	19.94	397,883	12,670,227	3.14
Adams	8,214	56,709	15.68	0	7,736,105	0	Clarksburg	1,631	64,250	18.88	0	1,314,904	0	Hardwick	2,650	93,502	17.74	0	2,687,161	0
Agawam	28,333	97,292	15.38	0	45,764,442	0	Clinton	14,030	90,090	14.62	0	14,940,654	0	Harvard	6,001	205,497	20.9	3,036,231	13,846,721	21.93
Afford	394	517,902	9.43	0	1,118,955	0	Cohasset	7,182	331,804	19.38	1,627,992	23,023,061	7.07	Hayward	12,387	430,200	12.31	2,045,431	28,931,431	7.07
Amesbury	16,429	132,340	15.43	0	30,426,776	0	Colrain	1,840	75,787	13.42	0	2,179,281	0	Hatfield	3,258	140,667	13.01	0	4,640,773	0
Amherst	34,275	62,767	8.18	2,153,781	33,066,687	6.51	Concord	16,840	319,824	16.3	9,438,532	57,254,951	16.49	Haverhill	59,902	103,486	13.54	0	70,802,205	0
Andover	33,284	220,935	17.95	0	91,201,846	0	Conway	1,884	121,614	14.07	0	3,291,241	0	Hawley	336	94,015	10.71	0	571,615	0
Aquinnah	354	1,687,512	13.84	499,527	2,295,131	21.76	Cummington*	974	118,358	11.09	34,145	1,233,458	2.77	Heath	797	101,839	12.3	0	1,571,530	0
Arlington	41,144	174,730	11.23	6,303,750	71,842,588	8.77	Dartmouth	26,736	169,801	13.89	0	8,842,288	0	Hingham	22,394	244,683	16.61	811,633	50,811,364	1.6
Ashburnham	5,959	111,662	18.69	1,144,704	7,982,909	14.39	Danvers	31,241	186,229	13.81	0	51,438,031	0	Hinsdale	1,937	119,209	15.54	0	3,074,070	0
Ashby	2,944	122,837	20.01	194,395	3,999,888	4.86	Dartmouth	14,444	265,662	22.76	0	38,393,553	0	Holbrook	10,663	120,631	13.36	432,198	15,562,801	2.78
Ashford	1,815	126,545	12.67	0	2,563,621	0	Dedham	24,132	176,642	11.59	0	55,630,801	0	Hopkinton	16,581	126,499	18.29	0	23,636,656	0
Ashland	15,796	158,942	16.42	0	28,580,812	0	Deerfield	4,731	141,792	15.2	0	7,236,496	0	Holland	2,532	140,841	16.9	0	3,813,880	-6.55
Athol	11,601	68,687	17.37	1,179,327	8,301,854	14.21	Dennis	15,473	437,716	9.67	1,264,173	26,554,351	4.76	Holliston	13,941	155,620	19.94	1,943,656	28,376,967	6.85
Attleboro	43,113	102,555	14.23	0	48,707,593	0	Dighton	6,748	138,628	20.12	0	10,398,863	0	Holyoke	39,737	52,367	17.55	0	42,711,587	0
Auburn	16,259	130,177	15.01	2,120,163	27,893,466	7.6	Douglas	7,924	129,434	20.87	0	9,116,178	0	Hopedale	6,165	127,405	18.18	0	9,825,562	0
Avon	4,303	204,214	13.78	1,116,337	11,804,718	9.46	Dover	5,627	435,350	21.13	2,031,877	21,152,707	9.61	Hubbardston	14,307	221,182	23.46	5,067,337	38,330,801	13.22
Ayer	7,369	136,772	14.3	617,927	13,317,066	4.64	Dracut	29,498	112,285	15.26	0	31,519,774	0	Hudson	4,461	104,068	20.35	0	4,568,750	0
Barnstable	46,738	320,399	12.68	0	83,305,745	0	Dudley	10,780	91,952	18.55	0	6,473,497	0	Hudson	19,580	130,425	14.53	0	31,554,566	0
Barre	5,419	85,287	19.15	0	4,994,836	0	Dunstable	3,290	158,376	19.54	237,568	5,204,975	4.56	Hull	11,067	199,263	11.94	0	20,491,268	0
Becket	1,797	233,980	14.69	363,862	3,899,403	9.33	Duxbury	14,444	265,662	22.76	0	37,212,673	0	Huntington	2,193	82,052	16.23	0	2,341,763	0
Berford	13,146	224,171	18.75	0	41,505,262	0	Duxbury	13,879	118,400	17.81	0	18,067,928	0	Ipswich	13,245	208,445	14.81	0	22,792,850	0
Belchertown	13,971	63,458	19.97	0	17,679,149	0	E. Brookfield	2,069	121,063	18.22	0	2,252,311	0	Kingston	12,339	169,982	17.42	2,072,245	21,248,551	9.75
Bellingham	15,908	157,724	16.63	0	26,203,421	0	E. Longmeadow	15,222	116,800	18.58	0	28,146,702	0	Lakeville	10,587	154,492	17.94	528,579	13,640,243	3.88
Belmont	23,356	237,137	15.88	6,194,460	56,711,513	10.92	Eastham	5,445	564,822	10.28	1,017,661	13,630,504	7.47	Lancaster	7,891	126,349	14.73	1,473,549	10,993,326	13.4
Berkley	6,433	131,756	18.82	820,000	6,392,605	12.83	Easthampton	16,064	82,025	11.77	0	15,269,800	0	Lanesborough	2,001	133,843	16.78	0	5,968,211	0
Berlin	2,699	207,704	13.32	0	6,420,053	0	Easton	22,969	139,385	16.89	3,485,000	35,951,413	9.69	Lawrence	70,066	94,654	20.74	0	42,889,982	0
Bertrandston	2,225	88,118	14.41	0	2,795,105	0	Edgartown	3,920	1,573,719	14.41	1,934,540	15,597,987	12.4	Lee	5,803	132,310	13.42	0	10,459,041	0
Beverly	39,198	163,285	11.45	0	67,871,885	0	Egremont	1,350	309,498	7.33	0	2,992,998	0	Leicester	10,982	90,286	16.96	0	9,679,859	0
Billerica	42,038	141,030	15.95	0	82,066,815	0	Erving	1,537	384,643	17.96	0	6,467,934	0	Lenox	5,105	219,289	13.36	0	11,499,697	0
Blackstone	9,042	114,227	17.13	0	12,459,840	0	Essex	3,323	249,879	15.77	1,436,770	8,214,930	17.49	Leominster	41,128	96,853	15.52	0	49,577,749	0
Blackstone	1,279	17,670	14.62	0	1,582,107	0	Everett	37,269	27,465	15.5	0	72,049,304	0	Levittown	1,746	150,791	14.95	116,086	3,986,648	3.24
Bolton	4,481	227,866	23.01	690,556	13,207,150	5.23	Fairhaven	16,124	130,367	13.84	0	19,314,816	0	Lexington	30,332	271,421	20.39	14,525,701	104,879,746	13.85
Boston	599,351	146,407	10.17	0	334,308,979	0	Fall River	90,905	70,754	13.23	0	62,622,338	0	Leyden	802	89,318	11.97	0	1,279,762	0
Bourne	19,023	242,517	13.43	1,575,938	31,086,630	5.07	Falmouth	33,247	368,388	12.16	0	63,174,597	0	Lincoln	7,994	254,966	11.68	2,494,965	19,065,003	13.09
Boxborough	5,097	215,346	21.99	1,077,269	13,925,438	7.74	Fitchburg	39,835	67,055	15.16	0	35,041,414	0	Littleton	8,714	178,013	18.84	1,665,180	20,180,082	8.25
Boxford	8,074	240,366	21.24	2,789,985	19,487,191	14.32	Florida	678	174,509	19.03	210,125	1,802,022	11.66	Longmeadow	15,315	138,705	19.76	4,412,816	34,779,773	12.69
Boylston	4,266	170,122	15.03	538,445	7,813,727	6.89	Foxborough	16,298	166,479	18.52	0	26,708,080	0	Lowell	103,512	70,670	15.45	0	95,903,528	0
Braintree	34,422	170,782	15.27	0	60,537,745	0	Frammingham	64,786	143,891	12.99	8,115,862	141,042,407	5.75	Ludlow	22,062	79,006	13.71	0	25,206,742	0
Brewster	10,023	388,391	13.02	1,475,141	21,012,287	7.02	Franklin	31,381	156,982	21.24	2,700,000	47,092,923	5.73	Lunenburg	9,948	135,197	17.05	0	15,368,583	0
Bridgewater	25,514	110,003	14.56	0	24,676,963	0	Freetown	8,935	148,577	15.85	0	12,710,632	0	Lynn	87,122	83,317	16.11	0	86,352,449	0
Brimfield	3,695	109,970	16.43	0	4,813,821	0	Gardner	20,613	64,841	13.82	0	16,595,697	0	Lynnfield	11,382	233,164	19.71	3,965,449	25,352,585	15.64
Brockton	93,092	83,657	17.79	0	92,776,521	0	Georgetown	8,147	162,946	18.77	0	11,461,304	0	Malden	55,712	105,179	12.61	0	57,488,913	0
Brookfield	3,030	93,910	17.66	0	3,546,400	0	Gill	1,379	82,956	14.36	109,753	1,782,925	6.16	Manchester	5,265	403,535	13.75	1,060,737	14,988,762	7.08
Brookline	54,809	270,517	10.98	0	134,259,885	0	Gloucester	30,308	201,043	12.43	0	52,683,821	0	Mansfield	22,993	153,573	21.24	1,886,615	38,949,105	4.84
Buckland	1,980	96,908	11.96	201,917	2,647,139	7.63	Goshen	956	126,677	14.75	0	1,550,763	0	Marblehead	20,039	348,000	15.86	5,292,470	42,407,401	12.48
Burlington	25,034	182,293	15.18	0	72,957,348	0	Gosnold	84	2,924,198	8.33	112,252	148,076	23.35	Marion	5,217	276,041	14.72	829,929	12,464,609	6.63
Cambridge	101,388	241,957	6.03	0	330,587,302	0	Granton	17,525	132,322	15.99	0	22,414,602	0	Marion	38,065	137,738	13.11	0	89,384,611	0
Canton	21,916	200,																		

Municipality	2007 population	2006 EDV per capita	Enrollment as pct. of population	Impact of overrides FY99-FY08	FY08 levy limit	Overrides as pct. of FY08 levy limit	2007 population	2006 EDV per capita	Enrollment as pct. of population	Impact of overrides FY99-FY08	FY08 levy limit	Overrides as pct. of FY08 levy limit	Municipality	2007 population	2006 EDV per capita	Enrollment as pct. of population	Impact of overrides FY99-FY08	FY08 levy limit	Overrides as pct. of FY08 levy limit	
Methuen	43,979	117,404	17.54	0	58,402,291	0	3,494	148,143	16.91	358,750	6,383,155	0	Tyngsborough	11,860	128,198	18.26	0	17,618,781	0	
Middleborough	21,245	121,831	17.41	0	26,500,879	0	3,343	340,401	7.87	0	13,294,155	2.7	Tyringham	343	440,401	7.87	0	1,030,284	0	
Middlefield	551	100,068	12.16	0	961,206	0	91,622	136,286	9.73	0	163,431,103	0	Upton	6,526	172,397	22.82	2,639,086	10,884,184	24.25	
Middleton	9,347	180,051	15.92	714,816	16,681,457	4.29	30,168	116,928	12.02	0	36,812,043	0	Uxbridge	12,634	126,770	17.59	861,513	17,502,016	4.92	
Milford	27,263	125,770	15.57	46,292,538	0	0	13,641	150,243	16.27	874,351	20,203,903	4.33	Wakefield	24,706	168,460	14.22	0	43,922,034	0	
Milbury	13,470	144,383	14.91	0	15,611,156	0	23,129	170,890	18.62	4,967,158	44,676,357	11.12	Wales	1,844	85,837	14.75	0	2,230,413	0	
Millis	7,927	142,034	17.23	1,639,446	13,072,020	12.54	11,484	150,161	17.12	0	14,600,520	0	Walpole	23,086	176,439	17.18	4,301,603	43,148,511	9.97	
Milwille	2,834	100,119	22.65	3,279,515	0	0	55,341	91,243	11.21	0	57,389,685	0	Ware	59,758	155,032	8.04	0	131,102,272	0	
Milton	25,691	191,462	14.45	4,957,986	49,964,418	9.92	1,591	252,649	13.32	0	3,362,653	0	Wareham	9,933	75,549	14.61	0	10,246,344	0	
Monroe	96	190,420	16.67	0	476,450	0	5,218	159,140	19.38	280,686	7,632,826	3.68	Warren	21,154	187,226	16	0	26,985,987	0	
Monson	8,788	80,500	18.47	0	8,846,823	0	17,780	114,940	14.62	194,707	1,133,723	13.2	Warren	5,071	71,703	18.4	0	5,090,079	0	
Montague	8,334	80,569	12.16	0	10,442,531	0	7,633	255,762	12.79	694,127	14,868,048	2.3	Wareham	750	102,450	14.93	0	1,188,789	0	
Montevideo	960	479,809	9.17	307,500	2,432,392	12.64	347	882,521	14.12	0	2,600,592	0	Washington	48	96,392	13.32	0	735,220	0	
Montgomery	754	128,855	13.4	0	1,138,935	0	5,839	165,555	17.09	590,000	9,559,279	6.17	Watertown	32,521	176,903	7.79	0	64,444,128	0	
Mt. Washington	138	483,684	11.59	110,381	420,778	26.23	1,380	100,977	15.58	149,707	1,133,723	13.2	Wayland	13,017	261,485	21.22	6,978,010	46,032,584	15.16	
Nahant	3,519	239,026	11.05	400,961	6,085,159	6.59	1,730	69,961	15.72	0	2,252,994	0	Webster	16,705	99,757	12.33	0	14,876,914	0	
Nantucket	10,531	1,667,653	12.29	5,446,322	48,319,786	11.27	7,846	99,186	20.56	0	8,112,629	0	Wellesley	26,985	352,921	17.77	15,208,376	78,718,643	19.32	
Natick	31,975	203,985	15.08	507,569	64,260,184	0.79	40,922	120,310	11.9	64,441,432	0	Wellfleet	2,748	891,587	11.03	1,736,284	10,708,070	16.21		
Needham	28,263	258,561	17.31	4,555,601	72,263,351	6.17	8,821	174,764	14.48	0	12,774,705	0	Wendell	1,003	80,423	9.97	1,367,004	8,844,597	15.46	
New Ashford	248	127,852	16.94	29,469	327,580	9	837	254,354	10.51	0	1,970,839	0	Wenham	4,615	186,657	13.56	1,760,375	9,966,430	18.4	
New Bedford	91,849	69,045	15.92	0	85,275,395	0	20,255	226,104	18.39	3,652,097	40,399,019	9.04	W. Boylston	7,779	117,149	13.18	0	10,941,785	0	
New Braintree	1,112	99,065	16.28	0	1,312,955	0	27,192	159,198	11.67	42,432,172	0	8,112,629	0	W. Bridgewater	6,679	171,125	16.33	0	14,863,885	0
New Marlborough	1,521	300,351	11.7	0	2,957,927	0	7,720	85,584	15.83	24,977	782,575	3.19	W. Brookfield	3,826	106,668	14.85	0	3,741,017	0	
New Salem	9,960	109,724	15.96	199,491	1,285,270	15.52	17,881	242,044	17.79	3,833,400	37,583,047	10.2	W. Newbury	4,269	204,744	17.52	1,367,004	8,844,597	15.46	
Newbury	6,922	202,871	14.96	998,094	10,857,156	9.19	13,953	147,441	16.12	355,065	6,603,848	5.38	W. Springfield	27,603	86,465	14.17	0	50,731,347	0	
Newburyport	17,144	207,014	13.32	0	35,496,008	0	17,033	177,801	19.76	9,507,130	44,572,942	21.33	W. Stockbridge	1,447	242,494	12.02	0	4,114,638	0	
Newton	83,271	259,449	14.12	13,011,194	215,828,884	6.03	3,334	165,810	15.42	0	6,574,353	0	W. Tisbury	2,628	297,391	15.22	2,236,961	10,982,041	21.14	
Norfolk	10,646	145,223	17.17	2,059,808	18,113,034	11.37	2,036	107,818	10.51	83,538	262,378	3.17	Westborough	18,459	202,626	19.17	0	50,542,286	0	
N. Adams	13,617	47,215	14	0	1,472,300	0	4,217	89,209	23.81	3,423,418	16,580,518	20.65	Westfield	40,160	74,877	15.44	0	50,085,797	0	
N. Andover	27,637	168,215	16.43	4,512,437	49,874,728	9.05	7,726	295,235	12.01	355,065	6,603,848	5.38	Westford	21,790	180,083	23.63	3,763,542	46,788,445	8.05	
N. Attleborough	27,907	143,843	17.8	0	36,296,724	0	33,489	150,557	17.47	0	42,708,480	0	Westhampton	1,586	133,014	16.58	166,198	2,751,607	6.04	
N. Brookfield	4,819	86,168	16.93	0	3,870,046	0	1,834	117,624	15.92	215,148	3,461,348	6.22	Westminster	7,388	137,044	18.31	1,432,953	11,825,836	12.12	
N. Reading	14,021	191,657	19.63	1,340,484	28,427,935	4.72	18,268	154,526	14.66	0	41,442,390	0	Weston	11,698	444,880	19.86	3,848,028	48,521,713	7.93	
Northampton	28,411	104,713	10.43	0	34,339,480	0	74,405	117,738	6.91	0	88,265,083	0	Westport	15,136	212,974	12.98	0	17,589,398	0	
Northborough	14,611	168,749	18.71	923,216	30,735,396	3	16,952	84,607	13.28	0	18,240,621	0	Westwood	14,010	273,662	21.65	5,822,225	46,442,531	12.54	
Northbridge	14,375	117,911	18.23	0	14,011,893	0	5,962	94,959	16.49	0	6,821,770	0	Weymouth	53,272	133,479	12.52	0	70,300,925	0	
Northfield	2,985	123,476	16.01	555,533	4,537,690	12.24	9,484	247,527	21.99	1,953,823	26,692,332	7.32	Whately	1,555	120,837	13.7	167,426	2,922,330	5.73	
Norton	19,222	124,375	16.76	0	23,360,481	0	16,926	67,072	15.14	0	14,130,416	0	Whitman	14,385	106,927	16.96	0	15,717,283	0	
Norwell	10,271	240,077	21.76	861,977	26,599,351	3.24	9,431	98,606	17.74	0	12,446,712	0	Wilbraham	14,032	117,735	19.25	2,355,662	25,233,926	9.34	
Norwood	28,172	163,145	12.72	0	46,042,334	0	12,006	96,295	15.61	487,236	6,649,115	5.63	Williamsburg	2,440	118,743	12.42	563,374	3,950,993	14.26	
Oak Bluffs	3,731	750,244	17.56	1,354,499	14,488,974	9.35	14,938	47,479	18.83	0	153,506,032	0	Williamstown	8,108	124,680	8.92	1,343,937	11,972,253	11.23	
Oakham	1,906	111,736	20.25	0	1,899,616	0	7,874	145,639	17.35	487,328	13,079,487	3.73	Wilmington	21,679	172,237	18.9	0	48,149,716	0	
Orange	7,796	65,731	18.37	0	6,925,171	0	2,232	350,623	8.2	0	5,932,082	0	Winchendon	10,130	74,883	18.28	0	7,940,870	0	
Orleans	6,315	630,529	7.89	1,247,707	16,008,455	7.79	21,508	155,587	12.48	0	33,449,917	0	Winchester	21,137	265,698	18.19	6,494,907	53,165,582	12.22	
Otis	1,394	396,840	11.33	0	3,271,949	0	26,951	139,387	15.03	0	43,029,748	0	Windsor	856	108,149	15.65	0	1,172,363	0	
Oxford	13,641	100,517	15.97	0	14,715,509	0	6,327	191,727	18.76	1,094,485	16,633,008	6.58	Winthrop	20,154	106,260	9.59	2,899,234	18,281,414	15.86	
Palmer	12,849	76,237	16.44	0	12,941,111	0	9,102	143,743	17.42	0	15,933,815	0	Woburn	37,042	166,308	12.92	0	74,972,774	0	
Paxton	4,530	121,167	15.72	24,027	6,441,298	0.37	17,159	248,319	26.07	13,108,621	56,353,701	23.26	Worcester	173,966	112,539	14.46	0	202,523,976	0	
Peabody	51,441	150,820	12.32	0	79,501,301	0	3,721	94,474	10.67	0	3,574,382	0	Worcester	1,272	11,739	12.58	142,635	1,943,644	7.34	
Pelham	1,404	106,506	14.74	210,553	2,643,510	7.96	9,015	147,771	18.96	975,000	12,493,508	7.8	Wrentham	11,116	174,654	18.76	0	20,708,476	0	
Pembroke	18,595	139,112	18.03	0	25,619,068	0	13,994	196,508	15.56	5,208,143	33,284,436	15.65	Yarmouth	24,010	272,443	10.72	2,329,253	38,174,904	6.1	
Pepperell	11,409	115,913	19.41	0	12,610,840	0	16,237	139,288	13.2	0	21,232,391	0	Total	6,449,755</						

A Ten-Year Perspective on Proposition 2½ Overrides *continued from page 4*

Population groups	Number in sample	Total impact of overrides	Total FY97 levy limit	Overrides as pct. of levy limit	Number of comm's. with overrides	Pct. of comm's. with overrides
3,700 and under	88	15,860,805	270,833,149	5.86	34	38.64
3,701–10,200	88	71,675,605	1,049,230,074	6.83	53	60.23
10,201–21,400	88	133,476,051	2,284,703,608	5.84	38	43.18
21,401 and over	87	106,190,521	7,252,647,385	1.46	20	22.99

Table 2

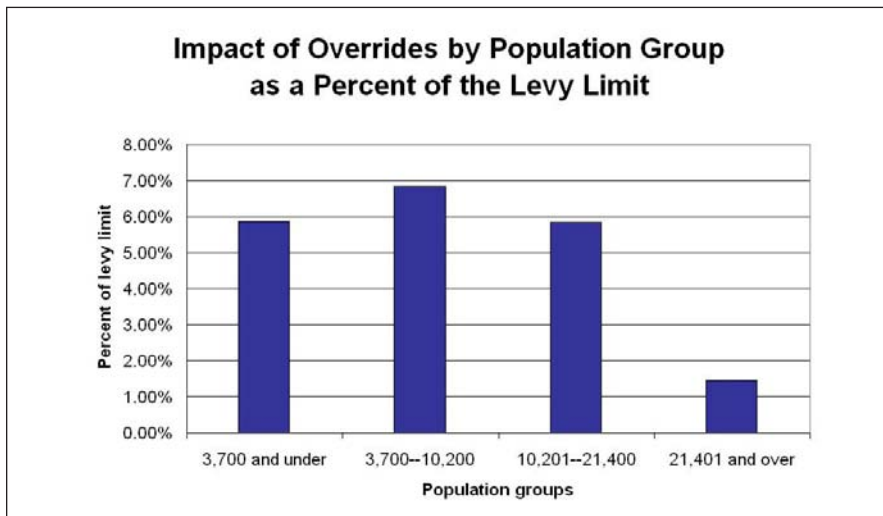


Figure 2

couple of years in our 10-year period when overrides totaled only \$8.3 million in FY99 and \$6.8 million in FY2000.

Local aid grew rapidly between FY98 and FY02, with statewide Chapter 70 increasing by \$924 million and lottery aid growing by \$238 million, plus supplemental distributions that totaled another \$288 million. During the period from FY02 through FY06, however, the flow of additional aid came to a halt as statewide Chapter 70 grew only \$76 million, lottery aid decreased by almost \$17 million and additional assistance was cut by close to \$98 million. As expected, override activity increased markedly during this period when local aid stagnated. It was not until FY06 that override activity actually peaked at close to \$50 million with 53 communities having successful votes. This no doubt reflects the impact of several years of flat local aid and the fact that statewide free cash balances hit a 10-

year low point in FY05, which translated into less free cash available to support FY06 budgets.

Next, we analyze the impact of overrides on each municipality's FY08 levy limit (see Table 1). To do this, overrides were compounded by 2.5 percent for every year that their initial year of application preceded FY08. The compounded impact of FY99–FY08 overrides statewide totaled \$327.2 million or 3 percent of the statewide FY08 levy limit.

Although the statewide tax levy increased by \$4.24 billion from FY99 to FY08, overrides contributed a relatively modest \$327.2 million or 7.7 percent of the total increase. The impact on individual communities, however, varied considerably. For example, in **Phillipston** the impact of overrides as a percent of the FY08 limit was close to 30 percent, with **Chilmark** and **Truro** following at 27.5 percent and 27.1 per-

cent, respectively. **Wellesley** had the largest dollar amount added to the limit at \$15.2 million or 19.3 percent of the FY08 limit, followed by **Lexington** (\$14.5 million) and **Sudbury** (\$13.1 million). The only city to approve an override during this period was **Newton**, where voters approved an \$11.5 million override in FY03.

To determine if there is a relationship between population and the approval of overrides we ranked municipalities by population (2007 Census Bureau estimates) and divided them into four groups with an equal number of communities in each (community rankings by population, EQV and pupils as a percent of total population can be found at: www.mass.gov/Ador/docs/dls/mdmstuf/Prop2_LevyCap_RefVotes/overridefocusgroupings.xls). The results (see Table 2) show that the quartile with the state's largest communities (more than 21,400 in population) are far less likely to have used overrides than the smaller communities in the other three quartiles. In fact, the smaller three quartiles have added, on average, more than 6 percent to their FY08 levies while the largest quartile has averaged only 1.46 percent.

The number of communities within each population group passing overrides over this 10-year period is also telling. In the three smallest quartiles (less than 21,401 population) more than 47 percent of the communities had successful overrides, while only 23 percent of those in the largest quartile had approved an override. It appears then that the influence of population on override behavior doesn't vary materially until the most populous quartile, which contains the state's largest cities, most of which have not attempted an override.

We also looked at the relationship between property wealth per capita and overrides. To measure property wealth, we used the 2006 equalized valuations (EQV) divided by the 2007 popula-

A Ten-Year Perspective on Proposition 2½ Overrides *continued from page 7*

Overrides by EQV Per Capita						
EQV per capita	Number in sample	Total impact of overrides	Total FY97 levy limit	Overrides as pct. of levy limit	Number of comm's. with overrides	Pct. of comm's. with overrides
107,100 and under	88	11,275,485	2,014,043,025	0.56	14	15.91
107,101–141,200	88	29,238,240	1,783,364,257	1.64	32	36.36
141,201–201,400	88	100,789,511	4,303,322,251	2.34	39	44.32
201,401 and over	87	185,899,746	2,756,684,683	6.74	60	68.97

Table 3

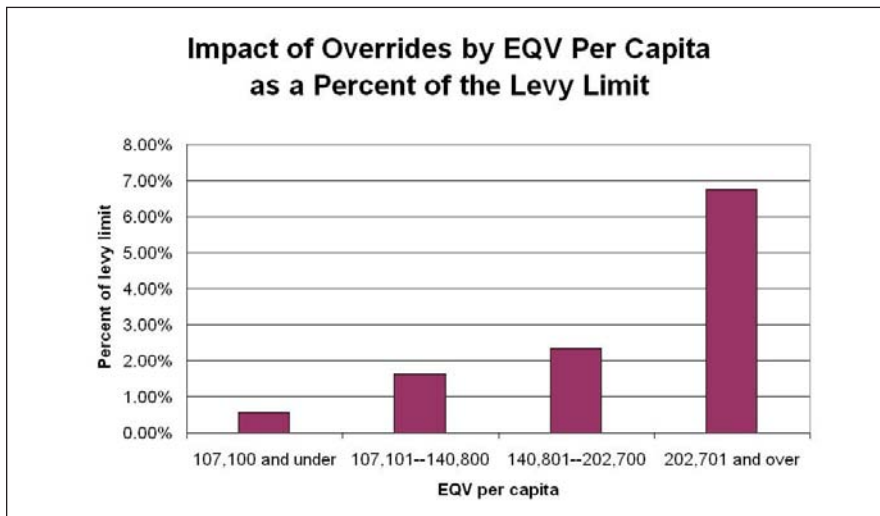


Figure 3

tions. Using EQV per capita, we again classified communities into four equal groups or quartiles. The results (see Table 3) show a very strong relationship between property wealth and overrides applied to the levy limit over the 10-year period. For the group with the lowest EQV per capita, overrides contributed, on average, only .56 percent to their FY08 levy, while the highest EQV per capita quartile added an average of 6.74 percent, or 12 times the amount added by the lowest quartile.

The two quartiles below the median community EQV per capita increased their limits by only \$40.5 million during this period while the two quartiles above the median increased their FY08 levy limits by \$286.7 million. The percentage of communities approving overrides also increases markedly as EQV increases. Of the 88 communities with the lowest EQVs, 14 or 15.9 percent have

passed at least one override, while 60 communities or about 69 percent of those in the highest EQV group have passed an override.

Finally, we looked at the commonly held notion that communities with a high percentage of public school children are more likely to pass overrides. Since school costs represent such a significant portion of local spending, they can often be the driving force behind overrides. During the last seven fiscal years (FY02 through FY08), more than \$206 million dollars or 77.7 percent of the \$266 million approved statewide were either specifically for education or “general operating” expenses. Since school spending constitutes roughly half of the average municipal budget, general operating overrides not earmarked for a specific service are likely to have provided significant benefit to school departments.

To analyze how school population affects overrides, we ranked the communities based on the October 1, 2007, foundation enrollment as a percent of total 2007 population (see Table 4). As expected, we found a very strong correlation between the percentage of public school children and the impact of overrides. For those communities with lowest percentage of pupils, overrides accounted for only 1.1 percent of the FY08 levy limit, while the impact of overrides totaled almost 7 percent of the levies of those communities with the highest percentage of pupils. The average percentage added in the lowest two quartiles of enrollment percentage was about 1.4 percent while the highest two quartiles added more than 5.7 percent, or more than four times the percentage added by the lower enrollment communities.

It is clear from the data presented in this article that the impact of Proposition 2½ overrides has varied widely across the state. Clearly, those communities that have high levels of property wealth or a high percentage of public school pupils have been more successful than other communities in using the override process to expand their revenue base. Over the last 10 years, a total of 145 or 41.3 percent of all communities have passed at least one override. When the 206 communities that did not pass an override during this period are excluded, overrides contributed, on average, 9.76 percent of the FY08 levy limit of these 145 communities.

While many Massachusetts municipalities have chosen to increase their property taxes through overrides, a more compelling story might emerge from those communities that have not been successful in this regard. If the results of this analysis point to real barriers to passing overrides in poorer communities and those with low public school enrollment, then the recent shortfalls in state lottery revenues may be especially problematic, particularly to the low prop-

Special Purpose Stabilization Funds continued from page 1

money appropriated for a particular purpose will be used for that purpose and will not be diverted.

Creation of a special purpose stabilization fund, and an appropriation to that fund, requires two-thirds vote of a city council, town meeting or district prudential (or similar) committee. The vote must clearly define the purpose of each fund established. Under the amended law, creating and appropriating to a general stabilization fund now also requires two-thirds vote.

There are two options for building balances in a special purpose stabilization fund. One is the traditional appropriation in a budget line-item, or in an article, from within the levy or from other general fund revenues. Balances can also be transferred in from other existing accounts.

A second new funding option is referred to as an override, but in fact, has characteristics of both a Proposition 2½ override and exclusion. Like an override, additional tax revenue can be raised year-after-year without town-wide or city-wide referendum votes beyond the year of inception. However, like an exclusion under Proposition 2½, the levy limit increase need not be permanent. Solely through the action each year of the selectmen, or city council, it can be continued, lowered or deferred entirely and resumed in a later year. In any event, each year, the amount available increases by 2.5 percent.

For example, let's say that the town's voters approve a \$100,000 override for

a capital project stabilization fund in FY2008 and town meeting votes to create the fund and appropriate \$100,000 to it. In FY2009, \$102,500 ($1.025 \times \$100,000$, 1.025 being 2.5 percent of the original override amount) is available for "appropriation" and that entire

Ultimately, special purpose stabilization funds are most effective as a revenue source, or savings account, for anticipated expenditures. They work best when used to build moderate balances and to pay mid-level expenditures that the community will eventually have to make, like building maintenance, road repairs and vehicle purchases.

amount is "appropriated." For FY2010, \$105,062 ($1.025 \times \$102,500$) is available, but only \$80,000 is "appropriated." The amount available in FY2011 now becomes \$82,000 ($1.025 \times \$80,000$), but the selectmen choose to make no appropriation. The amount available in FY2012 is \$82,000 ($1.025 \times$ last appropriation made, *i.e.*, \$80,000).

Ultimately, special purpose stabilization funds are most effective as a revenue source, or savings account, for anticipated expenditures. They work best when used to build moderate balances and to pay mid-level expenditures that the community will eventually have to make, like building maintenance, road repairs and vehicle purchases.

Building stabilization balances through an override unquestionably involves an increase to the tax levy, but special purpose stabilization funds provide an important response to resident's concerns about the absence of long-term planning in municipal government. If considered thoughtfully and implemented prudently, they offer a vehicle that can help a community think and act in a forward looking manner, and effectively plan for future costs.

For more information, please see the DOR Information Guideline Release (IGR) 04-201 which is accessible from the DLS website. Go to www.mass.gov/dls, click on Quick Links (more) and then the Information Guideline Release link. ■

Please remember to update the online Local Officials Directory so that both municipal and state officials have accurate contact information.

Financial Planning continued from page 2

maintenance work, and changes in the Massachusetts School Building Authority (MSBA) reimbursement program. To gain more transparency and accountability in this area, we consolidated responsibility for maintenance of all buildings under a single standalone department. This is also intended to insure that maintenance of the town's infrastructure is not subordinated to other budget priorities. Work is ongoing to improve the financial plan for the long-term maintenance of our buildings, but in the meantime, town meeting will have better visibility to the condition of the buildings, and be in a better position to monitor the town's performance in this area.

Gain buy-in for your strategy

The success of major strategic initiatives requires active support from various boards and constituencies. Our health insurance and facilities maintenance initiatives have required the full support of the Board of Selectmen, School Committee, Board of Public Works, Library Trustees, Recreation Commissioners, Advisory Committee, as well as other boards. Voter approval of the OPEB funding exclusion required a significant campaign to educate town meeting members and the voters on this complex issue. Gaining this support has required multiple years of public emphasis on the financial implications of these issues. It has also required us to give the impacted boards, taxpayers and residents every opportunity to help shape the town's action plan. I have come to appreciate that the scope and quality of this process within a municipal environment is more important than speed of execution, which is typically the higher priority in the private sector.

Simplify

Many of our current financial planning challenges, especially health insurance, OPEB, and the body of law pertaining to these areas, are extremely complicated. Helping town meeting members and voters understand these issues

and the town's strategies for dealing with them has required us to limit the focus of presentations and discussions to the key concepts and analogize to better known concepts, e.g., pension liabilities. We have also found it helpful to reiterate these key concepts in multiple forums, to reinforce everyone's appreciation of the issue.

Create a dashboard

All successful corporations use some type of "dashboard" for monitoring the financial health and leading indicators for their business. This promotes the early identification of business issues and trends and promotes the development of more effective plans. This tool is also useful in municipal government environments. In Wellesley, our dashboard includes the following elements:

- Forecasted trend in state aid, new growth, interest income and other local revenues;
- Forecasted trend in reserve levels;
- Funded status of retirement obligations (pension and OPEB);
- Impact of historical and projected levy increases, overrides and exclusions on the median tax bill; and,
- Condition of major infrastructure elements for each of the town's buildings.

Continuous visibility of these and other variables has helped to avoid financial surprises and proven helpful to sustaining commitment to the town's major strategic initiatives. (Please see Editor's note below for more on "dashboards.")

Emphasize the need for accountability

Wellesley has historically supported Proposition 2½ overrides to sustain the town's investment in its schools and other municipal services. At each annual town meeting, much attention is given to projections of potential overrides in upcoming years. In recent years, we have improved the quality of these projections by holding each board publicly accountable for variances between their budget requests and their prior year projections.

Conclusion

While communities differ in terms of the specifics of their financial planning challenges, the tools and approaches that are useful in addressing those challenges are common and similar to those used in the private sector. Assessing the level of financial risk and setting priorities accordingly, gaining buy-in for strategic initiatives, improving the quality of management information, and holding individuals and groups accountable for performance are each equally relevant in the public and private sectors. Continuous improvement in our approaches to these and other financial planning tasks is critical to the good health of our cities and towns. ■

Editor's note: The metaphor of a dashboard espoused above has begun to enter the municipal lexicon. A dashboard, like the opening page of DLS' Gateway, is typically real-time data collected and modeled within web-based software. The metaphor compares the representation of data critical to a community's performance to an automobile's dashboard, where analogous real-time information about the performance of the vehicle is always accessible and up-to-date for the driver.



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The New and Improved Community Preservation Fund Report (Form CP-2)

Barbara Dakin and Maura O'Neil, Field Representatives, Bureau of Accounts

Since the enactment of the Community Preservation Act (CPA) in September of 2000, 133 communities have adopted it. Acceptance of the act requires approval of both the city or town's legislative body and its electorate. Once adopted, the CPA allows communities to collect a surcharge, not to exceed 3 percent, on all real estate taxes assessed. Communities that have accepted the CPA have adopted percentages between 0.5 percent and 3 percent. What follows is a brief explanation of changes to the reporting requirements for communities that have adopted the CPA, and the resulting changes that have been made to the Community Preservation Fund Report (Form CP-2).

All CPA communities are required to file three annual reports as prescribed in Part VII of IGR No. 00-209 (as amended by IGR No. 01-207 and IGR 02-208). Two of the reports, the Form CP-1 and Form CP-2, are submitted to the Division of Local Services (DLS). The Form CP-1, or Community Surcharge Report, must be submitted to the Municipal Data Management/Technical Assistance Bureau (MDM/TAB) by September 15 to receive the trust fund distribution on October 15. The Form CP-2, or Community Preservation Fund Report, is due October 31 to the Bureau of Accounts (BOA), sooner if the tax rate is set earlier. The third report, the Form CP-3: Community Preservation Initiatives Report, is submitted to the Executive Office of Energy and Environmental Affairs (EOEEA) by September 15 to receive the trust fund distribution. Recent changes to the forms and reporting requirements are found in Bulletin [2008-08B](#).

The CP-1 is a four-line report capturing the surcharge details that must be filed to receive the state trust fund distribution. Communities must report the net surcharge raised for the fiscal year. The

amount of the distribution is calculated as a particular percentage of the net surcharge amount reported. The form is completed and signed by the Board of Assessors and the Accounting Officer. The annual distribution received in fiscal year 2009 will be the first less than 100 percent of the previous year's net surcharge assessed.

Form CP-3 is submitted to the ... EOEEA by September 15 to receive the trust fund distribution. Recent changes ... are found in Bulletin [2008-08B](#).

The original CP-2 was modeled after a similar form used to report the activity of the Cape Cod Land Bank (CCLB). The revenue from the Land Bank surcharge is for the acquisition of open space only and is accounted for as a receipt reserved for appropriation. The CCLB did not have the complexities that are associated with the CPA. Communities that adopt the CPA must appropriate or reserve at least 10 percent of estimated annual revenue for the three basic categories 1) open space 2) historic resources and 3) community housing.

BOA took the opportunity to revise the CP-2 while working on the Miscellaneous Forms section of the new Gateway system. The Community Preservation Fund Report, or CP-2, is a statement of revenues, expenditures and fund balances summarizing the activities of a city/town's CPA special revenue fund for a specific fiscal year. The form is used by the BOA to help ensure that the amounts reported as available funds on the Schedule A-4 submitted with the Tax Rate Recap sheet were available for appropriation at both annual and special town meet-

ings. Before making any changes to the form, BOA contacted EOEEA. As a result, it was decided that the CP-2 form no longer needed to be submitted to EOEEA. EOEEA requested BOA to remove their address from the form as the CP-3 is the only report they require.

The categories of the fund uses on the previous form, Expenditures/OFU, if followed literally, led to issues arriving at the proper detailed fund balances. The fund balance details were cumbersome to complete using the categories provided. The revenue section of the revised CP-2 has minor changes, and the reporting categories for the expenditure section have been consolidated to: expenditures for special purpose, expenditures for debt by special purpose, administrative expenses and other. The "other" category in both the revenue and expenditure section is used to report items that do not fit in any of the specific categories. The detail fund balance section has had major changes, and is now easier to complete. The reporting categories for the fund balance detail follow the account titles and account numbers prescribed in the Uniform Massachusetts Accounting Manual.

There is also a new section for additional comments, and a section in which the community is asked to check off whether or not they met the requirement to appropriate or reserve for future appropriation at least 10 percent of the estimated annual fund revenue for open space, historic resources and community housing. If the answer to that question is no, there is a section for a community to write a brief explanation on how they plan to meet the requirement. In the first year of implementation only, if a community fails to make appropriations or reservations for any of the three special purposes, the accounting officer is authorized to establish the re-

continued on page 12

A Ten-Year Perspective on Proposition 2½ Overrides *continued from page 8*

Overrides by Pupils Attending Public Schools						
School attending children as pct. of population	Number in sample	Total impact of overrides	Total FY97 levy limit	Overrides as pct. of levy limit	Number of comm's. with overrides	Pct. of comm's. with overrides
13.36 and under	88	47,671,004	4,265,194,847	1.12	29	32.95
13.37–15.58	88	44,824,179	2,498,502,501	1.79	28	31.82
15.59–17.89	88	83,086,681	1,920,642,087	4.33	37	42.05
17.90 and over	87	151,621,118	2,173,074,781	6.98	51	58.62

Table 4

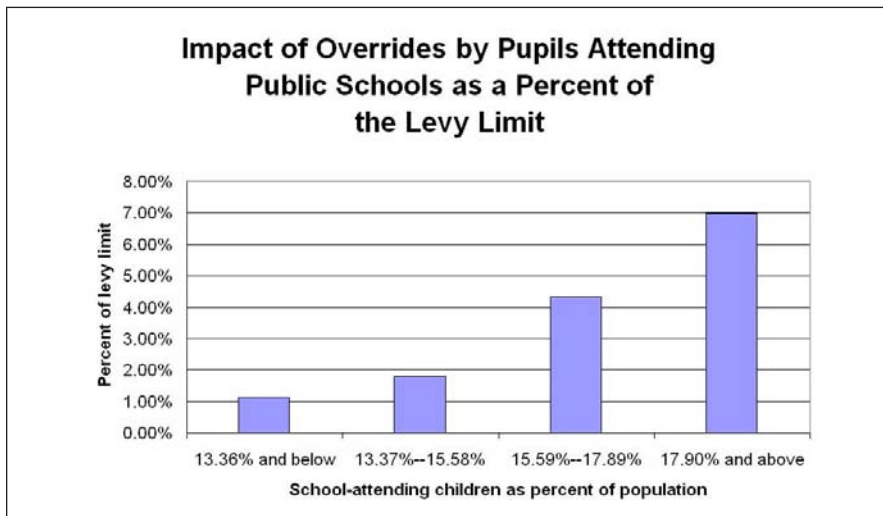


Figure 4

Mark Your Calendars

“What’s New in Municipal Law” will be held on Friday September 26, 2008, at the Log Cabin Banquet and Meeting House in **Holyoke** and Friday, October 3, 2008, at the Lantana in **Randolph**. This full-day seminar reviews new legislation and recent court decisions pertinent to local government in the morning and offers participants the opportunity to select one of three simultaneous workshops in the afternoon. Seating at this seminar is limited. Please register early. The registration form is available on our website.

Assessment Administration: Law, Procedures and Valuations (Course 101) will be offered at **Barnstable** High School on Tuesday evenings from 6 p.m. to 9 p.m. on October 7, 14, 21, 28 and November 4 and 18. Please note that there is no class on November 11 in observance of Veteran’s Day.

For more information regarding training opportunities offered by the Division of Local Services, please contact Donna Quinn, Training Coordinator, at 617-626-3838 or via e-mail at quinnd@dor.state.ma.us. ■

erty wealth communities. Since state lottery aid is effectively targeted to these low EQV communities and, as our data show, can mitigate the need for an override when increasing, it is troubling that lottery aid has had to be supplemented with general fund state dollars in each of the last three years to maintain promised cherry sheet amounts. Against this backdrop, short-term prospects for future additional lottery aid are not positive. This, together with the impediments suggested by this analysis to passing overrides in many of the state’s communities, is likely to add urgency to more serious discussions about breaking down parochial obstacles to cutting costs and regionalizing services. ■

Editor’s note: City and Town encourages the public dissemination and discussion of issues, data and analysis presented in these pages, but respectfully requests that our newsletter be credited or cited as a source in cases where this information appears in other publications.

CP-2 *continued from page 11*

serves. This issue is addressed in Bulletin 2002-12B.

Before finalizing the new format, BOA recruited several accounting officials to test the new design. The feedback was positive, noting that the aforementioned changes made it so that little time is now needed to prepare and the report is now much easier to complete.

In addition, after requests from users, BOA has prepared written instructions on how to complete the CP-2. The [form](#) may be found on our website or in the Misc. Forms tab in Gateway; the [instructions](#) may be found on our website. ■

DLS Profile

James Reynolds Works His Way to the Top

S.J. Port, Director of Policy and Communication



Jim Reynolds

Senior Deputy Commissioner James Reynolds is approaching his 30th anniversary with the Department of Revenue (DOR). Appointed as senior deputy in February of 2008, the kid from Dorchester has grown up at DOR, playing various roles in each of the three major areas within the agency.

“My original appointment at DOR was for an eight week summer internship,” says Reynolds. “Thirty years later, I’m still here!”

As a summer intern, Reynolds was assigned to what was then the Planning and Research Bureau (now the Division of Local Services’ MDM/TAB). It was then that he became interested in the process of compiling and issuing Cherry Sheets to cities and towns — and, more expressly, how the process could be automated.

“I remember that the release of the Cherry Sheets was quite an event back then,” recalls Reynolds. “My first year at DOR, I was asked to push a hamper containing all of the Cherry Sheet information for every city and town from the Saltonstall Building across Bowdoin Street to the Gardner Auditorium in the State House for an official release. I was under strict orders not to let anyone come near the hamper but local officials were there in force and swarmed me, hoping I’d give them a glimpse of their aid number.”

Through this and experiences that followed, Reynolds, grew to appreciate what an important role local government plays in the lives of the commonwealth’s citizens, and how DOR supports that role.

As DLS began their own training programs, Reynolds was also involved.

“I’m quite proud of the role I played in the development and rollout of the DLS Assessors Course, which made it easier for the department to provide much needed training to city and town officials,” he says.

Just prior to becoming Senior Deputy Commissioner, Reynolds was the Deputy Commissioner for Administrative Services. The Division of Administrative Services oversees bureaus such as Financial Services, Human Resources, Labor Relations, Employee Training and Facilities, which interact with the three distinct areas of DOR (Taxation, Child Support Enforcement, and DLS) and must learn to complement each area’s individual mission.

Reynolds compares his role as senior deputy commissioner to that of a chief operating officer.

“Many of the decisions I make impact DLS directly,” says Reynolds. “I like to think that I play a small part in the success of DLS by ensuring that Bob Nunes and all of his employees have the necessary tools to continue their important work in helping communities achieve sound fiscal management.”

In his new position, Reynolds finds he has to push back on people more, saying “no” more often.

“I find myself in the middle of conflicts where I need to bring two sides together. Diplomacy has certainly become one of my most used skills.”

Reynolds is making more decisions in a single day than ever before, and finds common sense and preparation imperative to moving forward in an efficient manner despite the “fires” that ignite. That said, it is the unpredictable nature of the role that he enjoys.

“That’s what I love about my job. No two days are alike,” says Reynolds. “One day may be spent on issues impacting the Child Support Enforcement Division; the next day might be spent on tax issues, another day on city or state budget issues, another day on labor issues. There are so many facets to this job.”

Finding time to be at his desk, accomplishing his own tasks, and checking back in with the agenda is often a challenge, says Reynolds. “The hardest part of the job is finding time in the day to accomplish my daily goals. If I don’t make time for myself, I would be in meetings all day long.”

Outside of DOR, Reynolds stays busy concocting vegetable recipes his three young children will eat. Like Commissioner Navjeet K. Bal, Reynolds has a passion for cooking and the way in which it draws family together.

“As I have gotten older, I have become more of a student of cooking, trying to understand how different ingredients match food.”

Evening and weekends are spent chauffeuring his three children (Samantha, 12; Kiernan, 9; and Lawton, 2) from the family home in Milton to various activities and events. “My kids are at ages where most of our free time is spent with their activities” says Reynolds. Reynolds and his wife, Linda, enjoy the rare opportunities to slip away, whenever possible, even if they are “too few and far between.” ■

Municipal Fiscal Calendar

September 15

Accountant/Assessors: Jointly Submit Community Preservation Surcharge Report. This report (CP-1) is a statement of the prior year's net Community Preservation Surcharge levy, and is used to distribute state matching funds on October 15.

September 30

Municipal and District Treasurer/Collector: Compensating Balance Report. If compensating balance accounts were maintained during the prior fiscal year, a report and account analysis schedules are required.

Accountant/Superintendent/School Committee: Jointly Submit End of Year Report to the DOE. Schedule 1: determines compliance with prior year Net School Spending requirement. Schedule 19: determines compliance with current year Net School Spending requirement.

Accountant: Submit Snow and Ice Report. This report is a statement of snow and ice expenditures and financing sources.

Treasurer: 4th Quarter Reconciliation of Cash for the Previous Fiscal Year (due 45 days after end of quarter or upon submission of a balance sheet for free cash/excess and deficiency certification, whichever is earlier). A reconciliation is the process of comparing the Treasurer's accounts to the Accountant's/Auditor's or Schools Business Manager's ledger balance to determine if they are consistent, and for the officials to make any necessary corrections. When the reconciliation is complete, the Accountant/Auditor/School Business Manager should indicate agreement with the Treasurer's balances. Reconciliations are required every quarter by DOR, but communities and school districts should reconcile monthly for their own purposes. The fourth quarterly report as of June 30 must be completed and returned to DOR. The first three quarterly reports of the fiscal year should be completed timely and filed in both the Treasurer's and Accountant's/Auditor's or School Business Manager's offices for possible BOA inspection or audit. Municipalities and school districts may also use these reports to monitor cash practices of the Treasurer's office. If the Accountant/Auditor/School Business Man-

ager and Treasurer are not consistently reconciling cash accounts, or if the reconciliations indicate variances, the Mayor, Selectmen or School Committee should inquire as to the reasons.

Treasurer: Statement of Indebtedness. Massachusetts General Laws Ch. 44, Sec. 28 requires the Director of Accounts to maintain complete and accurate records of indebtedness by cities, towns and districts. This statute also requires Treasurers to furnish any other information requested by the Director in respect to the authorization and issuance of loans. This Statement is the annual report required from Treasurers to accomplish this purpose. Treasurers should reconcile their debt records with the Accountant/Auditor before filing the Statement of Indebtedness to ensure that the Statement and balance sheet are in agreement.

State Treasurer: Notification of Quarterly Local Aid Payments on or Before September 30. When local aid payments are transmitted to communities, the cover letter indicates what funds (e.g., Ch. 70, Lottery) will be made available, less quarterly assessments (see Cherry Sheet attachment for details).

October 1

Collector: Mail Semi-Annual Tax Bills. For communities using the regular semi-annual payment system, actual tax bills or optional preliminary bills should be mailed by this date.

Taxpayer: Semi-Annual Preliminary Tax Bill — Deadline for Paying Without Interest. According to M.G.L. Ch. 59, Sec. 57C, this is the deadline for receipt of the preliminary tax payment without interest in communities using the annual preliminary tax billing system, unless the bills were mailed after August 1. If mailed after August 1, the payment is due November 1, or 30 days after the bills were mailed, whichever is later.

Taxpayer: Last Date to File Application to Have Land Valued and Taxed as Agricultural/Horticultural Land or Recreational Land, M.G.L. Ch. 61A and Ch. 61B.

October 15

Superintendent: Submit School Foundation Enrollment Report to DOE.

October 31

Accountant: Submit Schedule A for Prior Fiscal Year. This report is a statement of the revenues received, expenditures made and all other transactions related to the town's finances during the previous fiscal year. The Schedule A classifies revenues and expenditures into detailed categories that will provide information essential for an analysis of revenues and expenditures generated by various departments. This data, like other financial information reported to DOR, is entered into DOR's Municipal Data Bank; as such, the Department may provide time series, comparative and other types of analyses at the request of a city or town. This information is also sent to the US Census Bureau and eliminates a prior federal reporting requirement. Failure to file by October 31 may result in withholding major distributions of state aid until the Schedule A is accepted by BOA.

Selectmen: Begin Establishing Next Fiscal Year Budget Guidelines and Request Department Budgets.

Assessors: Begin Work on Tax Rate Recapitulation Sheet (to set tax rate for annual preliminary tax bill communities). A community that uses the annual preliminary tax bill system (on a quarterly or semiannual basis) should begin gathering tax recap information in order to have enough time for the tax rate to be set and tax bills mailed by December 31. See August's Complete Tax Rate Recapitulation Sheet. ■



City & Town

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