



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Michael J. Heffernan
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

To: City, Town, Special Purpose District and Regional School District Treasurers
From: Mary Jane Handy, Director of Accounts
Date: July, 2016

This letter sets forth the Treasurers' annual reporting requirements to the Bureau of Accounts and includes other matters.

I. Continued Reminders from last year's letter

- Monthly State Aid Distribution and Use of Additional Funds - For FY2017, the Division of Local Services will continue to distribute State aid monthly.
- Chapter 448 of 2012, § 4 adds Clause 25 to G.L. c. 44, § 8, to allow municipalities to borrow outside their debt limits for up to 40 years to acquire, remove, repair, reconstruct or improve dams, and appurtenant real property they own.
- Bulletin [2013-01B](#) Bond Premiums and Debt Exclusions, which supersedes prior Bulletins on the matter, explains the application of premiums received in connection with the sale of bonds or notes that are subject to an approved Proposition 2½ debt exclusion generally and announces an alternative method for applying them.

[Treasurer's Year-End Cash Report](#)

The Treasurer's Year-End Cash Report as of June 30, 2016 must be completed and uploaded in the Gateway system by September 30, 2016 or upon submission of a balance sheet for FY2017 free cash/excess & deficiency certification, whichever is earlier. If you have any problems with report submission, please contact your BOA field representative.

The Treasurer completes Part I. Do not check-off on behalf of the Accountant unless your community has not adopted G.L. c. 41, § 55. We recommend that the Treasurer's and Accountant's records should be reconciled monthly during the year to facilitate the completion of this report.

Supporting a Commonwealth of Communities

mass.gov/DLS
P.O. Box 9569 Boston, MA 02114-9569
(617) 626-2300

[Statement of Indebtedness](#)

This statement as of June 30, 2016 must be completed by September 30, 2016 or upon submission of a balance sheet for FY2017 free cash/excess & deficiency certification, whichever is earlier. This form is down-loadable from the DLS website when linked and is up-loadable and data entered in the Gateway system, located under Miscellaneous Forms Tab. If you have any problems with submission in Gateway, please contact your BOA field representative.

[Request for Debt Exclusion Information](#)

To prevent delays in setting the FY2017 tax rate, we strongly suggest that Treasurers in communities with debt exclusions and premiums complete and return the worksheet to your Bureau of Accounts field representative as soon as possible. Please include with the debt schedules or any other relevant information that supports this request.

G.L. chapter 44, § 20 as amended by chapter 46, § 33 of the Acts of 2003 and chapter 139 of the Acts of 2006, restricts a community's debt exclusion to the true interest cost incurred to finance the excluded project. Premiums received at the time of sale must be offset against the stated interest cost in computing the debt exclusion amount. See Bulletin [2013-01B](#) for the alternative application of premiums to project costs.

For Regional School District Treasurers, any bond or bond anticipation note premium that will not be returned to the member communities due to debt exclusion votes taken by the members must be closed to the district's General Fund on June 30. Per G.L. chapter 44, § 20, the Bureau must then reduce the members' debt exclusions by the amount that represents their proportionate share of the premium kept by the district through maturity of the debt. Otherwise, the premium must be reserved and returned to district members by no later than June 30. The return of premium may be either by a reduction to the capital assessment or by separate check.

If you have any questions regarding the completion of the worksheet, please contact your BOA field representative.

Schedule of Outstanding Receivables

This schedule as of June 30, 2016 must be completed by a city, town or special purpose district Treasurer in Gateway and returned to the Accountant/Auditor who will forward it with additional documentation for free cash certification to the Bureau. This schedule does not apply to regional school districts.

This schedule compares the detailed listings of the Collector, Treasurer or department head with the balance of certain outstanding receivables of the Accountant/Auditor.

In Gateway, the schedule is located under the Miscellaneous Forms Tab. If you have any problems with submission in Gateway, please contact your BOA field representative.

State House Note Program

In connection with the State House note certification process, we emphasize the necessity for timely submission of notes and supporting documentation. This enables us to properly schedule the necessary review and approval activities, especially during the peak borrowing months of December and June. The Bureau strongly suggests that note and supporting documentation be submitted at least five business days prior to the issue date. This eliminates the possibility of notes remaining uncertified as of the issue date which would jeopardize receipt of funds.

[State House Note forms](#) are located on the Bureau of Accounts' Public Finance Section website.

The Bureau wishes to remind Treasurers that pursuant to [IGR 10-101](#), the maximum term for borrowing for departmental equipment under G.L. c. 44, § 7(9) is 20 years and is subject to not less than \$5,000 per unit cost.

Special purpose districts which do not submit a Tax Rate Recap are required to submit at a minimum a balance sheet as of June 30, 2015 or a FY2015 audit in electronic format prior to certification of any State House Notes during FY2017.

Compensating Balance Report

If your city, town or district had a compensating balance account in FY2016 this report as of June 30, 2016 must be completed and returned to the Bureau by September 30, 2016.

Please send to the Bureau a copy of any new agreement for FY2017, even if you are not required to complete the worksheet.

If you have any questions regarding your account, please contact your bank. If you have any questions regarding the completion of the worksheet, please contact:

Gerry Cole
Public Finance Section
Bureau of Accounts
P.O. Box 9569
Boston, Mass. 02114-9569
Fax: 617-626-3916
E-mail: coleg@dor.state.ma.us.

Fidelity Bonds

To properly guard public funds, a jurisdiction's Treasurer and its Chief Executive Officer must periodically review who is handling these funds and be sure that they are bonded either personally or by blanket coverage at least at the minimum amount required by the Commissioner of Revenue.

Inter-fund ("Internal") Borrowing Prior To Issuance of Debt

G.L. chapter 44, § 20A allows for inter-fund borrowing prior to issuance of debt to make expenditure for purposes for which the authorized debt will be issued. Inter-fund advances must be repaid during the same fiscal year and there are some borrowing restrictions. See [IGR 92-105](#).

Debt authorized for jurisdictions under legal restriction to obtain approval from the Commissioner of Revenue must first receive local approval and then the Commissioner's approval before inter-fund borrowing and expenditure of funds can occur.

Certification of City/Town and Regional School District Notes and Receipt of Audit Reports

Audit reports for the period ending June 30, 2016 for cities, towns and special purpose districts are required only if expenditure of federal funds exceeds \$750,000 or required by other regulatory agencies. Annual audits of regional school districts are required under provisions of G.L. chapter 71, § 16A.

Per federal guidelines, audits must be completed no later than nine months after the end of the fiscal year unless extension is granted by the jurisdiction's federal cognizant agency or other regulatory agencies.

The Bureau will not certify revenue notes (RANs) of a city, town, special purpose district or regional school district if a required audit for the year ending June 30, 2015 has not been submitted.

Deficit Capital Projects Fund Balances

Year-end deficit fund balances resulting from anticipated governmental reimbursements or borrowing authorizations are deducted from free cash (or from retained earnings) unless funds are borrowed (e.g. BANs, SAANs) by June 30, 2016 that equaled or exceeded the amount of the deficit. Capital projects are analyzed on an individual, not aggregate basis.

Chapter 90 Bond Issue Apportionments

As in prior years, communities are allowed to appropriate these apportionments as available funds. Spending from this appropriation could have a negative impact on free cash if expenditures are not reimbursed by June 30, 2016 unless:

- Borrowing occurs by June 30, 2016 in anticipation of receiving the reimbursement;
- Reimbursement received by September 30, 2016 can be documented;
- A documented request for reimbursement was filed with MassDOT by September 30, 2016 and the Bureau must be satisfied that payment will be made.

DLS Mailing List Subscription

To subscribe to automatic notification of IGRs, Bulletins, DLS publication City & Town, Cherry Sheets and Other Informational Mailings please click [here](#).

If you have any questions with regard to any item addressed in this letter, please do not hesitate to contact your BOA field representative.