



DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE



[Local Officials Directory](#)

[Municipal Calendar](#)

[IGR's & Bulletins](#)

[Workshops, Seminars & Events](#)

[What's New?](#)

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:

- [DLS Welcomes Our New BOA Director](#)
- [In Memory of John Musante](#)
- [FY16 TAP Data Submissions Underway](#)
- [Ask DLS](#)
- [The Ten Worst Practices in Municipal Finance](#)
- [Register Today for Assessment Administration: Law, Procedures and Valuations \(Also Known as Course 101\)](#)
- [OSD Invites You to Attend Cyber Security Awareness Day](#)

DLS Welcomes Our New BOA Director

I'm pleased to announce that DLS has found its new Bureau of Accounts (BOA) Director. Mary Jane Handy will be starting on Monday, and I'm very excited for her to join our team in such an important role. Mary Jane is a CPA and MBA and has experience in a municipal auditing firm, in a city hall and in school districts, most recently Athol-Royalston. Her unique skill set will help guide the Bureau of Accounts during this time of transition, and I believe her management style will be well received here at DLS and by you, our colleagues and constituents in municipal government. On a related note, I'd like to thank Tony Rassias for his capable leadership and professionalism during these past months. I'm very grateful for his help and support since I began in February.

As we move forward, Mary Jane will be meeting with you to hear your thoughts and ideas and to share with you her vision. Please join me in giving her a warm welcome to DLS!

In the [last edition of City & Town](#), Lieutenant Governor Polito discussed the Administration's collaboration with the Massachusetts Association of Regional Planning Agencies (MARPA) to develop and host a municipal conference in November. Scheduled for November 12th at the College of the Holy Cross in Worcester, the "Elevating Municipal Partnerships Conference" will bring together key Administration officials and municipal leaders from all over the state. Kicked off by the Lieutenant Governor, the conference will feature a panel of five state secretaries speaking about technical assistance and grant opportunities available to municipalities and actions they have taken to help

strengthen the state-municipal relationship. This will be followed by six workshops focusing on best practices across various subject matters.

The event is free to attend and is an excellent opportunity to discuss your community's challenges and success with policymakers and Administrative officials from across state government. [Click here](#) to view conference program and [click here](#) to register for event.

As we have in previous years, *City & Town* will continue to provide updates on the progress of the tax rate and certification season in each edition through the rest of the calendar year. In addition to these helpful statistics, we're also very pleased to announce that for the first time you can now follow the tax rate setting process in real time. Thanks to our Municipal Databank staff, this public information is available 24/7 and we hope you find it interesting and informative. To view the report, click [here](#).

Preliminary Certifications: 41 Communities Approved (52 Submitted)

Final Certification: 17 Communities (of 117 Total in Certification Year)

LA4/ New Growth: 65 Approved (86 Submitted)

Tax Rates: 22 Approved

Balance Sheets: 95 Approved

Aggregate Free Cash Approved Total: \$462,536,678

(Figures as of time of publication.)

On a somber note, it is with great sadness that I reflect on the recent passing of Amherst Town Manager John Musante. He was an extremely talented finance official and municipal manger. More importantly, he was a great person. He will be missed terribly in the Amherst community and in municipal management circles. Our thoughts and prayers go out to his family and friends during this difficult time. We will always remember and honor his commitment to public service.

Sean R. Cronin
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In Memory of John Musante

Terry Williams - Bureau of Accounts Field Representative

John Musante passed away suddenly on September 20th at the age of 53. As the BOA field representative for Amherst for the past 12 years, I

can say that John was the very definition of a committed and respected public servant. He served as a research analyst in the Municipal Databank at DLS for three years, and his long career included stints as Chief of Staff in New Bedford, Town Manager of Lenox and Finance Director for Northampton as well as Amherst. He reached the pinnacle of his profession when he was unanimously appointed Town Manager in Amherst in 2010. John brought experience, creative energy and drive that were well-suited for a community that strives to be a model responsive to all citizens. Amherst civic groups and other officials who worked with him, including the staff at DLS, mourn the premature loss of such a wonderful and professional colleague.

FY16 TAP Data Submissions Underway

Bob Bliss - DLS Regional Manager and Director of Strategic Planning

Nearly half of the communities enrolled in the FY16 Taxpayer Assistance Program (TAP) have made their initial data submissions to the Bureau of Local Assessment, and three of those have received approval of their new growth.

Twenty-five communities enrolled in TAP earlier this year, all with the goal of trying to set a tax rate before the end of November. The communities with approved data submissions include Boxford, Boylston, Chelsea, Chesterfield, Hanover, Hopkinton, Merrimac, Shrewsbury Tewksbury and Wareham, in addition to the three communities with approved new growth, Hanover, Sutton and Wenham. None of the TAP communities have set tax rates yet. The earliest projected date for setting a rate is October 23rd in both Newburyport and Wenham.

It should be noted that many communities not in TAP have already set tax rates, led by Eastham and Brewster, both of which set their rates on August 15, followed, in order of date set by Great Barrington and Washington (August 31); Chatham (September 2); Sturbridge (September 9); Halifax (September 14); Williamstown and Conway (September 15); Plympton (September 16); Cheshire (September 17); Wellfleet (September 18); Granville and Truro (September 21); Rochester, Alford and Orleans (September 22); New Ashford (September 24); Nahant (September 25) and Cummington (September 28); Cambridge and Lincoln (September 29).

The early setting of tax rates is something that predates TAP; many communities for years have set their tax rates before the end of September or October.

Ask DLS

This month's *Ask DLS* features Frequently Asked Questions (FAQs) about special town meetings, which are often held in the fall to finalize the budget before setting the tax rate. 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.

May a town appropriate from next fiscal year's tax levy at a special town meeting held before the current year's tax rate is set?

No. All appropriations voted since the last tax rate was set must be raised in the tax rate for the current fiscal year, regardless of the financing source. [MGL c. 59, sec. 23](#).

What is the deadline for obtaining voter approval of a debt exclusion or override after a contingent appropriation voted at a special town meeting?

The deadline for obtaining voter approval of override or exclusion questions to fund contingent appropriations voted at a special town meeting is 90 days after the appropriation vote. More than one election may be held, but the contingent appropriation is null and void if the related question is not approved by that deadline. If the special town meeting is held before the tax rate is set and the appropriation is from the tax levy, the town cannot submit its tax rate to the Department of Revenue for approval until after an election has been held, or 90 days have passed, whichever occurs first. [MGL c. 59, sec. 21C\(m\)](#).

May free cash be appropriated at a special town meeting to reduce the tax rate or for particular purposes?

Yes, but only if the free cash has been certified by the Director of Accounts at the time the vote is taken. [MGL c. 59, sec. 23](#). Free cash is not available for appropriation until it has been certified. Appropriations from uncertified free cash are not valid.

May a departmental revolving fund under [MGL c. 44, sec. 53E1/2](#) be established at a special town meeting?

Yes, but only if the fund is established for a new revenue source and the accounting officer certifies that the anticipated revenue from that source was not used in determining the tax rate, if set. As a general rule, annual town meeting must authorize a fund for an eligible departmental receipt for any given fiscal year before the July 1 start of that year. However, if a town department begins a new fee-based program or service, or begins charging a fee for an existing program or service, after annual town meeting, those receipts may be used to establish a revolving fund at a special town meeting if they were not used in setting the tax rate.

May a town vote to abandon or discontinue a loan issuance and appropriate the unexpended proceeds for another capital purpose at a special town meeting?

No. Proceeds from an abandoned borrowing may only be voted at an annual town meeting. [MGL c. 44, sec. 20](#). However, a town may appropriate surplus bond proceeds from a completed project for a capital purpose allowed under [MGL c. 44, sec. 20](#) at any meeting.

The Ten *Worst* Practices in Municipal Finance

Tony Rassias - Bureau of Accounts Deputy Director

The Division of Local Services is eager to hear your municipal best practices and relay them to other communities struggling to find their way through a veritable jungle of procedures.

A best practice isn't a popularity contest. A best practice is a professional procedure that has been accepted as correct, has consistently shown superior results than other means, and may generally be used as a standard for others to follow.

But this article isn't about the best practices in municipal finance; it's about the *worst* practices. Turn my definition of best practices around and you'll find that *worst* practices are bad to do, often show results that land the government in a mess and should be avoided.

Here's my list of ten. I hope that none of these apply to your community, but if they do, I've included my recommendations on how to correct them.

#1.) A self-insured health care trust fund that no one understands how to manage.

My Recommendation - Learn It or Lose It!

Some communities have a self-insurance fund and run it properly. However, several municipalities have landed in dire financial straits by having a fund like this that they couldn't manage correctly.

It's time to stop the bleeding. Find a professional insurance administrator, go to the state's [Group Insurance Commission \(GIC\)](#), go anywhere premium based, find out what other communities in your situation have done, contact experts in the field, but if no local official understands how to manage this fund, please learn it or lose it.

#2.) An accounting software package that no one knows how to

use.

My Recommendation - Figure it Out or Get Another!

Maybe your community has a contract with the software company that includes training and support. Maybe you can consult with another community that runs the same software. Don't find yourself in a position where the system automatically provides adjusting entries that you and your staff duplicate manually.

Maybe your software system can do or does more than you know. Figure it out or get another one.

#3.) A computer system requiring a simple character password.

My Recommendation - Forget About It!

You may have heard reports of attempted theft from municipal coffers by pretty slick hackers. A little malware, a little spam, maybe a trick telephone call or two and voila! They're in. Maybe they're located in the next building or thousands of miles away. Distance doesn't matter anymore.

Your community's accounting records and energy usage are probably both audited by competent professionals. Now, how about the security of your computer system and passwords? These days, longer and more complicated passwords with a combination of letters, numbers and special characters are necessary and should be changed regularly.

By the way, still keep your passwords under your keyboard? Just sayin'.

#4.) Reconciliation of cash and receivables are considered a waste of time.

My Recommendation - Think Again!

Any healthy system of internal controls in a municipal environment includes accounting reconciliations between and sometimes among department heads. In government, the laws oftentimes direct two or more local officials to be notified of economic activity by either paper copy or nowadays by electronic transmission.

But notifications won't do any good if the information isn't verified and reconciled. Cash, for example, is preferred to be reconciled monthly. The government's internal controls should be such that the risk of fraud is at a minimum, if not eliminated. Reconciliations aren't a waste of time, they're a responsibility.

#5.) A town accountant that never read [MGL Ch. 41, Sect. 58](#).

My Recommendation - Read It!

Whenever any appropriation shall have been expended or whenever, in the judgment of the town accountant, it appears that the liabilities incurred against any appropriation may be in excess of the unexpended balance thereof, he shall immediately notify the selectmen and the board, committee, head of department or officer authorized to make expenditures therefrom, and no claim against such appropriation shall be allowed nor any further liability incurred until the town makes provision for its payment.

Section 58 works in conjunction with [MGL Ch. 44, Sect. 31](#), another important municipal finance law, that says no department is allowed to overspend its budget except "in cases of major disaster" that poses "an immediate threat to the health or safety of persons or property," and then only under controlled conditions.

While section 31 articulates a prohibition against deficit spending, section 58 imposes a responsibility upon the town accountant to enforce the prohibition.

#6.) Relying on one-time revenues to fund annual operating costs.

My Recommendation - Don't Do It!

Unbudgeted revenues or windfalls are good, but waiting for them to occur, or even using them after they occur, to finance annual operating costs is extremely risky.

I'm not saying that it can't be done in one year. Just don't rely on any one-time revenue source like a new round of American Recovery and Reinvestment Act (ARRA) funds, a tax amnesty or a court judgment in the community's favor when budgeting for the next year.

Annual operating costs should be financed using a dependable revenue stream like the tax levy rather than an inconsistent or anticipated one. Windfalls should just provide the gravy.

#7.) Quick! Hide the Audit!

My Recommendation - Use It, Don't Lose It!

An audit is an examination of a community's systems, procedures, programs and financial data to provide users of financial reports with independent assurance that a community's financial statements are reliable, accurate, and complete. A financial statement audit determines whether, in the auditor's opinion, the records are materially accurate.

In other words, it's conducted to assure the public that an independent authority is reviewing a community's financial health and practices, identifying areas for improvement, analyzing its overall financial

position and reviewing internal control procedures to minimize the risk of errors or fraud.

The audit is there to help. The management letter is specifically written to improve operations and controls and it shouldn't be ignored. The audit is an examination and a management tool to improve efficiency and reduce weaknesses. So don't hide the audit; use it.

#8.) An accounting software conversion in mid-June.

My Recommendation - Can't anyone think of a better time?

I've been affected by many different sorts of data and software conversions in my time (changes that occur immediately, as of a future date certain, that are bridged, that run concurrently with the existing system for a time, etc.) and there's almost always a glitch, sometimes a major one. You need time to determine if everything is running as expected. It takes time, and perfection shouldn't be assumed. The end of the fiscal year, when the books are closing, may not be the best time to figure this all out.

I'm not saying that a data or software conversion is unnecessary. It may be necessary in your case. But thought must be given as to when it should occur.

#9.) Failing to return funds borrowed internally by June 30th.

My recommendation - Understand the consequences!

The problem is with internal borrowing in anticipation of the issuance of authorized debt, particularly regarding a capital program or project. Communities are allowed to borrow in a limited way from their own reserves (from available unrestricted funds) but only temporarily in anticipation of permanent borrowing. [MGL c. 44, section 20A](#), [IGR 92-105](#)) Internally borrowed funds must be returned by June 30th in the fiscal year that they were borrowed and may need to be replaced by externally borrowed funds to plug the deficit. If the deficit is not addressed, it becomes a reduction to free cash and that reduction could be significant.

In municipal finance, June 30th means something more than just another date on the calendar. Borrow timely.

#10.) Balancing the budget: Stretch the estimated receipts and clip the overlay.

My recommendation - Wait a minute!

Balancing the budget is always a chore, and some places take it to the extreme by waiting for free cash to be certified in the fall (then find it's not enough), by hoping for an override (which then fails), by allowing an

imbalance to linger (then facing possible state intervention), and by unreasonably stretching estimated receipts and clipping the overlay by far too much (thus halting tax rate certification).

Be reminded that estimated receipts ([MGL Ch. 59, Sect. 23](#)) and the overlay ([MGL Ch. 59, Sect. 25](#)) must appear reasonable in amount for the tax rate to be certified by the Bureau of Accounts. Supporting documentation is necessary. Don't find yourself in a position of returning to city/town council or town meeting at Christmastime hoping for a quorum to cut the budget.

Those are my Ten *Worst* Practices in Municipal Finance. I hope that there aren't any others, but that's probably just wishful thinking.

Register Today for Assessment Administration: Law, Procedures and Valuation (Also Known as Course 101)

The Division of Local Services will offer the basic assessor training course, "Assessment Administration: Law, Procedures and Valuation," also known as Course 101, in Saugus this fall. The course will be held for six consecutive Tuesdays starting October 20th and ending on November 20th and run from 4pm to 7pm.

Advanced registration is required and space is limited. Registrations must be received by Friday, October 9th, 2015. Click [here](#) for the registration form. If you have any questions, contact DLS Training Coordinator Donna Quinn at 617-626-3838 or dlsregistration@dor.state.ma.us.

OSD Invites You to Attend Cyber Security Awareness Day

Operational Services Division

Governor Baker has proclaimed October "Cyber Security Awareness Month" in the Commonwealth in keeping with [National Cyber Security Awareness Month](#). To help raise awareness of this important topic, www.mass.gov/cybersecurity will feature new content supported by blogs and tweets by MassIT, the state's lead agency for technology and innovation. In addition, keep an eye out for our billboards on highways across the state throughout the month.

To get involved, consider attending some or all of our [Connect with Care: Cyber Security Awareness event at the State House](#) on the morning of Wednesday, October 7th. Commonwealth Chief Information Security Officer (CISO) Kevin Burns and MassIT's Enterprise Security Team will host the half-day event, which will feature experts from the Department of Homeland Security and the group behind Verizon's annual Data Breach Investigations Report, the Verizon Enterprise Solutions team. CISO Kevin Burns will also share insights regarding recruiting, hiring, and retaining security professionals.

All public sector staff are welcome. Sign-in and networking will begin at 8:15am at the Gardner Auditorium, and the program will run from 9am to midday.

[See the online invitation for the full agenda and to register to attend.](#)

Please pass along the invitation to colleagues! For additional information, please contact [Chris Velluto](#) or [Bob Milosavljevic](#) on MassIT's Enterprise Security Team. Thanks and we look forward to seeing you.

October Municipal Calendar

October 1	Taxpayer	<p>Deadline for Submitting Forest Land Certification and Management Plan, MGL Ch. 61</p> <p>According to MGL Ch. 61, Section 2, this is the deadline to submit to the Assessors the State Forester's certification and approved management plan in order to have the land valued as classified forest land in the next fiscal year.</p>
October 1	Collector	<p>Mail Semi-Annual Tax Bills</p> <p>For communities using the regular semi-annual payment system, actual tax bills or optional preliminary bills should be mailed by this date.</p>
October 1	Taxpayer	<p>Semi-Annual Preliminary Tax Bill - Deadline for Paying</p>

		<p>Without Interest</p> <p>According to MGL 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.</p>
October 1	Taxpayer	<p>Deadline for Applying to Have Land Classified as Agricultural/Horticultural Land or Recreational Land, MGL Ch. 61A and Ch. 61B</p> <p>According to MGL 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 MGL 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.</p>
October 15	Superintendent	Submit School Foundation Enrollment Report to DESE
October 31	Selectmen	Begin Establishing Next

		Fiscal Year Budget Guidelines and Request Department Budgets
October 31	Assessors	<p>Begin Work on Tax Rate Recapitulation Sheet (to set tax rate for annual preliminary tax bill communities)</p> <p>A community that uses the annual preliminary tax bill system (on a quarterly or semiannual basis) should begin gathering tax recap information in order to have enough time for the tax rate to be set and tax bills mailed by December 31. See August's Complete Tax Rate Recapitulation Sheet.</p>
Final Day of Each Month	State Treasurer	<p>Notification of monthly local aid distribution.</p> <p>Click www.mass.gov/treasury/cash-management to view distribution breakdown.</p>
<p>To unsubscribe to <i>City & Town</i> and all other DLS Alerts, please click here.</p>		