



Local Officials Directory

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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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Things to Keep in Mind When Closing the Books on the Fiscal Year

On Tuesday, newly elected and appointed local officials joined DLS staff for the annual New Officials Finance Forum in Marlborough. With an emphasis on the basics, the day fostered a team approach to municipal finance by developing an understanding of the responsibilities of the various municipal offices as well as their interrelationships and the role of the Division of Local Services. The day-long seminar covered a variety of topics including an overview of municipal government, the budget process, the tax recapitulation process, and reserve and debt policies. Attendees also participated in group exercises with DLS table facilitators.

I want to thank all the officials who took time out of their busy schedules to attend and the DLS staff who provided their expertise at the tables and on the podium. We enjoyed the opportunity to meet everyone in person and look forward to working with you in your new roles. To view the full presentation from the event, please [click here](#).

These new public officials are now joining their colleagues in prepping for the end of the fiscal year. Amazingly enough, FY15 is a mere 26 days from turning into FY16 and it's that time of year to start planning to close the books on one year and open a new set for another. I want to remind you of just a few of the many things you need to keep in mind at

this time of year:

- Make sure to spend your pothole funding - [Winter Recovery Assistance Program \(WRAP\)](#) - by June 30 and submit all work invoices to MassDOT by July 31. \$30 million was targeted for cities and towns to assist with repairs to roads and bridges under municipal jurisdiction in the aftermath of the winter's record-setting snowfall. MassDOT will reimburse cities and towns as invoices are received.
- The application deadline for federal disaster assistance for damages associated with the January 26-28, 2015 Blizzard is June 10, 2015. To be eligible for assistance, applicants must submit Request for Public Assistance (RPA) forms to the Massachusetts Emergency Management Agency (MEMA) by the deadline date. The RPA is an applicant's official notification to the Federal Emergency Management Agency (FEMA) of its intent to apply for disaster assistance. Recall that eligible applicants in the nine counties will be reimbursed for 75 percent of their costs for any 48-hour period either during the declaration's defined incident period (January 26-28) or proximate to it. If you have any questions on how to treat the estimated FEMA reimbursement, how the 3-year amortization works or anything else related to the FY15 snow and ice deficit, please make sure to contact your BOA field rep.
- Drawdown any state or federal reimbursable grants. As you know, any deficits (cash basis) in grant accounts reduce free cash.
- Review capital project funds and make sure any internal borrowings have been taken care of via the issuance of either short- or long-term debt by June 30. Similar to above, any deficits (cash basis) in capital project funds reduce free cash.
- Prepare the FY16 preliminary property tax commitment.
- Submit requests for current fiscal year reimbursements of exemptions granted under the various clauses of [MGL ch. 59, sec. 5](#).
- Prepare your financial system for FY16 based on appropriation votes of the legislative body.
- While not a financial matter, it is important to make sure that information in the [Local Officials Directory \(LOD\)](#) is verified and

updated as the LOD determines the officials who have access to the DLS Gateway. In particular, verification of email addresses is critical since Gateway notifications are automatically generated and sent via distribution lists derived from the LOD. Additionally, all municipal clerks and assessors must certify the staff listing of assessors within the LOD by July 1. This is required for DLS approval of value certification and tax rate setting. For assistance in updating assessor information with the LOD, please contact Deb Joyce at joyced@dor.state.ma.us.

I wish you well as you start to prepare for the busy year-end/year-open phase of the municipal finance cycle. Soon enough, you'll be closing the books, meeting with your auditors, and submitting recaps for FY16. Remember that your BOA and BLA field reps are available to assist with any questions you may have.

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Essex Partners with Melrose for Full-Service IT Hosting

Brendhan Zubricki - Town of Essex Town Administrator and Jorge Pazos - City of Melrose Director of Information Technology

The City of Melrose began to offer information technology (IT) hosting solutions for smaller municipalities and portions of other municipal operations about three years ago. A state grant jump-started the process by assisting Melrose to equip a full-service datacenter. Hosting services range from just certain components (like specific applications or user files) to full-service, virtual desktop provision. The city's most advanced hosting arrangement is with the Town of Essex, which is striving to become the Commonwealth's first "IT by wire" community. Essex had already been thinking about ways to end costly life cycle replacements for software, computers, and servers, and was seeking a robust yet easy-to-operate disaster recovery solution. With careful, systematic testing and refinement, the two communities have developed a powerful model that provides Essex with a comprehensive and affordable system while allowing Melrose to leverage staff and equipment already on hand for additional revenue.

The process began with the careful development of an intermunicipal

agreement that detailed stepwise actions to increasingly migrate aspects of Essex's traditional server/client network to a virtual presence in Melrose. User-created files were first migrated over to a virtual file server while users continued to access files via their existing PCs. The connection to Melrose consists of a dedicated, multiprotocol label switching (MPLS) circuit, which decreases latency compared to publicly-available Internet service. In the second stage, with custom migration software support from Melrose, Essex systematically migrated individual user desktops and common software programs to Melrose over the same MPLS circuit. Once all the users of each, particular PC were migrated to Melrose, Essex replaced the PC itself with a zero client device, which displays the image from the virtual server using the existing monitor, mouse and keyboard. These very inexpensive, off-the-shelf devices can replace the old PCs within minutes.

This new arrangement has many advantages, including the cost savings gained from eliminating the need to replace servers and client PCs in the future and the ability to connect to one's desktop remotely from any device with Internet access. For now, this connectivity has been reserved for disaster recovery and emergency purposes, but it may someday offer certain employees routine desktop remote access. Melrose backs up both user files and virtual desktop images to a replication server for disaster recovery purposes, and Essex sends copies of all user data from Melrose to a commercial backup site as well. Other advantages include the availability of professional assistance from three, full-time Melrose IT personnel and the ability to roll out new software and network settings via a single server.

As a complement to the Melrose arrangement, Essex has contracted with certain, proprietary software vendors to have their applications (for accounting, tax collection, etc.) hosted on the vendors' servers and accessed over the Internet. The town's website and email are also vendor hosted. As such, with very few exceptions, Essex has virtualized its ability to operate and greatly increased its ability to rapidly recover from any disaster.

The Essex-Melrose virtualized system is not without room for improvement, especially where leveraging the full power of local Internet connections for streaming media is concerned. Whether Melrose uses an Internet connection on its end or uses one from Essex, the Remote Desktop Protocol (RDP) used by the zero client devices does not provide nearly as robust a media experience as a PC. Thin client devices that have the ability to open a local browser may provide a solution, but they cost more and require more maintenance. For now, certain Essex users who commonly require the use of media

(for training, weather tracking, etc.) are simply continuing to use their old PCs. An old PC already has the capability for RDP but can also connect to a local Internet point of presence. Over time, new, inexpensive devices will likely emerge to replace both the zero clients and the old PCs being used at this time.

Overall, the arrangement between the two communities is working very well. It has provided Essex with a cost-effective mechanism to ensure that its IT capabilities and functions (which are required in every municipal office) will be able to recover almost immediately in the event of a disaster.

Ask DLS

This month's Ask DLS features frequently asked questions relative to the city budget approval process. We hope the answers will provide helpful information. Please let us know if you have other areas of interest or send a question to cityandtown@dor.state.ma.us. We would like to hear from you.

What are the budget approval requirements for cities?

Assuming there are no relevant city charter provisions or special acts establishing a different process, approval of a city's annual budget is governed by [MGL c. 44, sec. 32](#). The answers that follow assume no contrary charter or special act provisions.

What information must be included in a proposed budget submitted by a mayor to the city council?

Within 170 days after the annual organization of the city government in any city (other than Boston), the mayor must submit the annual budget to the city council in the form of line-items for the proposed spending purposes of the city for the next fiscal year. Specifically, [MGL c. 44, sec. 32](#) requires that the annual budget show separately, at a minimum, for each office, department or purpose, amounts for the following:

- 1.) Ordinary maintenance, including debt service, and subdivided into:
 - a.) Salaries and wages of officers, officials and employees other than laborers or persons performing the duties of laborers; and
 - b.) Ordinary maintenance not included under (a); and

2.) Other expenditures, including additional equipment estimated to cost over \$1,000.

Is the mayor required to include the amount requested by the school committee for the operation of the schools in the budget submitted to the city council?

No, the amount recommended by the mayor for the operation of the city school department, or for a regional school district assessment, needs to meet the minimum school spending requirements of [MGL c. 70](#), but it may be less than requested by city or regional school committee. See [Superintendent of Schools of Leominster v. Mayor of Leominster, 386 Mass 114](#) (1982).

What is the procedure after the mayor's submission of the budget to the city council?

The city council may "by majority vote make appropriations for the purposes recommended and may reduce or reject any amount recommended in the annual budget." The council has 45 days from receipt of the annual budget to act on each and every amount recommended by the mayor. If the council has not acted on any recommended amount, "either by approving, reducing or rejecting" it within that 45-day period, that amount becomes part of the appropriations for the year without any further action of the city council. [MGL c. 44, sec. 32.](#)

If the city council wishes to reduce the budget, what is the procedure?

Under [MGL c. 44, sec. 32](#), any item in the mayor's proposed annual budget that the city council has not voted, within 45 days of its receipt of the budget, to approve, reduce or reject takes effect as the appropriation for that purpose for the fiscal year. Therefore, a vote purporting to reduce the entire budget, or to reduce categories of spending, by a total amount or percentage without actually voting to reduce particular line-items by specific dollar amounts is ineffective. Without that specificity in individual line-items, a city council reduction in the budget would make all the appropriations ambiguous. The city auditor would have no basis for deciding which line-items should be reduced and therefore no authority to refuse to pay bills from any of the line-items on the grounds that they were incurred in excess of appropriation. See [MGL c. 41, sec. 52](#) and [MGL c. 44, sec. 31](#). If the city council wishes to reduce the budget by a particular amount or percentage in total or for certain purposes, it must vote to reduce each

and every applicable line-item by specific dollar amounts, as necessary to achieve that end.

May the city council increase an appropriation in the annual budget without a recommendation of the mayor?

A city council cannot increase any amount recommended by the mayor in the annual budget on its own initiative, with one exception that only applies in cities that have accepted it. [MGL c. 44, sec. 32](#); [Section 2 of Chapter 329 of the Acts of 1987](#). If that option has been accepted, a city council may, by two-thirds vote, increase the amount recommended by the mayor for the city school department or regional school district assessment provided that (1) the city or regional school committee has recommended the increase, and (2) the increase does not make the total budget exceed the property tax limitations imposed in [MGL c. 59, sec. 21C](#), i.e., does not result in a budget that cannot be funded within the city's Proposition 2 1/2 levy limit. That means the city council must reduce other items in the mayor's budget by the amount of the increased school items unless the mayor agreed that the overall budget, as increased, can be funded within the levy limit.

May the city council add items to the annual budget without a recommendation of the mayor?

A city council may only add an item when there is no recommendation of any kind for that particular spending purpose in the mayor's budget, and it follows the procedure found in [MGL c. 44, sec. 33](#). A recommendation of zero funding constitutes a "recommendation."

If no recommendation of any kind has been made for an item or purpose the city council considers necessary, the council must vote to request that the mayor make a recommendation for an appropriation for that purpose. Only if the mayor does not make a recommendation within seven days of that vote may the city council, by two-thirds vote, make an appropriation for that purpose. [MGL c. 44, sec. 33](#). See [Daly v. Mayor of Medford, 241 Mass. 336](#) (1922) (appropriation by alderman for clerk of committees salary omitted by mayor lawful) and [Flood v. Hodges, 231 Mass. 252](#) (1918) (appropriation by city council for wage increases for police and fire employees void).

What happens if the mayor does not submit an annual budget to the city council within the required 170 days?

If the mayor does not submit an annual budget within the statutory time period, [MGL c. 44, sec. 32](#) provides for the city council to prepare an annual budget by June 30. The council's budget is generally subject to

the same requirements as a budget submitted by the mayor, e.g., it must contain the same minimum detail required for each office, department or purpose. Within 15 days of preparing a proposed budget, the city council must vote on it. As with the items in the mayor's proposed budget, any item that the council has not voted to approve, reduce or reject within that 15-day period takes effect as the appropriation for the stated purposes for the fiscal year.

Can the mayor veto a city council vote on the budget under [MGL c. 44, sec. 32](#) or city council appropriations under [MGL c. 44, sec. 33](#)?

No. Under [MGL c. 39, sec. 4](#), city council action on budgets submitted under [MGL c. 44, sec. 32](#) and appropriations by a city council under [MGL c. 44, sec. 33](#) are not subject to veto by the mayor. Also see [MGL c. 43, secs. 55](#) and [63](#).

If the city does not have an operating budget on July 1, can it spend based upon one-twelfth of the prior fiscal year's budget?

If the city does not have an operating budget for the fiscal year on July 1 due to circumstances beyond its control, the mayor may submit a "continuing appropriation budget...on a month to month basis for a period not to exceed three months." [MGL c. 44, sec. 32](#). This means the mayor may submit a budget for July if the annual budget is not approved by June 30, a budget for August if the annual budget is not approved by July 31 and a budget for September if the annual budget is not approved by August 31. However, there is no requirement that a continuing budget for any of those months be equal to one-twelfth of the previous fiscal year's operating budget. Each continuing budget can provide for all expenses that may be incurred for that particular month. The tax rate will be based upon the actual budget that is adopted for the entire fiscal year, which would include the amounts approved in continuing budgets.

Can a city council vote to approve all or part of the annual budget contingent upon passage of a Proposition 2 1/2 override?

No. Under [G.L. c. 59, sec. 21C\(m\)](#), only towns with town meetings may make appropriations contingent on passage of a Propositions 2 1/2 referendum. The referendum to make a contingent appropriation effective must take place within a certain time following the "town meeting" at which the appropriation was voted.

Save the Date - Municipal Law Seminar

The Division of Local Services Legal staff offers its "Recent Developments in Municipal Law" seminars for local officials every fall. Presentations include new legislation and recent court decisions pertaining to local government. The next seminars will be held on Thursday, October 1st, 2015 at The Log Cabin Banquet and Meeting House in Holyoke and Thursday, October 8th, 2015 at The Lantana in Randolph.

Registration information will be posted on our [website](#) in midsummer 2015. *City & Town* will provide notification when registration opens.

June Municipal Calendar

June 1	Clerk	<p>Certification of Appropriations</p> <p>This is done after City/Town Council or Town Meeting so the Accountant may set up accounts for each department in the municipality.</p>
June 1	Assessors	<p>Determine Valuation of Other Municipal or District Land</p> <p>In certain communities where land is owned by another community or district, the value of the land is determined by the Assessors in the year following a revaluation year, for in-lieu-of-tax payments.</p>
June 1	DOR/BLA	<p>Notification of Proposed EQVs (even numbered years only)</p>
June 1	DOR/BLA	<p>Notification of SOL Valuations (every 4th year after 2005)</p>

June 10	DOR/BLA	Concludes Public Hearings on Proposed EQVs (even numbered years only)
June 10	DOR/BLA	Concludes Public Hearings on Proposed SOL Valuations (every 4th year after 2005)
June 15	DOR	Commissioner Determines and Certifies Pipeline Valuations
June 15	Assessors	Deadline for Appealing Commissioner's Telephone & Telegraph Valuations
June 15	Assessors	Make Annual Preliminary Tax Commitment The preliminary tax commitment must be based on the prior year's net tax on the property and may not exceed, with limited exceptions, 50% of that amount. This should be done early enough for the annual preliminary quarterly or semi-annual bills to be mailed by July 1
June 20	Assessors	Final Date to Make Omitted or Revised Assessments As required by MGL Ch. 59, Sections 75 and 76, if a property is inadvertently excluded or mistakenly under-assessed on the warrant for property taxes, it is the Assessors' role to correct the mistake and assess the property correctly. Such an assessment may not be made later than June 20 of the taxable year or 90 days after

		the date the tax bills are mailed, whichever is later.
June 30	Assessors	<p>Overlay Surplus Closes to Surplus Revenue</p> <p>Each year, any balance in the overlay reserve accounts in excess of the remaining amount of the warrant to be collected or abated in that year, is certified by the Assessors. The transfer from overlay reserves to the overlay surplus is done on the Assessors' initiative or within 10 days of a written request by the chief executive officer. Once in overlay surplus, these funds may be appropriated for any lawful purpose. Any balance in the overlay surplus at the end of the fiscal year shall be closed to surplus revenue and, eventually, free cash.</p>
June 30	Assessors	<p>Physical Inventory of all Parcels for Communities that Accepted M.G.L. Ch. 59, Sec. 2A(a)</p>
June 30	Taxpayer	<p>Deadline for Applying to Have Land Classified as Forest Land, M.G.L. Ch. 61</p> <p>According to MGL Ch. 61, Section 2, this is the deadline to apply to the State Forester to have land classified as forest land.</p>
June 30	Assessors	<p>Submit Annual Report of Omitted or Revised Assessments</p>

<p>June 30</p>	<p>Assessors</p>	<p>Last Day to Submit Requests for Current Fiscal Year Reimbursements of Exemptions Granted Under the Various Clauses of Ch. 59, Sec. 5</p> <p>If an exemption is granted to a residential property owner, the property tax is lowered, and the city or town collects fewer tax revenues than anticipated. These exemptions are partially reimbursed by the state as indicated under "Exemptions", section B of the Cherry Sheet.</p> <p>It is the responsibility of the Assessors to submit all exemptions to DOR so that the community may be reimbursed for statutory exemptions. If the Assessors fail to submit a request, the community's loss of tax revenues will not be offset by exemption reimbursements from the state. These reimbursements may not be filed retroactively for any year.</p> <p>If tax bills are mailed late, assessors may submit requests for reimbursement until August 20.</p>
<p>Final Day of Each Month</p>	<p>State Treasurer</p>	<p>Notification of monthly local aid distribution.</p> <p>Click www.mass.gov/treasury/cash-management to view distribution breakdown.</p>

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