



## Local Officials Directory

## Municipal Calendar

## IGR's & Bulletins

## Workshops, Seminars & Events

## What's New

## DOR 360



**City & Town** is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials.

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## In this Issue:

- [BLA Offers Guidance on Sketching of Condominiums](#)
- [DLS Distributes Community Preservation Funds](#)
- [BOA Turns Attention to Cash Reconciliation](#)
- [October is Cyber Security Awareness Month!](#)
- [350 Attendees Find Out "What's New in Municipal Law"](#)
- [Attention: All Users of MA Statewide Contracts](#)

## BLA Offers Guidance on Sketching of Condominiums

**Marilyn H. Browne, Bureau of Local Assessment Chief**

The Bureau of Local Assessment (BLA) recently met with the Policy Review Committee of the Massachusetts Association of Assessing Officers to review the bureau's recommendations on the sketching of condominiums. BLA believes that accurate capture of assessing data on condominiums is an important element contributing to the integrity of the calculation of taxable property in an individual community.

BLA has advised that garden-style apartment building conversions and two- and three-family conversions should have sketches with the following elements:

- 1.) A master card with the building sketch listing any common area structures/amenities.
- 2.) An individual unit property record card that lists individual unit square footage, interior data components and any non-standard amenities such as porches or roof decks.

Townhouse and free-standing condominium units must have a sketch that includes all data components.

BLA does not expect communities to provide individual sketches of units in the case of multi-unit apartment buildings converted to condominiums.

Communities should have three years to accomplish the sketching and inspection if necessary; indeed, some communities may be able to complete this task in a year. However, if a community requires additional time to implement and complete a sketching/inspection program they are encouraged to develop a plan for submission and to submit it to BLA for review and approval.

BLA understands some communities may incur costs in the sketching and inspection of condominium units. In those cases, it will work with those communities to spread the work over a reasonable period of time so as to avoid an unreasonable cost.

Once a community's sketching/inspection plan is reviewed, it will be included in the list of certification directives until complete.

## DLS Distributes Community Preservation

# Funds

## Municipal Databank

On October 15, 2012, the Division of Local Services paid the annual distribution of state funds to the 148 communities that adopted the Community Preservation Act (CPA) and collected the local surcharge during FY2012 (See: <http://www.mass.gov/dor/local-officials/municipal-data-and-financial-management/data-bank-reports/cpa/cpa-state-match.html>). The state payments totaled \$27.7 million and revenues were sufficient to provide a first round match of 26.83 percent. The first round match exceeded our initial projection of 22 percent due to strong collections of Registry of Deeds revenues over the most recent six months. In contrast, during the first six months used to determine our initial projection, Registry collections lagged the prior year's results by \$1.6 million.

For the 75 communities that adopted the maximum three percent surcharge, additional state funds were paid through a second round equity distribution and third round surplus distribution. These second and third round distributions are based on formulas that steer additional state funding to communities with lower populations and equalized property valuations per capita. These supplemental distributions were enough to provide a 100 percent state reimbursement for nine communities.

Statewide, CPA surcharges committed locally totaled \$89.2 million in FY2012, after accounting for abatements and exemptions. Twenty-four communities committed more than \$1 million in local surcharges while twenty communities committed less than \$100,000 in FY2012. Cambridge committed more than \$7.7 million in local surcharges, making the city by far the largest participant in the program (Lexington is the next highest at \$3.3 million). The island community of Gosnold had the smallest CPA surcharge commitment in the state at \$3,760.

If you have any questions about this distribution, please contact the Municipal Databank staff at 617-626-2384 or [databank@dor.state.ma.us](mailto:databank@dor.state.ma.us).

## BOA Turns Attention to Cash Reconciliation

### Bureau of Accounts

In an effort to highlight the importance of regular cash reconciliation, field representatives from the Bureau of Accounts (BOA) visited 41 city and town halls over the summer to determine the extent to which cash reconciliations take place in those communities.

The visits brought together field reps and city and town treasurers, collectors, accountants and auditors, and found that 35 communities had a process to reconcile monthly; 20 communities reconciled to the penny; and 27 had a formal reconciliation process in place between members of the finance team.

Of those communities not reconciling, some cited delays with new staff; elected Treasurers who kept records at home or could not complete the task; a lack of technical skill required to complete the task; and a few local officials who could not explain their process.

The review served to tune up the technical skills of BOA field reps, and resulted in the creation of a template excel schedule available to any community that does not have a reconciliation process. BOA Supervisors Dennis Mountain and Thomas Guilfoyle created the template consistent with the Treasurer's Manual. BOA Director Gerard D. Perry said that "municipal officials also benefited as they received guidance on the proper techniques for cash reconciliation."

BOA will follow up this year with those communities struggling with cash reconciliation to provide further technical assistance.

Why is cash reconciliation important?

As the Technical Assistance Section of DLS has written, "to make sure financial records are accurate and no money is missing," treasurers, collectors and accountants/auditors must work together to account for a community's cash and receivables. The treasurer is the custodian of a community's revenues, tax titles and tax possessions. The collector keeps lists of outstanding receivables. The accountant/auditor maintains accounting records.

Cash reconciliation requires a treasurer to coordinate and balance three separate categories of financial records.

1. The statements for all municipal bank accounts under the treasurer's control.
2. The treasurer's cash book.
3. The accountant's or auditor's ledger(s).

Failure to reconcile monthly can lead to audit delays, possible comments in the community's cash management letter, and delay or otherwise reduce the certification of free cash.

Monthly reconciliation using a cash book makes the annual rendering of all receipts and disbursements a much less daunting task. Annual reconciliation is required in MGL Ch. 41, Section 35.

Chapter 4 of the Treasurer's Manual ([http://mcta.virtualtownhall.net/pages/MCTA\\_TreasurersManual/index](http://mcta.virtualtownhall.net/pages/MCTA_TreasurersManual/index)) opens by saying, "One of a municipal treasurer's primary functions is to conscientiously manage the municipality's cash. Such management requires prompt and frequent cash reconciliations. The proper frequency of such reconciliations in any particular municipality depends largely on the number of bank accounts held by that municipality. At a minimum, however, the treasurer should reconcile the bank accounts, the cash book and the general ledger at least monthly."

BOA wants to thank all the municipal officials who took part in the review for their hospitality and for taking the time to participate in the review.

Massachusetts General Law related to this subject can be found here: <http://www.malegislature.gov/Laws/GeneralLaws/PartI/TitleVII/Chapter41/Section35>.

## October is Cyber Security Awareness Month!

### Information Technology Division

In keeping with state and national tradition, Governor Patrick has once again declared October "Cyber Security Awareness Month." In honor of the ninth annual National Cyber Security Awareness Month, the [Multi-State Information Sharing and Analysis Center](#)(MS-ISAC) has launched its annual [Cyber Pledge](#) contest to help raise awareness about staying safe online. As a charter member of the MS-ISAC, Massachusetts is especially pleased to participate in this national pledge. The pledge outlines behaviors that help people protect themselves and their information both at home and in the workplace.

In the spirit of friendly competition, the pledge campaign is conducted as a contest between states. At the end of October, the state with the highest number of pledges signed and the state with pledges signed by the highest percentage of its population will be recognized by MS-ISAC for their commitment to cyber security.

Massachusetts made an impressive showing in last year's *Cyber Pledge* contest, garnering the second-highest number of pledges nationwide. Right now, we trail

only California and need your help to win. Help us take the top spot this year and show your commitment to cyber security by clicking the following link:  
[https://msisac.cisecurity.org/cyber-pledge/index.cfm?do=take\\_pledge](https://msisac.cisecurity.org/cyber-pledge/index.cfm?do=take_pledge).

#### *About MS-ISAC*

The mission of the MS-ISAC is to improve the overall cyber security posture of state, local, territorial, and tribal governments. A [cyber security toolkit and additional resources](#) are available on the MS-ISAC website.

#### *About ITD*

The Information Technology Division (ITD) is the Commonwealth's internal provider of centralized technology services. Within the Executive Branch, ITD is part of the Executive Office for Administration and Finance. The mission of the Information Technology Division is to support, enable, and transform state government through the strategic use of technology to better serve constituents, businesses, and local government. For more information, please contact Tim Guerriero, ITD Director, Access & Threat Assessment/Response Group at 617-626-4565 or by email at [tim.guerriero@state.ma.us](mailto:tim.guerriero@state.ma.us).

## **350 Attendees Find Out "What's New in Municipal Law"**

### **Municipal Finance Law Bureau**

About 350 local officials attended the 27<sup>th</sup> annual Municipal Law Seminars held at the Log Cabin Banquet & Meeting House in Holyoke on October 2 and at The Lantana in Randolph on October 5. Morning presentations on recent legislation and court and Appellate Tax Board decisions were Municipal Finance Law Bureau attorneys Kathleen Colleary, Bureau Chief, Gary Blau, James Crowley, John Gannon and Donald Gorton. In the afternoon, the attorneys led three interactive workshops on local tax, special funds and home rule issues. If you were not able to attend one of this year's Municipal Law Seminars, the complete set of morning presentation materials and afternoon workshop booklets are available on our [website](#).

We look forward to seeing you at the 28<sup>th</sup> annual Municipal Law Seminars next fall. The dates to save are Friday, September 27, 2013 at The Log Cabin Banquet & Meeting House in Holyoke and Friday, October 4, 2013 at The Lantana in Randolph.

## **Attention: All Users of MA Statewide Contracts**

### **Operational Services Division**

The Operational Services Division (OSD) is in the process of rebranding the OSD Updates, the standard guide for how to use the statewide contracts. The revised document is now called the "Contract User Guide." The new user guide is shorter and more concise.

For each awarded contract there is an accompanying user guide that includes:

- *Contract Summary (including Category Names)*
- *Benefits and Cost Savings*
- *Who Can Use this Contract?*
- *Pricing and Purchase Options*
- *Additional Information*
- *Full Performance Specifications and Requirements*
- *Contract Counties*

- *Vendor List and Contract Information*

To locate the guide, and for any other questions, go to the Comm-PASS website at: [www.comm-pass.com](http://www.comm-pass.com). When you search for a contract, under the *Forms and Terms Tab*, you will begin to find the Contract User Guides as they get updated.

Currently the following contracts have updated user guides:

- *FAC71: Lawns & Ground Equipment, Parts and Services*
- *HSP 34: Laboratory Supplies and Minor Equipment*
- *HSP35, Major Laboratory Equipment, Furnishings and Related Services*
- *PRF50: New Media, Marketing and Advertising Services, plus Event Planning*

OSD is committed to continuously improving our customer service. For more information on OSD Programs and Services, visit the website at: [www.mass.gov/osd](http://www.mass.gov/osd).

## **October Municipal Calendar**

### **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.

### **1 - 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.

### **1 - Taxpayer - Deadline for Applying to Have Land Classified as Agricultural/Horticultural Land or Recreational Land, M.G.L. Ch. 61A and Ch. 61B.**

According to M.G.L. Ch. 61A, Sections 6 and 8, and Ch. 61B, Sections 3 and 5, this is the deadline to apply to Assessors to have land valued, taxed and classified as agricultural/horticultural or recreational land in the next fiscal year, unless a revaluation program is being conducted for that fiscal year. Under M.G.L. Ch. 59, Section 38 and DOR guidelines, Assessors must review all property valuations and make adjustments to ensure current fair cash valuations every year. Because a revaluation program is being conducted every year, taxpayers who do not submit their applications by October 1 have until 30 days after the actual tax bills for the fiscal year are mailed to apply.

### **15 - Superintendent - Submit School Foundation Enrollment Report to DESE**

### **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 community'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.

### **31 - Selectmen - Begin Establishing Next Fiscal Year Budget Guidelines and Request Department Budgets**

### **31 - 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 semi-annual 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.