

**Packet for Finance Committee Meeting of  
May 17, 2022**

## GREAT BARRINGTON FINANCE COMMITTEE MEETING

April 19, 2022

1. Call to Order – P. Orenstein opened the meeting at 6:30pm; those present via zoom: Tom Blauvelt, Meredith O'Connor, Anne O'Dwyer, Philip Orenstein. Town Manager Mark Pruhenski, Finance Director Sue Carmel. Absent: Michelle Loubert  
Roll Call – T. Blauvelt, "aye," M. O'Connor, "aye," A. O'Dwyer, "aye," P. Orenstein, "aye."
2. Approval of Minutes for meetings of 11/16/21, 12/13/21, 2/7/22 and 3/15/22  
P. Orenstein made a motion to approve the November 16, 2021 minutes; A. O'Dwyer seconded. P. Orenstein asked if any discussion – it was noted T. Blauvelt did not attend the meeting. Roll call vote: M. O'Connor, "aye," A. O'Dwyer, "aye," P. Orenstein, "aye." All in favor, 3-0.  
  
A. O'Dwyer made a motion to approve the December 13, 2021 minutes; T. Blauvelt seconded. P. Orenstein asked if any discussion – there was none. Roll call vote: T. Blauvelt, "aye," M. O'Connor, "aye," A. O'Dwyer, "aye," P. Orenstein, "aye." All in favor, 4-0.
  - a. For the November 7, 2022 minutes A. O'Dwyer stated on p. 2 item 10. Add to the end "as those in Housatonic pay Housatonic Water Works for their water."A. O'Dwyer made a motion to approve the November 7, 2022 minutes as amended; P. Orenstein seconded. P. Orenstein asked if any discussion – it was noted T. Blauvelt did not attend the meeting. Roll call vote: M. O'Connor, "aye," A. O'Dwyer, "aye," P. Orenstein, "aye." All in favor, 3-0.
  - b. For the March 15, 2022 minutes, P. Orenstein stated he would provide corrected content for page 1, item #2 regarding the open meeting violation. A. O'Dwyer asked for item 7, iii to strike the word speculated and replace it with "need to be prepared" and for item 7, v. be added to the last sentence of item ii.A. O'Dwyer made a motion to approve the March 15, 2022 minutes with edits by P. Orenstein to item #2 and A. O'Dwyer's edits for item #7; P. Orenstein seconded. P. Orenstein asked if any discussion – it was noted T. Blauvelt did not attend the meeting. Roll call vote: M. O'Connor, "aye," A. O'Dwyer, "aye," P. Orenstein, "aye." All in favor, 3-0.
3. Recognition of Departing Committee Members – P. Orenstein and A. O'Dwyer thanked T. Blauvelt, M. Loubert and M. O'Connor for their dedication and years of service to the Committee and the community.
4. Finance Committee Member committee reports – T. Blauvelt, Finance Committee representative to the Community Preservation Committee, reported that CPA applications will be submitted for approval at Town Meeting. He also noted it is a great Committee to be involved with.
5. Discussion of replacement of Finance Committee representative on Community Preservation Committee - P. Orenstein stated the Finance Committee will need a new representative on the Community Preservation Committee and that it would be taken up after the election with the new Finance Committee once there is a replacement for M. Loubert.

6. Updated income criteria for senior tax-exemption – P. Orenstein reported that income criteria has been updated from \$20,000 to \$23,000 for an individual and from \$30,000 to \$32,000 for a couple - due to a cost of living adjustment. Information is in the packet and updated on the Town website.
7. Brief status update on study relating to an OPEB funding trust (postretirement medical benefits) – P. Orenstein stated he is working with staff to assemble information/data to understand the scope of the program and pay-as-you-go cost to the Town historically and into the future. M. Pruhenski added the plan was to establish the trust on the Town warrant this year, but will wait pending additional research/discussion. P. Orenstein noted perhaps the new Finance Committee member could work move it forward.
8. Town Manager –
  - a. Update on process to appoint replacement for resigning Finance Committee member – M. Pruhenski reported a replacement for Michelle Loubert on the Finance Committee has been advertised on the Town website and has/will be promoted on social media. The objective is to fill the position until the next election and if the individual chooses to run, it would be to fill out the balance of M. Loubert's term. M. Pruhenski also stated the joint Selectboard - Finance Committee meeting is currently scheduled for May 11 and 23 – taking place after the election.
  - b. Status update on legal review of Town's discretion over Unused Free Cash related to Cannabis tax revenue – M. Pruhenski stated we are awaiting response/perspective from Town counsel on how to use the cannabis funds go forward considering CCC guidelines, DOR advice and host agreements. Information should be available for the next Finance Committee meeting.
9. Presentation by Peter Dillon, Superintendent of Schools, Berkshire Hills Regional School District, regarding proposed \$1.5 million borrowing for the feasibility study regarding a new or renovated high school.
  - a. P. Orenstein opened the discussion making a statement: This is the first in likely a series of discussions over months and perhaps years regarding this latest effort to address the deteriorating condition of Monument Mountain High School – what is envisioned is a very large and significant investment in our young people and the community. The task of the Finance Committee is to focus on the financial aspects of the proposed project – the cost, where the money will come from and are funds properly spent – in other words, to ensure taxpayer funds are used efficiently and productively. It is not just about yes or no, support or not support; it is about specific financial details of each alternative – cost, allocated member town according to prevailing agreements and net cost to GB taxpayers in the current year and in the future. Therefore, it is my hope that our diligent and detailed financial questions should not be overly interpreted as support or not support of a particular proposal – it is simply this Committee doing its job.
  - b. Peter Dillon, Superintendent, Berkshire Hills Regional School District, provided an overview/update on the Monument Mountain Regional High School project noting the two previous failed votes for school renovation, He noted that since that time, there has been a revised regional agreement regarding the capital assessment formula that has reduced GB's portion of the total from 74% to 53%. Additional highlights included the expansion of vocational program offerings; the retirement of debt for the elementary and middle schools; changes in the make-up of the Town and numbers of voters; community outreach and MMRHS eligibility for Massachusetts School Building Authority (MSBA) funding.

P. Dillon presented a request for the Finance Committee to recommend and add to the Town Meeting warrant, the authorization to borrow \$1.5m for a feasibility study for Monument Mountain High School. The recommended approach, including guidance from the MSBA, is to evaluate and select one of the following options - new building construction; renovation and addition; or renovation - with the goal of identifying a preferred option – which would be costed out and sent to the voters for approval. He noted next steps would include appointing a building committee and community outreach/feedback. He noted MSBA funds are only available once for a feasibility study, which was done previously, so it is up to the towns to fund the new study – though some of the previous information is still relevant and can be used.

He also stated the Regional School District Planning Board is still considering consolidation/ collaboration of the two high schools with one campus at Monument – the feasibility study would consider one district or two and enrollment for a single or combined high school - looking at the implications for both. Enrollment is important in the MSBA process because of the differences in the size of the building.

- i. P. Orenstein asked about timing for doing a full study on the preferred option – P. Dillon replied under the MSBA, the initial study will evaluate all three options starting August 1 for 270 days to determine the preferred option. P. Orenstein also asked about the accuracy of estimates in the local press for the new school. P. Dillon stated the very rough estimate is \$80m-\$100m, but it is very premature at this point – the study will determine.
- ii. A. O'Dwyer asked if MSBA was aware of the options being assessed and the possibility of a merger – P. Dillon replied they are amenable to looking at a merger, or not. In addition, she asked if there was an estimate of how the \$1.5m would impact the annual budget – P. Dillon replied there would be no impact next FY – it would impact the following year, but would be folded into the larger project. He noted the cost would be allocated among the three towns according to the formula – GB's share to be approximately \$800,000. The first year would be a short-term note, with just the payment of interest, and then folding it into the larger project. A. O'Dwyer asked about MSBA's commitment – P. Dillon replied the state is committing to us and the expectation is that we will be successful and continue to move along in the process. A. O'Dwyer confirmed in the new Monument Mountain school there will be many more vocational offerings.

A. O'Dwyer made a motion that the Finance Committee recommend the warrant article authorizing borrowing for Monument Mountain Regional High School for a feasibility study for \$1.5m; T. Blauvelt seconded. P. Orenstein asked if any discussion – P. Orenstein stated it should be made clear that GB is covering its assessed portion of the debt. Roll call vote: T. Blauvelt, "aye," M. O'Connor, "aye," A. O'Dwyer, "aye," P. Orenstein, "aye." All in favor, 4-0.

#### 10. Proposed Amendment to Fiscal Year 2023 Budget

- a. Additional funding for students attending Taconic High School Vocational Program.
  - i. M. Pruhenski stated there are details in the packet and noted additional funding covers the increased number of students who were just accepted into the vocational program in April. He confirmed staff would work with Berkshire Hills and the bus company to organize the transport.
  - ii. P. Orenstein noted the number of students could increase next year and that timing was not aligned with the budget process. M. Pruhenski stated the issue is the same in other towns - they automatically budget for this at budget time.

- iii. T. Blauvelt asked if the School District had any E&D funds to help subsidize transportation costs
  - iv. A. O'Dwyer noted that other towns that have been doing this for a longer time have a revolving fund for this kind of situation.
  - v. S. Bannon stated Taconic High School does not accept students outside of its district until their students decide to attend. He also noted unfortunately, the E&D budget is fully expended. He agreed that timing is difficult and suggested budgeting for a certain number of students next year – and noted if Monument Mountain plans proceed, there would be a local vocational program for students which would resolve this issue.
  - vi. S. Carmel noted the transportation expense is estimated based on past cost, plus inflation.
- b. Great Barrington Fire Department – additional funding for water and hydrant rental.
- i. Chief Berger presented stating The GB Fire District initially did not expect a rate increase, but following its meeting, rates are increasing – hydrant 10% and water 5% for a total \$6,500 increase.
  - ii. A. O'Dwyer noted we were misinformed, and rates were decided after budgeting season – but there is no choice but to fund it. Chief Berger stated usually we are advised in advance of a rate increase. A. O'Dwyer suggested perhaps the Fire District should attend budget meetings.
  - iii. P. Orenstein stated he would reach out to the Fire District to better understand the process.
- c. Department of Public Works – request for additional \$70,000 in Capital Budget
- i. P. Orenstein stated this is regarding an oversight in the Capital Budget – the request for a highway truck did not include the snowplow package which is a necessity.
- d. Sue Carmel stated in the Wastewater Capital Budget there was a request for both a high pressure sewer jetter and cleaner - which is a duplicate request. The jetter for \$102,000 will be removed from the budget. The new Wastewater Capital Budget is \$405,251.
- e. P. Orenstein and S. Carmel clarified that the previous tax levy increase was 2.4% and is now 3.2% – reflecting a 1.2% increase. The aggregate budget was 3.6% and is now 4.1%. It was noted that the bulk of that is vocational program transportation, and the total operating budget increase is \$186,500.
- A. O'Dwyer made a motion to recommend an increase to the Town Operating Budget for FY23 of \$186,500 to support vocational transportation and the Great Barrington Fire Department; T. Blauvelt seconded. P. Orenstein asked if any additional discussion – there was none. Roll call vote: T. Blauvelt, “aye,” M. O'Connor, “aye,” A. O'Dwyer, “aye,” P. Orenstein, “aye.” All in favor, 4-0.
- A. O'Dwyer made a motion to revise the FY23 capital budget to \$5,705,279; T. Blauvelt seconded. P. Orenstein asked if any additional discussion – T. Blauvelt asked if the property tax rate would be impacted by the change in the Capital Budget – S. Carmel replied the property tax rate is not impacted because of the Wastewater is solely funded through the Enterprise Fund - the Wastewater budget does not affect property taxes. Roll call vote: T. Blauvelt, “aye,” M. O'Connor, “aye,” A. O'Dwyer, “aye,” P. Orenstein, “aye.” All in favor, 4-0.

11. Fiscal Year 2022 Reserve Fund requests

- a. A. Department of Public Works - \$50,000 for fuel and utility costs –
  - i. It was stated that the additional costs are in the lines Public Buildings for electricity and Highway for street lights and gas/diesel. S. Carmel noted once the \$50,000 is transferred to the three line items, if the funds are not entirely used, the remainder will go to free cash/reserve account at year-end.
  - ii. A O'Dwyer noted snow/ice budget would be over, but it was clarified that it can be covered/raised in the tax rate next year.
  - iii. P. Orenstein asked about DPW oversight in S. Van Deusen's absence – M. Pruhenski stated Lisa the administrative assistant for the Department will continue to manage bills.
- b. Great Barrington Fire Department - \$25,000 for equipment repair and maintenance
  - i. Chief Berger stated the Fire Department is budgeted for regular repair/maintenance, but there was recently two unexpected expenses - \$22,000 for a major repair and a \$3,000 for SCBA bottles that was not included in the budget. He noted budget is very tight so these expenses cannot be absorbed in the maintenance budget due to overall cost increases. He stated he is \$20,000 over budget and is making a request for a transfer of \$25,000 including an additional \$5,000 for the remainder of the year.

A. O'Dwyer made a motion to approve the reserve fund transfer request for the GB Fire Department for \$25,000 for equipment repair and maintenance; T. Blauvelt seconded. P. Orenstein asked if any additional discussion – there was none. Roll call vote: T. Blauvelt, "aye," M. O'Connor, "aye," A. O'Dwyer, "aye," P. Orenstein, "aye." All in favor, 4-0.

A. O'Dwyer made a motion to approve the reserve fund transfer request for the Department of Public Works for \$50,000 for fuel and utility costs; T. Blauvelt seconded. P. Orenstein asked if any additional discussion – P. Orenstein stated that overages for snow/ice, overtime and supplies do not need to be addressed by the reserve account. Roll call vote: T. Blauvelt, "aye," M. O'Connor, "aye," A. O'Dwyer, "aye," P. Orenstein, "aye." All in favor, 4-0.

P. Orenstein stated there is \$25,000 remaining in the reserve account.

12. Update from Finance Director – Budget Report as of March 31.

- a. S. Carmel reported that at 9 months into the fiscal year, the budget is 67% expended, but noted that debt payments do not show until April. She stated Police Department overtime is 85% expended, but the bottom line is under 75% spent, so no issues are anticipated. She also noted snow/ice is at a \$72,000 deficit, but there is \$37,000 in purchase orders outstanding so that may reduce the deficit.
- b. P. Orenstein asked what happens when the reserve fund is expended – S. Carmel stated there is a six-week period at year-end in May-June where budget funds can be transferred between departments with Selectboard and Finance Committee approval. Also, within the same timeframe, the Selectboard and Finance Committee can approve moving funds between salary and non-salary items.

13. Future Meeting Schedule – Committee reorganization Tuesday May 17 at 6:30pm - P. Orenstein stated he would reach out to the two individuals running for Finance Committee asking if they can make the date. T. Blauvelt noted members must be sworn in before participating in a meeting. Milena Cerna stated she could attend a May 17 meeting.

14. Citizen Speak Time

- a. James Garzon, 84 North Plain Road thanked the Finance Committee members whose terms are ending for their service. He also stated for the warrant article for the High School, he objected to viewing the new debt as just replacing the one being retired. He also encouraged the two high schools to come together. He also expressed thanks for focusing on the cannabis funds and its allocation.

15. Media Time

16. Adjournment – P. Orenstein adjourned the meeting by unanimous consent at 8:15pm.

Respectfully submitted,

Stacy Ostrow  
Recording Clerk

Great Barrington Finance Committee  
Future Topics of Discussion  
Version of May 2022

<i><b>Topic</b></i>	<i><b>Timing</b></i>
Assign new representative to Community Preservation Committee	current
Clarify guidelines for Unused free cash generated by Cannabis tax revenues	Current, waiting for guidance from Town Counsel
Study creation of funding trust for postretirement medical benefits (OPEB TRUST)	March – Sept 2022
Invite Assessor, town collector and possibly others to speak about their departments	TBD
Review of locating budget reserves within health & life insurance line item	Discuss with town staff
Housatonic Water Works – financial impact of any proposed change of control/ownership	As required by spending/borrowing proposals
Monument High School – financial impact of proposals to renovate or rebuild	As required by spending/borrowing proposals
Budget Policy review and update	Sept – November 2022
FY 2024 Budget	January 2023
Review of building inspector's fees (the current fee schedule is dated July 2012)	TBD



## **Great Barrington Budget & Financial Policy for Fiscal Year 2022**

The Town of Great Barrington will manage municipal finances wisely. This will include planning for adequate funding to: 1) Provide and maintain public services and facilities at a level that will ensure public well-being and safety; 2) Comply with all State and local by-laws, rules and regulations; and 3) Meet the strategic priorities of the Town.

The budget and financial goals set forth by the Town Selectboard and the Finance Committee in the policy document outlines the priorities and objectives of the Town and provides agreed upon financial guidelines to be used in the preparation and review of the annual budget.

### **STRATEGIC PRIORITIES**

- Ensure public safety.
- Ensure public health.
- Maintain a strong local economy.
- Strive for a high quality of life.
- Seek environmental sustainability.
- Ensure the fiscal stability of the Town.
- Maintain public infrastructure.
- Follow Great Barrington's Master Plan.

### **FINANCIAL GOALS**

- Maintain adequate financial resources to sustain municipal services in the short and long term.
- Respond to the changes in the economy and meet the priority needs of the Town.
- Provide quality services efficiently and on a cost-effective basis.
- Maintain our top level bond rating.
- Work to keep the overall tax levy reasonable in consideration of other priorities and goals.

### **FINANCIAL MANAGEMENT POLICY**

#### Revenue

- Services provided may not exceed available resources.
- Process must provide quality estimates of anticipated revenue.
- Process must anticipate any changes in revenue in upcoming years.
- Seek to diversify revenue sources.
- Estimate available resources including state funds, local funds, fees, grants and other sources.
- Estimate available resources including state funds, local funds, fees, grants and other sources.

#### Real Estate Tax

- Town should restrict levy to a 2.5% increase over the prior year levy limit adjusted for new construction growth and net debt and capital exclusions, as per Mass General Law.

- Proposed budget to not exceed legal property tax levy. Evaluate estimated tax rate based on level of affordability including: average and median income; average and median value of real property and the cost of living.

#### User Fees

- Establish user fees and other non-property tax revenues to recoup, to the extent possible, the costs of supplying a particular service.
- Review current department fee structures and charges for services annually to determine if they reflect the cost of the service and are also reasonable and affordable fees.

#### Debt Management

- Allow no borrowing to fund operational programs
- Debt service payments may not require the elimination of essential Town services
- Ensure that the Town's general obligation debt ratio not exceed 50% of statutory limit (5% of equalized valuation).
- Exempt from Proposition 2½ any long-term capital debt for municipal buildings, WWTP improvements, fire apparatus acquisition and school facilities improvements.

#### Service Delivery

- Manage financial resources through internal controls.
- Establish operation practices that minimize the cost of government and financial risk.
- Provide efficient public services.
- Minimize the cost of administration.
- Identify and measure performance outcomes.
- Review the level of services and standards annually.

### **BUDGET PREPARATION PROCESS**

The FY2022 budget will be estimated in accordance with municipal code and applicable state law. The budget is based on separate funds set forth from anticipated revenues and expenditures for the General Fund and the Enterprise Fund.

The annual operating budget will contain complete financial statements that show outstanding obligations of the municipality, cash on hand to the credit of each fund, funds received from all sources during the preceding year, funds available from all sources during the ensuing year, revenue estimates to cover expenses in the proposed budget and the estimated tax rate required to fund the proposed budget.

For Fiscal Year 2022, the Selectboard and the Finance Committee agree that the budget preparation and review process shall include the following steps:

1. Review and approve Finance Policy
2. Distribute Budget Books:
  - a. Forecast Revenues.
  - b. Updated Capital Plan.
  - c. Review Department Budgets.
  - d. Recommended Projects Proposed for CPA Funds.

3. Participate in BHRSD joint budget meeting with Stockbridge and West Stockbridge.
4. Hold Budget Workshop Meetings.
5. Hold Public Hearing.

The Selectboard and the Finance Committee will jointly set the dates for the above budget meetings.

For Fiscal Year 2022, the Selectboard and the Finance Committee agree that the following will be done to ensure there is community engagement in the budget process:

- 1) Provide on-line access to budget information.
- 2) Provide printed budget books for the public at the libraries.
- 3) Provide a digital budget book on the town website.
- 4) Hold open meetings and hearing.

### **LOCAL GOVERNMENT SERVICES**

- The Town Manager will prepare the budget for review by the Selectboard and the Finance Committee.
- The Town Manager may propose significant reorganizational changes and provide alternative ways to deliver services within the proposed budget.
- Performance objectives and goals will be identified and assessed.
- The Town Manager may propose elimination of services in the budget if it is not needed or cost-effective and/or propose new services as needed.
- Any service reductions shall be noted in the Fiscal 2022 budget presentation.
- Salaries and employee insurance contributions shall be set in the Fiscal Year 2022 budget pursuant to the Town's collective bargaining units and/or those already approved via a negotiated settlement and for non-represented personnel as authorized by the Town Manager.

For any proposed new initiatives, the Town Manager will:

- 1) Explain and justify the new needs(s).
- 2) Identify alternatives to what is being proposed and the pros and cons.
- 3) Identify the cost and benefit of the proposed alternative.
- 4) Identify financing source to pay for new need.
- 5) New need(s) include: any expansion of municipal services necessary; any additional staff and any additional resources needed to meet service needs or expanded service needs.

### **TOWN BUDGET FORMAT**

For Fiscal Year 2022, the Selectboard and the Finance Committee agree that the following will be done to ensure that the budget information is provided in a format that is clear, accurate and complete.

Operating Budget Process:

- The Town Manager to request that Departments submit proposed budgets with operational plans and reports. Background information will include department goals and objectives, strategic initiatives, summary of activities and level of service.

- The Town Manager to review methods of operation, program service delivery and expenditure of resources inclusive of manpower allocation to ensure maximum efficiency of the Town.
- The Town Manager to provide complete financial statements in the Budget Book to include:
  - Outstanding obligations.
  - Cash on hand.
  - Funds received from prior year.
  - Sources of funds from prior year.
  - Estimated revenues.
  - Estimated expenses.
  - Estimated tax levy.
  - Estimated tax rate.
  - Estimated user fees for services.

#### Capital Budget Report:

- The Town defines a capital project as having an overall expenditure of \$10,000 and a life expectancy in excess of 2 years.
- The Town's annual budget will include a capital plan that identifies work to be started within that fiscal year.
- The budget shall include a five-year Capital Improvement Plan for all Town assets.
- Each year, the Selectboard and the Finance Committee will review the five-year Capital Improvement Plan to identify the future upcoming needs, review any changes to the schedule, cost estimate or sources of funding.
- Operational costs associated with any new equipment or infrastructure will be identified.
- The capital budget report will include the Debt Schedule broken down by department and function and a 10-year history be provided if possible.
- Identify a funding plan that reflects available State funds, grants, bonds and tax levy dollars to finance each project.

#### Enterprise Fund Process:

- The Town Manager shall prepare a budget for the Enterprise Fund that maintains it as a self-supporting fund, without a property tax transfer.
- The Enterprise Fund budget will include a report on sewer fees and rate structure.

As adopted by the Finance Committee on the 2<sup>nd</sup> day of February 2021

As adopted by the Selectboard on the 8<sup>th</sup> day of February 2021



# Informational Guideline Release

Bureau of Accounts  
Informational Guideline Release (IGR) No. 19-10  
May, 2019

## **OTHER POST-EMPLOYMENT BENEFITS LIABILITY TRUST FUND**

([G.L. c. 32B, §§ 20](#) and [20A](#))

This Informational Guideline Release (IGR) informs local officials about changes made by the Municipal Modernization Act in the Other Post-employment Benefits (OPEB) Trust Fund. The IGR also explains the finance provisions of the fund, including the procedure required to create a fund.

### Topical Index Key:

Accounting Policies and Procedures  
Appropriations  
Budgets  
Financial Management  
Special Funds

### Distribution:

Accountants/Auditors  
Treasurers  
Mayors/Selectboards  
Managers/Administrators/Exec. Secys.  
Finance Directors  
School Superintendents  
City Solicitors/Town Counsels

## **OTHER POST-EMPLOYMENT BENEFITS LIABILITY TRUST FUND**

**(G.L. c. 32B, §§ 20 and 20A)**

### **SUMMARY:**

These guidelines explain the municipal finance provisions of the Other Post-employment Benefits Liability Trust Fund (OPEB Fund) under [G.L. c. 32B, § 20](#) and [20A](#), as amended by Sections 15 and 238 of the Municipal Modernization Act (Act), [Chapter 218 of the Acts of 2016](#).

The Act amended local acceptance G.L. c. 32B, § 20 to address a number of issues about the nature of the fund. These included whether the statute authorized local governmental units to create a trust fund for monies reserved for retiree health insurance and other post-employment benefits that complies with legal requirements for trusts and with Governmental Accounting Standards Board (GASB) standards. Under the amendments, the statute:

1. Establishes the OPEB Fund as a trust fund with a trustee and declaration of trust;
2. Requires that assets of the OPEB Fund be held solely to meet the current and future liabilities of the governmental unit for group health insurance benefits for retirees and their dependents;
3. Establishes procedures for the appointment of a trustee, adoption of a declaration of trust and appropriations of funds into and out of the OPEB Fund;
4. Defines housing authorities, redevelopment authorities, regional councils of government, regional school districts and educational collaboratives as political subdivisions and governmental entities able to establish OPEB trust funds; and
5. Allows a governmental unit to participate in the OPEB fund of another governmental unit.

These guidelines explain the method of acceptance of the statute, procedures to be followed to establish the OPEB Fund, custodial and trust requirements, investment standards, procedures for appropriating funds into and out of the OPEB Fund and accounting and reporting requirements.

An OPEB Fund established by a city, town, district or municipal light plant under a special act or [G.L. c. 32B, § 20](#) before the November 7, 2016 effective date of the Act continues to operate under the terms originally established unless the governmental unit accepts or reaccepts [G.L. c. 32B, § 20](#) after that date. Upon acceptance or reacceptance, the OPEB Fund will operate under the terms of [G.L. c. 32B, § 20](#), as amended by the Act.

**BUREAU OF ACCOUNTS**

**MARY JANE HANDY, DIRECTOR**

However, the actuarial reporting requirements found in [G.L. c. 32B, § 20A](#), which was added by the Act, apply to any OPEB Fund established under [G.L. c. 32B, § 20](#) regardless of the date of the governmental unit's acceptance of [G.L. c. 32B, § 20](#) and apply to an OPEB Fund established by a special act unless otherwise provided in the special act.

## **GUIDELINES:**

### **I. LOCAL ACCEPTANCE**

#### **A. Acceptance Procedure**

##### **1. Eligible Governmental Units**

A city, town, county, district, regional school district, municipal lighting plant, local housing or redevelopment authority, regional council of government established under [G.L. c. 34B, § 20](#) and educational collaborative as defined in [G.L. c. 40, § 4E](#), may accept [G.L. c. 32B, § 20](#) and establish an OPEB Fund. [G.L. c. 32B, § 20\(a\)](#). Governmental units considering acceptance of [G.L. c. 32B, § 20](#) should consult with their financial advisors and municipal counsel regarding the establishment and implementation of an OPEB Fund.

A governmental unit with an OPEB Fund established by special act or with an OPEB Fund established under [G.L. c. 32B, § 20](#) before November 7, 2016 may accept or reaccept [G.L. c. 32B, § 20](#) after November 7, 2016. Upon acceptance or reacceptance, the unit's OPEB fund will operate under the amended [G.L. c. 32B, § 20](#). Otherwise, the OPEB Fund will continue under the terms the fund was originally established, not the amended [G.L. c. 32B, § 20](#). [G.L. c. 32B, § 20\(m\)](#). [Section 238 of Chapter 218 of the Acts of 2016](#). Governmental units with such OPEB Funds should consult with their financial and accounting advisors and municipal counsel regarding whether to accept or reaccept [G.L. c. 32B, § 20](#).

##### **2. Acceptance Vote**

A governmental unit accepts the amended [G.L. c. 32B, § 20](#) by:

- a. In a city or town, in the manner provided in [G.L. c. 4, § 4](#), vote of the legislative body, subject to the charter of the city or town;
- b. In a county, vote of the county commissioners;
- c. In a regional school district, vote of the regional school committee; or
- d. In a district or other governmental unit, vote of the district meeting or other appropriating body.

[G.L. c. 32B, § 20\(l\)](#). (See attached Sample Vote 1 - Acceptance.)

**B. Effective Date**

An OPEB Fund is established upon acceptance, unless the acceptance vote designates a later time.

**C. Revocation of Acceptance**

A governmental unit cannot revoke its acceptance. There is no revocation procedure in the statute. In addition, [G.L. c. 4, § 4B](#), which generally establishes a procedure for cities and towns to revoke their acceptance of local option statutes, does not apply to actions taken under [G.L. c. 32B, G.L. c. 4, § 4B\(c\)](#).

**D. Notification of Acceptance**

The clerk of the governmental unit must notify the Division of Local Services (DLS) Data Analytics and Resource Bureau if the unit accepts [G.L. c. 32B, § 20](#). (For notification form, please go to DLS [“Notification of Acceptance of Local Option Statutes” webpage](#).) The notification should be made as soon as possible after the votes.

**II. OPEB FUND**

**A. Purpose**

An OPEB Fund is a trust fund established by a governmental unit for the deposit of appropriations, gifts, grants and other funds for the:

1. Benefit of retired employees and their dependents;
2. Payment of required contributions by the governmental unit to the group health insurance benefits provided to employees and their dependents after retirement; and
3. Reduction and elimination of the unfunded liability of the governmental unit for those benefits.

Group health insurance benefits may include hospital, surgical, medical, dental and other health insurance benefits if the governmental unit offers that coverage to retirees.

**B. Expendable Trust Fund**

An OPEB Fund is an expendable trust fund, subject to appropriation, that is managed by a trustee or board of trustees. The assets of the trust are held solely to meet the current and future liabilities of the governmental unit for group health insurance benefits for retirees and their dependents.



All monies in the OPEB Fund must be accounted for separately from other funds of the governmental unit and are not subject to the claims of any general creditor of the governmental unit.

**C. Custodian**

The treasurer of the governmental unit is the custodian of the OPEB Fund and must be bonded in any additional amounts required to protect fund assets.

**D. Governing Body**

The governing body of a governmental unit is the:

1. Legislative body in a city or town;
2. County commissioners in a county;
3. Regional district school committee in a regional school district; or
4. District meeting or other appropriating body in any other governmental unit.

**E. Chief Executive Officer**

The chief executive officer of a governmental unit is the:

1. Mayor in a city or selectboard in a town, unless the charter designates another municipal officer as the chief executive officer;
2. County commissioners in a county;
3. Regional district school committee of a regional school district; or
4. Governing board, commission or committee in a district or other governmental unit.

**F. Trustee**

**1. Designation of Trustee by Governing Body**

The governing body of the governmental unit may by majority vote designate as trustee of the OPEB Fund:

- a. The treasurer of the governmental unit;
- b. The retirement board of the governmental unit; or
- c. An independent board of trustees it establishes as follows:

(1) Number of Trustees and Membership

The OPEB Fund board of trustees must have 5 to 13 members. The board must include (a) one or more individuals with investment experience as specified by the governing body, (b) one or more citizens of the governmental unit, (c) one employee of the governmental unit, (d) one or more retirees of the governmental unit, and (e) one or more officers of the governmental unit.

(2) Selection of Trustees

The governmental unit employee trustee is selected by current employees of the unit by ballot and the retiree trustees are selected by current retirees of the unit by ballot. All other trustees are appointed by the chief executive officer of the governmental unit.

(3) Term of Office

The trustees serve for terms of three or five years, as determined by the governing body. If a vacancy occurs, a trustee may be elected or selected in the same manner to serve for the remainder of the term. Trustees are eligible for reappointment.

(See attached Sample Vote 2 - Establishing Independent Board of Trustees.)

**2. Trustee in Absence of Governing Body Designation**

The treasurer of the governmental unit is the trustee of the OPEB Fund if the governing body does not designate a trustee.

**3. Powers and Duties of Trustee or Board of Trustees**

a. Trustee as Fiduciary

The trustee or board of trustees must:

- (1) Act in a fiduciary capacity for the primary purpose of enhancing the value of the OPEB Fund;
- (2) Act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise with like character and with like aims at that time; and
- (3) Diversify the investments in the fund to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

b. Trustee as Investing Authority

The trustee or board of trustees is the investing authority and has general supervision of the management, investment and reinvestment of the OPEB Fund using the investment standard or investment vehicle described in Section II-I below.

c. Power to Employ Investment Consultants

The trustee or board of trustees may employ reputable and knowledgeable investment consultants to assist in determining appropriate investments and pay for those services from the OPEB Fund, if authorized by majority vote of the governing body. See Section II-J-1 below. (See attached Sample Vote 3 – To Authorize Trustee of OPEB Fund to Employ Investment Consultants.)

d. Other Duties and Obligations

Any other duties and obligations of the trustee or board of trustees must be set forth in a declaration of trust to be adopted by the trustee or board of trustees. All duties and obligations established by the declaration of trust must be consistent with [G.L. c. 32B, § 20](#). See Section II-G below.

4. **Indemnification of Trustee**

If a civil action is brought against a trustee or the board of trustees, acting within the scope of official duties, and legal counsel for the governmental unit defends or settles the action, the trustee or employee must be indemnified from the OPEB Fund for all expenses incurred in the defense of the action and damages to the same extent as provided for public employees generally. See [G.L. c. 258](#).

However, no trustee or employee may be indemnified for expenses incurred or damages awarded in a civil action in which there is: (a) a breach of fiduciary duty, (b) an act of willful dishonesty or (c) an intentional violation of law by the trustee or employee.

G. **Declaration of Trust**

1. **Adoption**

The trustee or board of trustees must adopt a declaration of trust stating the duties and obligations of the trustee or board of trustees. The declaration of trust and any later amendments must be filed with the chief executive officer and clerk of the governing body of the governmental unit. The declaration or amendment takes effect 90 days after the filing date unless the governing body votes to disapprove the declaration or amendment within that period of time.

As soon as possible after receipt of a declaration of trust or amendment, the clerk should post a notice that the declaration or an amendment has been filed under [G.L. c. 32B, § 20\(d\)](#). The posting should be made in the same manner as notices of meetings under the Open Meeting Law. [G.L. c. 30A, §§ 18 – 25](#). The notice should remain posted until the 90-day period has elapsed.

**2. Terms**

The duties and obligations of the trustee or board of trustees set forth in the declaration of trust cannot be inconsistent with [G.L. c. 32B, § 20](#).

**H. Fund Monies**

The following monies are credited to the OPEB Fund:

**1. Appropriations to the OPEB Fund**

The governing body may, by majority vote, appropriate monies to the OPEB Fund. (See attached Sample Vote 4 – Appropriations to OPEB Fund.)

In a regional school district, appropriations to the OPEB Fund may be made only in the annual budget submitted to the member cities and towns for approval.

**2. Gifts, Grants and Other Contributions**

The treasurer of the governmental unit, as custodian of the OPEB Fund, may accept gifts, grants and other contributions to the fund.

**3. Income**

Any interest or other income generated by investment of the OPEB Fund becomes part of the OPEB Fund. See Section II-I-below.

**4. Medicare Part D Funds**

The governing body may, by majority vote, dedicate to the OPEB Fund reimbursements that the governmental unit receives as a sponsor of a Medicare Part D qualified retiree prescription drug plan. 42 U.S.C. § 1395w-132. (See attached Sample Vote 5 – Dedication of Medicare Part D Drug Plan Reimbursements to OPEB Fund.)

**I. Fund Investment**

Monies in the OPEB Fund that are not needed for expenditures or anticipated expenditures within the investment period must be invested and reinvested by the treasurer as directed by the trustee or board of trustees from time to time. The treasurer may employ an outside custodial service to hold the monies in the OPEB Fund consistent with the procedures and standards described below.

**1. State Retiree Benefits Trust Fund**

The trustee or board of trustees may, with the approval of the State Retiree Benefits Trust Fund board of trustees, direct the treasurer to invest the OPEB Fund in the State Retiree Benefits Trust Fund established under [G.L. c. 32A, § 24](#). In that case, fund monies are invested under [G.L. c. 32A, §§ 24 and 24A](#).

**2. Other Investments**

Where the trustee or board of trustees does not direct the treasurer to invest the OPEB Fund in the State Retiree Benefits Trust Fund, investments must be made as follows:

a. Retirement Board as Board of Trustees

Where the retirement board is the board of trustees, investments are made under [G.L. c. 32, § 23](#).

b. Treasurer or OPEB Fund Board as Trustees

Where the treasurer is the trustee or an OPEB Fund board of trustees has been established by the governing body, investments are made in the same manner as municipal trust funds under [G.L. c. 44, § 54](#).

However, the governing body may, by majority vote, authorize investments under the prudent investor standard for private trusts under [G.L. c. 203C](#). (See attached Sample Vote 6 – Authorization to Invest OPEB Fund under Prudent Investor Rule.)

**J. Appropriations from OPEB Fund**

An appropriation by a two-thirds vote of the governing body is required to spend any monies in the OPEB Fund.

In a regional school district, appropriations from the OPEB Fund may be made only in the annual budget submitted to the member cities and towns for approval.

Appropriations may be made from the OPEB Fund for:

**1. OPEB Fund Expenses**

The governing body may, by a two-thirds vote, approve an appropriation from the OPEB Fund for the payment of OPEB Fund expenses, including expenses incurred by the trustee or board of trustees for the employment of reputable and knowledgeable investment consultants to assist the trustee or board of trustees in determining appropriate investments. (See attached Sample Vote 7 - Appropriations from the OPEB Fund – OPEB Fund Expenses. See also Section

II-F-3-c above for more information on the power of the trustee or board of trustees to employ investment consultants.)

The appropriation may be spent by the trustee or board of trustees for the OPEB fund expenses.

**2. Health Insurance Benefits of Retirees**

**a. Procedure Before Appropriation**

The treasurer of the governmental unit after consulting with the chief executive officer must determine the amount to be appropriated from the OPEB Fund to the annual budget for retiree health insurance and notify the trustee or board of trustees of that amount at the earliest possible opportunity in the annual budget cycle. Upon notification, the trustee or board of trustees must take diligent steps to certify that those funds are available for appropriation by the governing body, or will be available by the time the appropriation would become effective. If funds are not available, the trustee or board of trustees must provide the treasurer with an explanation why the funds are or will not be available or should not be made available.

**b. Appropriation**

The governing body may, by a two-thirds vote, appropriate amounts in the OPEB Fund to pay the governmental unit's share of health insurance benefits for retirees and their dependents upon certification by the trustee or board of trustees that the amounts are available in the OPEB Fund. Upon appropriation, the funds must be transferred to the annual budget for retiree health insurance. (See attached Sample Vote 8 - Appropriations from the OPEB Fund for Retiree Health Insurance Costs.)

**K. Municipal Lighting Plants**

A municipal lighting plant that establishes an OPEB fund must pay the premiums and assume the liability for the municipal share of retiree healthcare benefits attributable to lighting plant employees and their dependents.

**III. FUND ACCOUNTING AND REPORTING**

**A. Separate Fund**

The accounting officer must establish and maintain the OPEB Fund as a separate accounting fund and record all activity in the OPEB Fund.

**B. GASB Requirements**

The governmental unit is responsible for completing an actuarial valuation of its liabilities for health care and other post-employment benefits for its retired employees and their dependents and funding schedule that conform to the Governmental Accounting Standards Board (GASB) requirements.

**C. PERAC Reporting**

When a governmental unit obtains an actuarial valuation report in accordance with GASB requirements containing statements of the liabilities of the unit for health care and other post-employment benefits for its retired employees and their dependents, it must submit a copy to the Public Employee Retirement Administration Commission (PERAC). The report must be submitted no later than 90 days after the governmental unit receives the report. PERAC may require that the governmental unit provide additional information related to its liabilities, normal cost and benefit payments, as specified by the Executive Office for Administration and Finance, in consultation with PERAC. In that case, the governmental unit must also submit the additional information to PERAC. A copy of such report and additional information, if any, must also be submitted to the Bureau of Accounts at the time of its submission to PERAC. [G.L. c. 32B, § 20A.](#)

These reporting requirements apply to all governmental units whether or not they have established an OPEB fund under the general laws or a special act.

**D. Regional School Districts**

The annual report a regional school district submits to its member cities and towns under [G.L. c. 71, § 16\(k\)](#) must include a statement of the balance in the OPEB Fund and all additions to and appropriations from the fund during the period covered by the report.

**IV. PARTICIPATION IN OPEB FUND OF ANOTHER GOVERNMENTAL UNIT**

A governmental unit that accepts [G.L. c. 32B, § 20](#) may participate in the OPEB Fund established by another governmental unit.

**A. Authorization**

**1. OPEB Fund Procedures**

Participation of one governmental unit in the OPEB Fund of another governmental unit must comply with the procedures and criteria established by the trustee or board of trustees of the OPEB Fund.

**2. Approval of Both Governmental Units**

A governmental unit that accepts [G.L. c. 32B, § 20](#) may participate in the OPEB Fund established by another governmental unit upon approval by majority vote of the governing bodies of:

- a. The governmental unit wishing to participate in the OPEB Fund of the other governmental unit; and
- b. The governmental unit that has established the OPEB Fund in which the other governmental unit wishes to participate.

**B. Obligations of Each Governmental Unit**

Each governmental unit participating in the OPEB Fund remains responsible for all costs attributable for the health care and other post-employment obligations for its retired employees and their dependents and for completing an actuarial valuation of its liabilities and funding schedule that conforms to GASB requirements.

**C. Appropriations to the OPEB Fund**

A participating governmental unit may appropriate or otherwise contribute amounts to the OPEB Fund as provided in Section II-H above.

**D. Appropriations from the OPEB Fund**

A participating governmental unit may appropriate amounts from the OPEB Fund as provided in Section II-J above. However, when a participating governmental unit is appropriating for its retiree health insurance expenses as described in Section II-J-2 above, at the time the treasurer of the governmental unit gives notice to the trustee or board of trustees of the OPEB Fund of the amount to be appropriated from the OPEB Fund to the annual budget of the participating governmental unit for retiree health insurance, notice must also be given to the treasurer of the governmental unit maintaining the OPEB Fund. The trustee or board of trustees of the OPEB Fund must take diligent steps to certify that those funds are available for appropriation by the participating governmental unit, or will be available by the time the appropriation would become effective. If funds are not available, the trustee or board of trustees of the OPEB Fund must provide the treasurer of the participating governmental unit with an explanation why the funds are or will not be available or should not be made available. Upon a certification of the funds available for appropriation, the treasurer of the governmental unit maintaining the fund must transfer the amount appropriated to the participating governmental unit for credit to its annual budget for retiree health insurance.

**E. Accounting**

A participating governmental unit is separately credited for its contributions to and appropriations from the OPEB Fund, and interest or other income generated by the fund, in the accounting of the relative liabilities of each governmental unit for its retirees and their dependents.



## **OTHER POST-EMPLOYMENT BENEFITS LIABILITY TRUST FUND SAMPLE VOTES**

**(Sample votes are for a city or town, but may be adapted for other governmental units.  
They should not be used or adapted without the advice of the unit's legal counsel.)**

### **SAMPLE VOTE 1 - ACCEPT OPEB TRUST FUND** (Majority vote required)

**ARTICLE/ORDER:** To see if the city/town will accept [General Laws Chapter 32B, Section 20](#), and establish an Other Post-Employment Benefits Liability Trust Fund (OPEB Fund), effective \_\_\_\_\_, or take any other action relative thereto.

**MOTION:** Moved/ordered that the city/town accept [General Laws Chapter 32B, Section 20](#), and establish an Other Post-Employment Benefits Liability Trust Fund (OPEB Fund), effective \_\_\_\_\_.

### **SAMPLE VOTE 2 - ESTABLISH OPEB FUND BOARD OF TRUSTEES** (Majority vote required)

**ARTICLE/ORDER:** To see if the city/town will establish an Other Post-Employment Benefits Liability Fund (OPEB Fund) Board of Trustees under [General Laws Chapter 32B, Section 20](#), with \_\_\_\_\_ (5 – 13) members consisting of the following: one person with the following investment experience (describe experience here); \_\_\_\_\_ (one or more) citizen(s) of the city/town; one employee of the city/town; \_\_\_\_\_ (one or more) retirees of the city/town; and \_\_\_\_\_ (one or more) city/town officials, with each member trustee serving for a term of \_\_\_\_\_ (3 or 5) years, or take any other action relative thereto.

**MOTION:** Moved/ordered that the city/ town establish an Other Post-Employment Benefits Liability Fund (OPEB Fund) Board of Trustees pursuant to [General Laws Chapter 32B, Section 20](#), with \_\_\_\_\_ (5 – 13) members consisting of the following: one person with the following investment experience (describe experience here); \_\_\_\_\_ (one or more) citizen(s) of the city/town; one employee of the city/town; \_\_\_\_\_ (one or more) retirees of the city/town; and \_\_\_\_\_ (one or more) city/town officials, with each member trustee serving for a term of \_\_\_\_\_ (3 or 5) years.

### **SAMPLE VOTE 3 – AUTHORIZE TRUSTEE OF OPEB FUND TO EMPLOY INVESTMENT CONSULTANTS** (Majority vote required)

**ARTICLE/ORDER:** To authorize the Trustee/OPEB Fund Board of Trustees of the OPEB Fund established under G.L. c. 32B, § 20 to employ reputable and knowledgeable investment

consultants to assist in determining appropriate investments and pay for those services from the OPEB Fund, or take any other action relative thereto.

**MOTION:** Moved/ordered that the Trustee/OPEB Fund Board of Trustees of the OPEB Fund established under G.L. c. 32B, § 20 is authorized to employ reputable and knowledgeable investment consultants to assist in determining appropriate investments and pay for those services from the OPEB Fund.

#### **SAMPLE VOTE 4 - APPROPRIATE TO OPEB FUND**

(Majority vote required)

**ARTICLE/ORDER:** To see if the city/town will raise and appropriate or transfer from available funds a sum into the Other Post-Employment Benefits Liability Trust Fund (OPEB Fund) established under [General Laws Chapter 32B, Section 20](#), or take any other action relative thereto. (Majority vote required.)

**MOTION:** Moved/ordered that the city/town raise and appropriate the sum of \$ \_\_\_\_\_ into the Other Post-Employment Benefits Liability Trust Fund (OPEB Fund) established under [General Laws Chapter 32B, Section 20](#).

#### **SAMPLE VOTE 5 - DEDICATE MEDICARE PART D RETIREE PRESCRIPTION DRUG PLAN REIMBURSEMENTS**

(Majority vote required)

**ARTICLE/ORDER:** To see if the city/town will dedicate to the Other Post-Employment Benefits Liability Trust Fund (OPEB Fund) established under [General Laws Chapter 32B, Section 20](#) any and all monies received and to be received in the future by the city/town as a sponsor of a Medicare Part D qualified retiree prescription drug plan, or take any other action relative thereto.

**MOTION:** Moved/ordered that the city/town dedicate to the Other Post-Employment Benefits Liability Trust Fund (OPEB Fund) established under [General Laws Chapter 32B, Section 20](#) any and all amounts received and to be received in the future by the city/town as a sponsor of a Medicare Part D qualified retiree prescription drug plan.

#### **SAMPLE VOTE 6 - AUTHORIZE INVESTMENT OF OPEB FUND UNDER PRUDENT INVESTOR RULE**

(Majority vote required)

**ARTICLE/ORDER:** To authorize the Custodian-Trustee/OPEB Fund Board of Trustees of the OPEB Fund established under G.L. c. 32B, § 20 to invest monies in the OPEB Fund under the prudent investor rule established in G.L. c. 203C, or take any other action relative thereto.

**MOTION:** Moved/ordered that the Custodian-Trustee/OPEB Fund Board of Trustees of the OPEB Fund established under G.L. c. 32B, § 20 be authorized to invest monies in the OPEB Fund pursuant to the prudent investor rule established in G.L. c. 203C.

**SAMPLE VOTE 7 - APPROPRIATE FROM OPEB FUND  
OPEB Fund Expenses  
(Two-thirds vote required)**

**ARTICLE/ORDER:** To see if the city/town will appropriate the sum of \$ \_\_\_\_\_ from the OPEB Fund established under [General Laws Chapter 32B, Section 20](#) for OPEB Fund expenses (if applicable - including expenses of consultants employed by the trustee/board of trustees to assist in determining appropriate investments), or take any other action relative thereto.

**MOTION:** Moved/ordered that the city/town appropriate the sum of \$ \_\_\_\_\_ from the OPEB Fund established under [General Laws Chapter 32B, Section 20](#) for OPEB Fund expenses (if applicable - including expenses of consultants employed by the trustee/board of trustees to assist in determining appropriate investments).

**SAMPLE VOTE 8 – APPROPRIATE FROM OPEB FUND  
RETIREE HEALTH INSURANCE COSTS – CITY/TOWN  
(Two-thirds vote required)**

**ARTICLE/ORDER:** To see if the city/town will appropriate the sum of \$ \_\_\_\_\_ from the OPEB Fund established under [General Laws Chapter 32B, Section 20](#) for the payment of retiree health insurance costs and that such amount shall be transferred to the city/town's annual budget for retiree health insurance, or take any other action relative thereto.

**MOTION:** Moved/ordered that the city/town appropriate the sum of \$ \_\_\_\_\_ from the OPEB Fund established under [General Laws Chapter 32B, Section 20](#) for the payment of retiree health insurance costs and that such amount shall be transferred to the city/town's annual budget for retiree health insurance.

## **OPEB FUND ROLES OF RELEVANT PARTIES**

(The below is a summary and does not substitute for the above guidelines.)

**Governing Body** - Legislative body in a city or town, the county commissioners in a county, the regional district school committee in a regional school district, or the district meeting or other appropriating body in any other governmental unit

Majority votes required unless otherwise noted.

- Designate the trustee of the OPEB Fund from the following:
  - Treasurer (OPEB Fund custodian)
  - Retirement board
  - Independent OPEB Fund board of trustees
    - Establish number of trustees (5 – 13)
    - Establish membership of trustee board
      - One person with investment experience (determine investment experience desired)
      - One or more citizens of governmental unit
      - One employee of governmental unit
      - One or more retirees of governmental unit
      - One or more officers of governmental unit
    - Establish trustee term of office (3 or 5 years)

Note – In absence of designation of trustee, the treasurer is the trustee

- Authorize (or not) investments under prudent investor rule (G.L. c. 203C) if the treasurer is trustee or OPEB Fund board of trustees is established
- Authorize (or not) trustee or board of trustees to employ reputable and knowledgeable investment consultants to assist in determining appropriate investments and pay for those services from the OPEB Fund
- Dedicate Medicare prescription reimbursements received and to be received by the governmental unit to the OPEB Fund and have those monies become part of the OPEB Fund
- Disapprove (or not) the declaration of trust and amendments filed by the trustee or board of trustees with the chief executive officer and clerk within 90 days of filing
- Appropriate monies to the OPEB Fund
  - For Regional School Districts, appropriations of amounts to the OPEB Fund may be made only in the annual budget submitted to the member cities and towns for approval
- Appropriate monies from the OPEB Fund – 2/3 vote required
  - To fund expenses of the OPEB Fund (including the expenses of consultants employed by the trustee or board of trustees to assist in determining appropriate investments if such employment has been authorized by the governing body)
  - To fund retiree health insurance costs – transfer to the city/town's annual budget for retiree health insurance
  - For Regional School Districts, appropriations from the OPEB Fund may be made only in the annual budget submitted to the member cities and towns for approval

**Trustee or Board of Trustees** - Treasurer, Retirement Board or OPEB Fund Board of Trustees

- Acts in fiduciary capacity
- Adopts declaration of trust and amendments containing duties and obligations of trustee or board of trustees (must be consistent with G.L. c. 32B, § 20) and files with CEO and clerk
- Employs investment consultants to assist in determining appropriate investments and pays for those services from the OPEB Fund if authorized by the governing body
- Spends funds from appropriation(s) approved by governing body for OPEB Fund expenses
- Manages, invests and reinvests the OPEB Fund using the required investment standard or investment vehicle:
  - Directs, with approval of the State Retiree Benefits Trust Fund board of trustees, custodian to invest the OPEB Fund in the State Retiree Benefits Trust Fund
  - If OPEB Fund not invested in the State Retiree Benefits Trust Fund, investments are based upon who the trustee or board of trustees is:
    - If retirement board is board of trustees – investment standard same as retirement investments - G.L. c. 32, § 23
    - If custodian or OPEB Fund board of trustees is trustee - investments are under G.L. c. 44, § 54, unless the governing body has authorized the prudent investor rule of G.L. c. 203C
- Certifies annually the amount available in the OPEB Fund for appropriation by governing body for retiree health insurance costs

**Custodian** - Treasurer of governmental unit

- Maintains custody of OPEB Fund
- Obtains bond in sufficient amount to cover additional amounts of OPEB Fund
- Invests funds under general direction of the trustee or board of trustees consistent with the appropriate investment standard

**Treasurer**

- Consults with CEO early in annual budget cycle to determine amount to be appropriated from the OPEB Fund as a financing source in the annual budget for retiree health insurance costs
- Notifies trustee or board of trustees of the amount to be appropriated
- Accepts gifts, grants and other contributions to the OPEB Fund
- Pays bills and payrolls as authorized under procedure applicable to governmental unit

**Chief Executive Officer (CEO)** - Mayor in a city or selectboard in a town, unless the charter designates another officer as the chief executive officer, county commissioners in a county, regional district school committee of a regional school district and governing board, commission or committee in a district or other governmental unit

- Appoints the following members of the OPEB Fund board of trustees established by the governing body:
  - Person with requisite investment experience
  - One or more citizens
  - One or more governmental officers
- Accepts and reviews filing of declaration of trust or amendments by trustee or board of trustees
- Consults with treasurer on amount to be appropriated from the OPEB Fund to the annual budget for retiree health insurance costs
- Approves payments of expenses under procedure applicable to governmental unit

**Accounting Officer**

- Establishes and maintains the OPEB Fund as a separate account and records all activity in the OPEB Fund
- Approves payments of expenses under procedure applicable to governmental unit

**Governmental Unit**

- Completes actuarial valuation of its liabilities for health care and other post-employment benefits for its retired employees and their dependents and funding schedule that conform to GASB requirements
- Submits actuarial report to PERAC, with any other information required by PERAC, and a copy to Director of Accounts

**Clerk**

- Accepts filing of declaration of trust or amendments by trustee or board of trustees
- Posts notice of filing of declaration and amendments as soon as possible after receipt for 90-day period

Room Occupancy 6% Tax - Short Term Rental
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Source: Mass Department of Revenue, Division of Local Services  
Data Analytics & Research Bureau

Fiscal Year	Quarter	Short-Term Rental	Traditional Lodging	Total
2021	1. September	116,374	68,763	185,137
2021	2. December	30,680	86,295	116,975
2021	3. March	40,077	62,849	102,926
2021	4. June	64,621	92,985	157,606
	<b>FY TOTAL</b>	251,752	310,892	562,644
2022	1. September	57,994	184,925	242,919
2022	2. December	95,245	230,916	326,161
2022	3. March	59,039	112,652	171,691
2022	4. June			
	<b>FY TOTAL</b>	153,239	415,841	569,080