



CITY & TOWN

Mitchell Adams, Commissioner
Joseph J. Chessey, Jr., Deputy Commissioner

A Publication of the Massachusetts Department of Revenue's Division of Local Services

New Technology Applications Available

written by Melinda J. Ordway

The Division of Local Services is taking the initiative of presenting two of its publications in a new, user-friendly format — CD-ROM. The new 1998 Corporations Book and Municipal Bulletin 32, *Laws Relating to Municipal Finance and Taxation* are now available in both paper copy and CD-ROM. The major advantage of having publications available in this new format is the ability to search for topics or corporations efficiently and effectively.

In June, every local board of assessors received a paper copy of the just-published *1998 Massachusetts Domestic and Foreign Corporations Subject to an Excise*. DLS compiles and publishes a list of for-profit corporations that do business in Massachusetts, commonly called the "Corporations Book," to enable municipalities to determine which corporations in their communities are subject to the local personal property tax. A complete listing of corporations is published every five years and supplemental lists are released yearly. The 1998 Corporations Book is the latest full edition of all corporations registered to do business in Massachusetts as of January 1, 1998. The corporations are listed in alphabetical order for the entire state, not divided by community or by category, making it difficult for assessors to locate the listings relevant to their communities.

DLS has created the CD-ROM version of the entire 800-page Corporations Book as part of a continuing effort to improve service to communities. In 1997, DLS created a data base search

program located on the DLS website which enabled local officials to search and categorize the data published in the 1997 Corporations Book Supplement. Similar to the website search program, the new CD-ROM program is designed to search by any keyword and to indicate if the corporations listed are designated manufacturing corporations. This information is significant to assessors because corporations that have been classified by the Commissioner of Revenue as manufacturing corporations are exempt from certain personal property taxes (see the Corporations Book for more information).

Corporations Book and Bulletin 32 in CD-ROM

The new CD-ROM version of the Corporations Book does not require assessors to load any software onto their computer's hard drive. Every local board of assessors will receive one copy of this 1998 Corporations Book CD-ROM.

Laws Relating to Municipal Finance and Taxation, Bulletin 32, is a compilation of the Massachusetts General Laws pertaining to local government. Updated through April 1998, Bulletin 32 will be distributed to every city and town in July. Bulletin 31, the previous issue, was printed in 1996. The Division of Local Services provides paper copies of this publication to a number of local

officials in every community. This year, DLS will also distribute one Bulletin 32 on CD-ROM to each community.

In the past, local officials had difficulty finding information in the index of this publication. The new CD-ROM includes a search platform which will allow officials to search by a phrase or even by a single word.

For more information about the contents of the Corporations Book contact Melinda Ordway at (617) 626-2361, or for legal questions contact Gary Blau at (617) 626-2315. Additional copies of the 1998 Corporations Book or CD-ROM may be obtained at the State House Book Store (617) 727-2834 for \$15.50 (Book) or \$7.00 (CD-ROM) each plus postage. Requests for additional copies of Bulletin 32 should also be referred to the State House Book Store. The cost for the bulletin is \$10.00 or the CD-ROM package is \$15.00 each plus postage. ■

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LEGAL

in Our Opinion

Lease of Public Property

A recent Supreme Judicial Court decision concerns the assessment of publicly owned real property used or leased for non-public purposes.¹ The plaintiff owned a summer cottage in the Conomo Point section of the Town of Essex. The Town owns the land and leases lots to numerous individuals, including the plaintiff, under long-term leases. Most lessees have built houses on the land. The lease restricts occupancy to the period from April 15 to October 15. For 1995, the plaintiff paid \$1,400 in rent to the Town. This payment did not include real estate taxes.

The Town, relying on Chapter 59 Section 2B, assessed the plaintiffs for \$258,400, and the real estate tax was almost \$3,000 for FY 1996. The plaintiffs filed a timely abatement application which the Essex assessors denied. The plaintiffs appealed to the Appellate Tax Board. Over one hundred appeals from other tenants were also filed at the ATB. The "lead case" was the appeal by the plaintiffs.

The issue before the ATB was the assessed value of the property. The Town maintained that the parcel should be assessed as if the taxpayers owned the property in fee simple absolute, and thus the \$258,400 assessment was proper. The taxpayers argued, however, that the lease should be considered when valuing the property. In their opinion, the parcel's value should be based on sales of comparable properties in that section of Town which were subject to that kind of lease. The taxpayers believed the assessment should be no higher than \$130,000.

When the ATB ruled for the Town, the plaintiffs petitioned the Supreme Judicial Court for direct appellate review.

The plaintiffs agreed that their parcel was subject to tax but contended that the parcel was overassessed. They argued that the assessed value of the property should be reduced due to the lease that restricted the time during which they could occupy the house. In their view, any assessment which failed to consider the lease would violate the state constitutional full and fair cash value standard.

The Supreme Judicial Court examined the language in Chapter 59 Section 2B. In the Court's view, a plain reading of the statute required that leased land be "valued, classified, assessed and taxed...as if...the lessee...were the owner thereof in fee." The Court concluded that consideration of the lease in assessing the property would contradict the express language of the statute.

The Court, relying on earlier decisions, held that any tax on real estate should be based on the value of the *entire* parcel and not merely the interest of the person being taxed. In reaffirming the 1923 decision of *Donovan v. Haverhill*, the Court held that a below market lease did not reduce the parcel's value for property tax assessment purposes. The assessors should make the assessment based on the value of the entire estate unencumbered by the lease.

The plaintiffs also argued that the lease provision restricting occupancy to the months of April through October constituted a governmental restriction which should be considered for tax assessment purposes. The Supreme Judicial Court disagreed. In the Court's view, the presence of the restriction in the lease did not render it a governmental restriction like rent control.

The Court then upheld the ATB's decision that an assessment of land leased from a municipality should be based

on the value of the entire estate and should not take into account any lease restrictions. ■

written by James Crowley

1. *Sisk v. Assessors of Essex*, 426 Mass. 651 (1998).

Performance Auditing

Since the early 1980s many local government units across the United States and Canada have recognized the value of performance auditing, known as operational auditing in the corporate sector. This type of auditing provides independent and objective assessments of the economy, efficiency and effectiveness of programs, functions, and activities found in both the government and corporate sector. In effect, auditors who perform this work are business consultants providing value added observations and recommendations to improve the way organizations meet their goals and objectives, and protect and use the resources and information systems under their control.

Performance auditing is a professional audit service that is being carried out in municipalities, counties, special districts and authorities. This type of work provides a true value added service to boards of selectmen, mayors, city managers, administrators, superintendents, executive directors, police and fire chiefs and the public at large. The type of performance audits routinely performed in local government include employee benefits, health and human services, parks and recreation, public safety, public works, tax and revenue and a host of miscellaneous topics. A national Benchmarking and Best Practice Survey published by the National Association of Local Government Auditors noted that, approximately 80 per-

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FOCUS

on Municipal Finance

Free Cash Comparisons

Does a community's free cash remain relatively stable as a percentage of the total budget or does it vary with the economy? This article looks at free cash totals statewide from FY1991 through FY1998 to identify trends. It identifies the communities where free cash represents a large percentage of the total budget, as well as communities where free cash represents less than one percent of that total. The article also discusses the correlation between a community's free cash position and current bond ratings as well as ratings during the recession years.

A community accumulates free cash when actual revenue collections exceed the budget estimates used in setting the tax rate, and/or actual expenditures and encumbrances (committed funds not yet expended) are less than appropriations. Uncollected property taxes, illegal deficits, overdrawn grant accounts and deficits in other funds, such as special revenue funds or

agency funds, reduce free cash and may even result in a negative free cash position. Negative free cash does not have to be raised in the next year's tax rate.

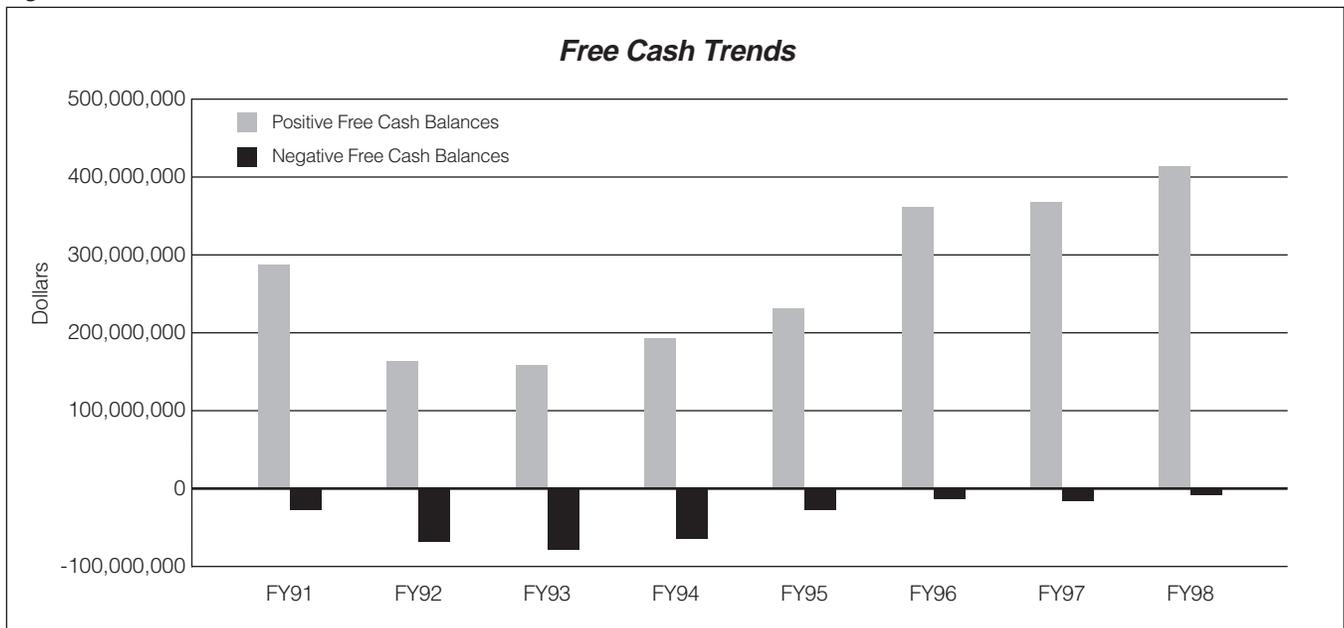
The Director of Accounts certifies free cash based on the community's balance sheet for the fiscal year ending on June 30. Free cash cannot be appropriated until the amount available has been certified. Once certified, however, it can be appropriated by town meeting or city council for any legal spending purpose up until the following June 30.

Figure 1 illustrates statewide positive and negative free cash balances from FY1991 through FY1998. Since free cash is certified as of the July 1 beginning of the fiscal year, free cash for FY1991 was certified as of July 1, 1990. Although the economic recession began in 1990 in Massachusetts, local cities and towns showed the most severe impact on free cash in FY1992 and FY1993. FY1992 certified positive free cash was only 58 percent of FY1991 free cash. Negative free cash

increased 2.57 times in the same time period. For FY1993 positive free cash declined slightly (2.4 percent) and negative free cash increased by 14.5 percent. Positive free cash has increased in every fiscal year since FY1993. For FY1998, certified positive free cash is 43 percent higher than it was in FY1991 and negative free cash is only 5.6 percent of what it was in the worst year, FY1993.

Table 1 shows free cash certified for FY1998 as a percent of the FY1998 budget. At the time this article was written, 13 communities had not certified free cash for FY1998. For individual communities which did have positive free cash certified, the range is from a low of .26 percent free cash as a percent of the budget in the city of Revere to a high of 43.75 percent in the town of Sandisfield. All of the communities where free cash represented 30 percent or more of the total budget are small towns in western Massachusetts: Sandisfield (43.75 percent), Stockbridge (42.10 percent), Hawley
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Figure 1



Municipality	7/1/97 Free Cash	FY98 Budget	Free Cash as Percent of Budget	Municipality	7/1/97 Free Cash	FY98 Budget	Free Cash as Percent of Budget	Municipality	7/1/97 Free Cash	FY98 Budget	Free Cash as Percent of Budget
Methuen	739,939	75,711,353	0.98%	Princeton	629,070	5,398,923	11.65%	Tyngsborough	1,225,191	19,530,420	6.27%
Middleborough	933,994	40,084,495	2.33%	Provincetown	280,362	15,237,154	1.84%	Tyringham	85,507	1,002,611	8.53%
Middlefield	105,303	765,228	13.76%	Quincy	4,413,455	164,355,584	2.69%	Upton	234,467	7,329,263	3.20%
Middleton	1,334,381	12,017,005	11.10%	Randolph	1,914,392	50,198,762	3.81%	Uxbridge	640,741	19,424,207	3.30%
Milford	710,439	48,386,858	1.47%	Raynham	285,948	14,272,608	2.00%	Wakefield	1,921,645	49,237,496	3.90%
Milbury	1,363,821	17,237,684	7.91%	Reading	2,240,445	49,841,295	4.50%	Wales	2,567,673	5,667,673	0.00%
Mills	767,473	14,277,073	5.38%	Rehoboth	1,070,566	10,846,233	9.87%	Walpole	928,669	42,383,577	2.19%
Milville	469,752	3,006,165	15.63%	Revere	209,700	80,049,962	0.26%	Walworth	6,974,078	120,300,285	5.80%
Milton	1,025,127	49,673,523	2.06%	Richmond	237,970	3,501,509	6.80%	Ware	16,252,756	16,252,756	4.62%
Monroe	125,162	466,106	26.85%	Rochester	893,997	8,881,432	10.07%	Wareham	599,019	37,536,960	1.60%
Monson	471,740	15,105,134	3.12%	Rockland	-547,821	32,764,397	-1.67%	Warren	58,714	4,960,301	1.18%
Montague	614,193	10,321,807	5.95%	Rockport	1,301,045	19,086,490	6.82%	Warwick	136,740	1,091,345	12.53%
Monterey	202,543	1,824,267	11.12%	Roxbury	927,064	2,632,751	35.21%	Washington	900,231	900,231	-0.17%
Montgomery	221,985	1,391,450	15.95%	Rowley	357,011	7,689,265	4.64%	Watertown	3,514,953	64,062,648	5.49%
Mount Washington	117,754	392,267	30.02%	Royalston	213,589	1,971,358	0.00%	Wayland	2,098,996	36,187,363	5.80%
Nahant	237,195	7,283,062	3.26%	Russell	213,589	2,552,435	8.37%	Webster	814,028	24,348,675	3.34%
Nantucket	4,897,887	48,981,622	10.00%	Rutland	342,906	6,939,182	4.94%	Wellesley	2,292,962	58,795,529	3.90%
Natick	2,128,405	68,109,313	4.01%	Salem	1,423,512	80,118,531	1.78%	Wenham	3,769,926	9,928,605	3.80%
Needham	1,968,754	68,161,972	2.89%	Salisbury	169,653	11,656,138	1.46%	Wendell	1,369,926	1,369,926	0.00%
New Ashford	92,369	368,029	25.10%	Sandisfield	642,253	1,468,043	43.75%	Wenham	532,444	6,931,610	7.68%
New Bedford	40,773	193,171,248	0.00%	Sandwich	629,725	34,596,523	1.82%	West Boylston	12,271,320	12,271,320	6.32%
New Braintree	123,636	1,110,479	3.67%	Saugus	316,798	48,268,946	0.66%	West Bridgewater	686,424	14,250,366	4.82%
New Marlborough	123,636	2,456,280	5.03%	Savoy	90,336	1,089,972	8.29%	West Brookfield	511,260	4,026,316	12.70%
New Salem	123,636	1,222,104	10.12%	Seaside	1,361,556	36,149,486	3.77%	West Newbury	868,536	7,254,974	11.97%
Newbury	367,384	9,634,854	3.81%	Seekonk	1,434,797	24,419,100	5.88%	West Springfield	3,330,261	54,753,733	6.08%
Newburyport	4,062,320	31,875,767	0.00%	Sharon	1,216,005	35,025,137	3.47%	West Stockbridge	2,822,463	2,822,463	10.62%
Newton	351,797	206,550,467	1.97%	Sheffield	709,575	5,591,184	12.69%	West Tisbury	299,880	7,433,812	2.81%
Norfolk	346,358	16,588,366	2.12%	Shelburne	100,342	2,349,264	4.27%	Westborough	2,024,876	42,342,547	4.78%
North Adams	28,629,941	28,629,941	1.00%	Shirborn	527,335	11,444,940	4.61%	Westford	2,349,071	74,551,156	3.15%
North Andover	2,386,984	47,704,711	0.00%	Shrewsbury	4,555,647	48,908,865	9.31%	Westford	1,718,462	37,816,191	4.54%
North Attleborough	2,431,979	48,804,109	4.98%	Shutesbury	454,428	3,428,047	13.26%	Westhampton	90,435	2,643,033	3.42%
North Brookfield	291,975	8,143,762	3.59%	Somerset	3,098,821	35,493,190	8.73%	Westminster	678,086	9,272,553	7.31%
North Reading	535,806	29,702,116	4.41%	Somerville	6,969,416	130,280,709	5.35%	Weston	1,771,707	36,859,512	4.81%
Northampton	1,402,665	52,357,604	2.68%	South Hadley	724,947	25,564,297	2.84%	Westport	804,898	19,044,122	4.23%
Northborough	2,854,196	23,607,860	12.09%	Southampton	241,340	7,595,352	3.18%	Westport	898,542	35,105,527	2.56%
Northbridge	1,145,071	22,697,194	5.02%	Southborough	1,306,667	17,598,733	7.42%	Weymouth	1,451,875	92,827,135	1.56%
Northfield	534,058	3,712,232	14.39%	Southbridge	3,212,404	30,259,647	10.62%	Whately	181,317	2,904,605	6.24%
Norton	535,806	28,224,732	1.90%	Southwick	925,333	9,936,599	9.31%	Whitman	775,782	18,327,995	4.23%
Norwell	686,911	23,168,159	2.96%	Spencer	338,821	10,239,769	3.31%	Wilbraham	823,148	19,435,998	4.24%
Norwood	2,386,984	82,229,484	2.90%	Springfield	1,030,560	326,234,747	0.00%	Williamsburg	268,470	3,577,299	7.50%
Oak Bluffs	619,071	12,515,285	4.95%	Sterling	2,021,558	10,587,640	9.73%	Williamstown	272,784	13,391,540	2.04%
Oakham	138,714	1,632,346	8.50%	Stonewall	4,802,302	4,802,302	42.10%	Wilmington	2,993,364	40,400,206	5.92%
Orange	648,954	14,099,006	4.60%	Stonham	1,113,799	42,623,866	2.61%	Winchendon	1,732,865	20,319,486	8.53%
Orleans	1,588,641	16,173,581	9.82%	Stoughton	1,390,807	51,643,711	2.69%	Winchester	612,212	46,717,697	1.31%
Otis	304,305	2,733,612	11.13%	Stow	745,397	10,457,522	7.13%	Windsor	287,036	1,057,254	27.15%
Oxford	1,251,985	19,847,637	6.31%	Sturbridge	715,011	14,545,891	4.92%	Winthrop	911,243	28,861,811	3.16%
Palmer	628,226	23,350,646	2.69%	Sudbury	763,419	41,080,850	1.86%	Woburn	74,769,477	74,769,477	0.00%
Paxton	369,837	5,532,738	6.68%	Sunderland	411,092	4,505,272	9.12%	Worcester	-1,850,329	355,960,320	-0.52%
Peabody	6,738,960	93,879,983	7.18%	Sutton	468,134	12,388,325	3.78%	Worthington	42,423	2,010,990	2.11%
Pelham	399,560	2,236,960	17.86%	Swampscott	547,286	29,542,885	1.85%	Wrentham	1,172,966	20,090,511	5.84%
Pembroke	1,595,438	26,895,438	5.93%	Swansea	-282,990	21,319,195	-1.33%	Yarmouth	2,862,978	49,546,064	5.78%
Pepperell	806,718	14,618,015	5.52%	Taunton	4,471,006	104,183,221	4.29%	Totals	411,009,436	12,621,229,844	3.26%
Peru	96,643	975,634	9.91%	Templeton	238,073	7,411,384	3.21%				
Petersham	343,788	1,856,311	18.52%	Tewksbury	874,908	52,558,904	1.66%				
Phillipston	87,231	1,523,091	5.73%	Tisbury	1,166,214	11,892,163	9.81%				
Pittsfield	2,408,456	81,484,164	2.96%	Tolland	98,942	548,913	18.03%				
Plainfield	72,094	1,355,902	5.32%	Topsfield	538,482	11,224,991	4.80%				
Plainville	810,773	11,140,538	7.28%	Townsend	360,747	10,158,682	3.55%				
Plymouth	3,387,865	103,053,901	3.29%	Turo	321,614	6,634,600	4.85%				
Plympton	142,238	4,162,551	3.42%								

Table 1

Free Cash Comparisons
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Table 2

Bond Ratings				
Bond Ratings	Number of Communities	FY96-FY98 3-Year Average Certified Free Cash	FY98 Budget	Free Cash as % of FY98 Budget
Double A or Triple A	49	127,527,187	2,825,214,443	4.51%
Single A or A1	149	176,104,088	6,062,445,816	2.90%*
Baa or lower	36	29,388,893	2,797,359,160	1.05%
Unrated	117	38,837,667	936,210,425	4.15%
Statewide totals	351	371,857,835	12,621,229,844	2.95%
*Without Boston: 3.85%.				
Bond Ratings	Number of Communities	FY92-FY94† 3-Year Average Certified Free Cash	FY94 Budget	Free Cash as % of FY94 Budget
Double A or Triple A	38	54,676,669	1,940,457,828	2.82%
Single A or A1	132	59,563,917	4,578,777,385	1.30%*
Baa or lower	43	-35,929,697	2,613,963,178	-1.37%
Unrated	138	19,150,606	1,260,737,454	1.52%
Statewide totals	351	97,461,497	10,393,935,845	0.94%
†Recession years. *Without Boston: 2.13%. Note: Not all communities have certified free cash.				

(31.37 percent), Rowe (35.21 percent) and Mount Washington (30.02 percent). With the exception of the town of Berkley (0.61 percent), the communities with positive free cash less than one percent of the budget are cities or large towns: Fitchburg (0.77 percent), Framingham (0.40 percent), Haverhill (0.77 percent), Lynn (0.71 percent), Methuen (0.98 percent), Revere (0.26 percent), and Saugus (0.66 percent). The statewide average July 1, 1997 free cash as a percentage of the FY1998 budget was 3.24 percent. Although there were nine communities with negative free cash; five of them have negative free cash of less than one percent. In contrast, in FY1993 there were 78 communities with negative free cash.

Since higher free cash ratios are one indicator of fiscal health, *Table 2* examines the relationship between a three-year average of certified free cash as a percentage of the FY1998 budget and bond ratings. Various financial services assign ratings to com-

munities to assist investors in evaluating the risk involved in purchasing a particular community's bonds. Investment grade ratings range from the most favorable Aaa down to Ba. For purposes of this analysis we have used Moody's ratings. The 49 communities with triple A or double A bond ratings averaged 4.51 percent free cash. No triple or double A community has had a free cash deficit in the last three years. The 149 communities with bond ratings of single A (or A1, A2 or A3), not including Boston, averaged 3.85 percent free cash as a percent of the FY1998 budget. With Boston included the percentage of free cash drops to 2.90 percent. The 36 communities with Baa or lower bond ratings averaged free cash of only 1.05 percent of the FY1998 budget. There are 117 communities which do not have bond ratings from Moody's. Most are smaller towns. They have an average free cash as a percentage of the FY1998 budget of 4.15 percent, almost as high as the communities with the

highest bond ratings. The statewide average free cash for FY1996 through FY1998 as a percentage of the FY1998 budget is 2.95 percent.

How did the recession of the early 1990s impact both free cash as a percentage of the total budget and its relationship to the bond ratings? As might be anticipated, for the three year period of FY1992 through FY1994, there were fewer communities with the higher bond ratings of triple A through A, and free cash as a percentage of the FY1994 budget was lower. There were more communities with bond ratings of Baa or below. The statewide average free cash for FY 1992 through FY1994 was .94 percent of the FY1994 budget.

Consistent generation of positive free cash usually signals sound financial management. Prudent communities try to prepare conservative budgets and aggressively pursue the collection of receivables to improve their free cash position. Free cash provides a financial cushion to guard against economic downturn or to meet unforeseen expenses. It is an important reserve that can be used for supplemental appropriation after the tax rate has been set. ■



DLS UPDATE

Changing of the Guard

After 21 years as executive director of the Massachusetts Collectors and Treasurers Association, Aldo Luca is retiring as of June 30. Aldo was the first executive director of the MCTA, accepting the position in 1977. He also served as treasurer of the Town of Groton from 1976 through 1979, and as collector/treasurer from 1979 through 1990. As executive director of the MCTA, Aldo was instrumental in developing the certification program for the Annual School. Aldo's ability to find excellent speakers and teachers for the many educational programs sponsored by the MCTA such as the Cape conference and the regular meetings has been an important contribution. His efforts have led to the "New Treasurers and Collectors Day" as well as the annual "Staff School." As editor of the MCTA quarterly newsletter, *The Collector Treasurer*, Aldo kept local officials abreast of changing laws and procedures, as well as building the collector's/treasurer's community by including personal news. Aldo worked for many years on the MCTA's legislative program. Another of his accomplishments has been to work with a number of others to convince the state legislature to create the the Massachusetts Municipal Depository Trust (MMDT) with municipal treasurers serving as members of the MMDT Advisory Council. Nils Nordberg, former Commissioner of the Department of Employment and Training, will take over as executive director.

The Massachusetts Municipal Auditors' & Accountants' Association also experienced a major change in leadership with the retirement of Harold Regan last October. Harold, who was the first executive director of the Association, served for ten years from July of 1987 through October 1997. Harold began his career in 1952 as an ac-

countant at the Department of Revenue and retired as Assistant Director of the Bureau of Accounts in 1986. While at the Bureau, Harold began working with the Massachusetts Municipal Auditors' & Accountants' Association to develop an education program leading to certification. Harold wrote and graded all certification examinations from the inception of the program in 1985 until his retirement as executive director in 1997. Through the years, Harold worked to incorporate changes in law and accounting procedures into the education program.

Long time secretary of the Massachusetts Municipal Auditors' & Accountants' Association, Nancy Brown, also retired in 1997. Nancy had been secretary since 1981 assisting numerous presidents and bringing skill, knowledge and dedication to her position. ■

Opportunities for Training

Assessment Administration: Law, Procedures and Valuation (Course 101) will be held at the University of Massachusetts, Amherst from 8:30 a.m. to 4:00 p.m. from August 10 through August 14.

A Classification Training Workshop will be given on Thursday, August 13, at 1:00 p.m. in Room 163C at the University of Massachusetts, Amherst.

Contact Barbara LaVertue, training coordinator, at (617) 626-2340 for more information. ■

Reminder

Beginning with this issue, *City & Town* issues are being mailed to city or town halls, not to home addresses. Boards and departments will now receive five copies. We ask that local officials share the publication. There are no restric-

tions on copying issues of *City & Town*. If the new policy creates problems for your community, please contact Elaine Lombardi at (617) 626-2337.

Another alternative is to download *City & Town* from the DLS home page on the Internet. The Internet address is on page 8. As a service to local officials, we will also e-mail *City & Town* directly to individuals. This file is in PDF format and requires an Adobe Acrobat Reader available through the DLS home page. If you are interested in receiving *City & Town* by e-mail, contact John DiOrio at (617) 626-2392. ■

Performance Auditing

➔ *continued from page two*

cent of its membership is involved in performance auditing, which includes audits that focus on the business process (economy, efficiency and effectiveness) not just internal control. These audit groups were shown to save the community, on average, at least \$3 for every \$1 in audit cost.

Most administrators of local governments are traditionally concerned with the presentation of financial statements, free cash, bond ratings, tax rates and assessments. Performance auditing changes the fundamental question from "Where are we spending our tax money?" to "What are we getting for it?" This is an attempt to answer, "Can we do it better, cheaper, faster?" It changes the focus from figures on a financial statement to facts related to the actual operation of government and the financial implication of those activities. It is time for Massachusetts communities to follow the lead of other states and institute performance auditing. ■

*written by Peter Babachicos, CPA, CGFM
Director, Internal Audit, MWRA*

This article represents the opinions and conclusions of the author and not necessarily those of the MWRA.

Municipal Fiscal Calendar

August 1

Taxpayer: *Deadline for Paying 1st Quarterly Tax Payment. M.G.L. Ch. 59, Sec. 57C; Deadline for Payment Without Interest*

Taxpayer: *Annual Boat Excise Return Due*

Accountant: *Notification of Total Receipts of Preceding Year*

August 15

Assessors: *Deadline to Vote to Seek Approval for Authorization to Issue Preliminary Tax Bills*

Treasurer: *4th Quarter Reconciliation of Cash for the Previous Fiscal Year (due 45 days after end of quarter)*

August 31

Taxpayer: *Last Filing Day for Classified Forest Land, M.G.L. Ch. 61*

DOR/BOA: *Issue Instructions For Determining Local and District Tax Rates*

Assessors: *Begin Work on Tax Rate Recapitulation Sheet (to set tax rate for semi-annual bills)*

Employment Opportunities

Appraiser: The Bureau of Local Assessment is looking for an individual to provide technical assistance to municipalities in property tax administration, mass appraisal process, data quality, tax base growth, and local government finance. The duties include appraising property and processing data for state owned land, biennial Equalized Valuations, centrally assessed utilities; reviewing appraisals of utility and non-utility generating plants; assignment of communities for triennial recertification of property values, etc. Requirements include three years experience in the full-time appraisal or assessment of real property, or an associate's or

higher degree with two years of the required experience. Applicants should have strong analytical and writing skills as well as proficiency in the use of computer spreadsheet applications. Travel is required.

Data Bank Programmer/Analyst

— The Municipal Data Bank is looking for a programmer/analyst to perform data base documentation and systems analysis for the maintenance and operation of the Data Bank. Prepares written documentation of data base and maintains accurate documentation library. Tests systems for accuracy of updates and enhancements to reports on MAPPER, our website and Excel

files. Develops and designs programs to generate reports and graphics using MAPPER and other data base software. Prepares analyses using data for internal purposes and assists users in understanding the data and defining their data needs. Applicants must have at least two years of full-time, or equivalent part-time, professional experience in electronic data processing work, the major duties of which included computer programming and/or systems analysis. A Bachelor's degree in the field of data processing, computer programming or information science may be substituted for the required experience.

Send cover letters and resumes to Diane Shepard, Division of Local Services, PO Box 9655, Boston, MA 02114-9655 or fax to 617-626-2330. ■

City & Town



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