



Modernization of Gateway Schedule A

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Important Dates to Remember

FY17 IT Grant Round Opens

March 1st

On [March 1st, 2017](#), the FY17 Community Compact IT Grant Program will open. Grants of up to \$200,000 will support the implementation of innovative IT projects by funding related one-time capital needs such as technology infrastructure, upgrades and/or purchases of equipment or software. For more information, including the FY17 application, FAQs and FY16 recipients, please [click here](#).

New Officials Finance Forum

This year's New Officials Finance Forum will be held on [Wednesday, May 31st](#) at the College of the Holy Cross in Worcester. This course is intended for recently elected or

Gateway Modernization may be in its final year, but many significant improvements are still in process. Our next large-scale update, Release 4, is tentatively scheduled for the last weekend in March. Two major modules, Schedule A and Local Officials Directory (LOD), will be upgraded and modernized in this release. We'll provide details about the Release 4 rollout over the next two editions of *City & Town*, but today we'll focus on changes to Schedule A.

A screenshot of the 'Division of Local Services Gateway' interface. The page title is 'Schedule A Upload'. The status is 'NO STATUS FOUND'. The jurisdiction is set to 'BERNARDSTON - 029 2017'. There is a 'Download Schedule A Excel template' link and a 'Choose File' button next to the filename 'scheda_2017.xlsx'. An 'Upload' button is also visible. The left sidebar shows a navigation menu with 'Schedule A' selected, and sub-items like 'Upload', 'User Review Form', 'Part 1 QIF Rev', etc. The bottom of the page has a copyright notice for '©2017 Commonwealth of Massachusetts'.

We realize that for many accountants, the Schedule A submission process has been both challenging and time-consuming. Past surveys have shown that municipal accountants overwhelmingly prefer to complete this work using Microsoft Excel, which offers functionality that web-based applications like Gateway can't. With

that in mind, and with the benefit of several technological advances, we've significantly streamlined the Schedule A upload process. Release 4 will eliminate the current conversion step required to upload data. You will be able to simply select your Excel file in the Upload screen, and the data will be automatically converted and imported into Gateway.

We've also simplified the Excel file, making it a standard, "year independent" template instead of a file that requires updating every year. The template will always be available, both from our Web site and from Gateway's Schedule A Upload page. When you're ready to start your Schedule A, just download the template and begin entry. You can still use formulas to add cells together. Also, we've eliminated all macros and updated the file format to Excel 2010 (with an *.xlsx file extension) to make the file less likely to be quarantined by anti-virus and Internet security products.

Screen design has always been problematic in Schedule A because it involves so much data. Gateway's new technology allows us to use a new layout tool – tabs – to greatly reduce the need for scrolling in all major browsers. Instead of scrolling down the page repeatedly, in Release 4 you can simply click the tab corresponding to the section you

appointed local municipal finance officials. Additional information regarding registration will be forthcoming.

MUNICIPAL Databank



Other DLS Links:

[Local Officials Directory](#)

[Information Guideline Releases \(IGRs\)](#)

[Bulletins](#)

[Publications & Training Center](#)

[Tools and Financial Calculators](#)

wish to work on.

Schedule A Part 3
Special Revenue Funds and Expenditures - Federal Grants (FG01)
STATUS: NO STATUS FOUND

Jurisdiction: Abington - 001 Fiscal Year: 2017

FEDERAL GRANTS (FG01)	STATE GRANTS (SG01)	RECEIPTS RESERVED FOR APPROPRIATION (RA01)	REVOLVING FUNDS (RF01)	OTHER SPECIAL REVENUE (OS01)	TOTAL ALL SPECIAL REVENUE FUNDS AND EXPENDITURES						
Federal Grants (FG01)											
Acct. No.	Item Description	General Government	Public Safety	Public Works	Education	Federal Energy Maint. Agency	Culture and Recr.	Community Development Block	Other Housing and Urban Development	Other	Total
REVENUES											
4100	Taxes and Excises										
4200	Charges for Services										
4300	Federal Revenue										
4400	State Revenue										
4500	Miscellaneous Revenues										
4620	Earnings on Investments										
TOTAL REVENUES											
OTHER FINANCING SOURCES											
4910	Bond Proceeds										
4970	Transfers From Other Funds										
4990	Other Financing Sources										
TOTAL OTHER FINANCING SOURCES											
TOTAL REVENUES AND OTHER FINANCING SOURCES											
EXPENDITURES											
5100	Salary and Wages										
5700	Expenditures										

An important part of the Schedule A submission process is the dialogue that typically occurs between accountants and BOA Field Representatives. Release 4 introduces a new tool to enhance that collaboration: the User Review Form. This form combines the legacy "Edits" formerly found in the Excel version of Schedule A with Gateway's Prior Year Analysis report. Having the analysis and a series of validity checks on the same page provides a central location for data relevant to the submission, making it easier for accountants and their BOA advisors to discuss variances. When data fails one of the pre-defined validity checks ("edits") an explanation must be entered using the Comment button. The data must pass all edits for the Schedule A to be submitted.

Show All Edits

LOGICAL EDITS PRIOR YEAR ANALYSIS

Logical Edits

Passed 10 of 11 Logical Edits for FY 2016

Edit #	Process	Current Status	Current FY Adjustment (A)	Beginning Fund Balance (B)	Difference (B - A)	% Change A/B	Comments	Comments...
0	Provide Explanation When Special Revenue Funds Adjustments < Or > 5% Of Beginning Fund Balance For Each Sub Function Code.							
	State Public Safety Grants	Fail	39,836	-6,422	-46,258	-631.31		
	Massachusetts Emergency Management Agency (MEMA)	Fail	-39,836	44,766	4,930	-68.09		

Show All Edits

LOGICAL EDITS PRIOR YEAR ANALYSIS

Prior Year Analysis

Part #	Process	Current Status	FY - 2015 (A)	FY - 2016 (B)	Difference (B - A)	% Diff (B - A)/A	Comments	Comments...
I	In Line Of Taxes	Fail	61,351	0	-61,351	-100.00		
I	Total Revenues From Other Governments	Fail	8,275	11,860	3,585	43.32		
II	Total Unclassified Fixed Costs	Fail	1,495,363	2,343,235	847,872	56.70		
III	Total State Grants Revenue	Fail	118,934	205,297	86,363	72.61		
IV	Total Capital Project Revenue	Fail	6,200,043	0	-6,200,043	-100.00		
TV	Total Capital Project Expenditures	Fail	5,367,185	678,119	-4,689,066	-87.82		

We fully realize that even with these enhancements, we're unlikely to hear anyone say "I love Schedule A!" We do hope, however, that after becoming familiar with the new features and forms, most accountants will feel that the process is more transparent and at least a little easier. More information on the changes will be distributed closer to the release date, and guidance will be posted on the DLS website and the Gateway Schedule A landing page. In the meantime, please contact DLS's Director of Information Technology Kirsten Shirer at (413) 452-3988 or at shirer@dor.state.ma.us with questions about Gateway Modernization.

FY17 BLA Survey Results

Bob Bliss - DLS Regional Manager and Director of Strategic Planning

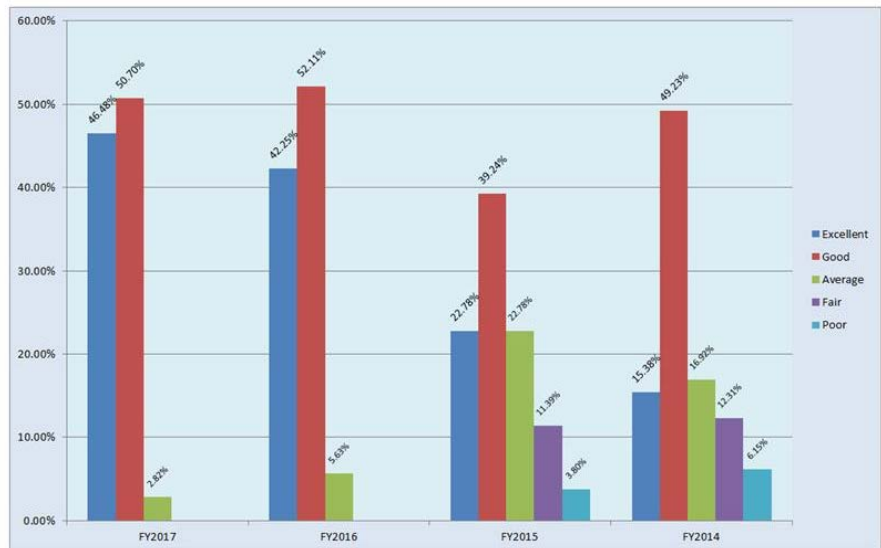
James Paquette - Bureau of Local Assessment Analyst

For the fourth consecutive year the Bureau of Local Assessment (BLA) asked local assessors to rate their experience with BLA’s certification and interim year review processes. As in each of the previous four years, the survey results indicate assessors are increasingly satisfied with those processes.

For instance, when asked to rate their overall experience with the FY2017 certification review process, 46 percent said it was excellent, 51 percent said it was good, 3 percent said it was average, and no respondents called it poor. The survey was sent to assessors in each of the 117 certification communities, and DLS received 71 replies.

The survey contained five questions and a feedback section. One of these questions (Q1) was consistent over the last four years and revealed considerable rating improvement over that span of time.

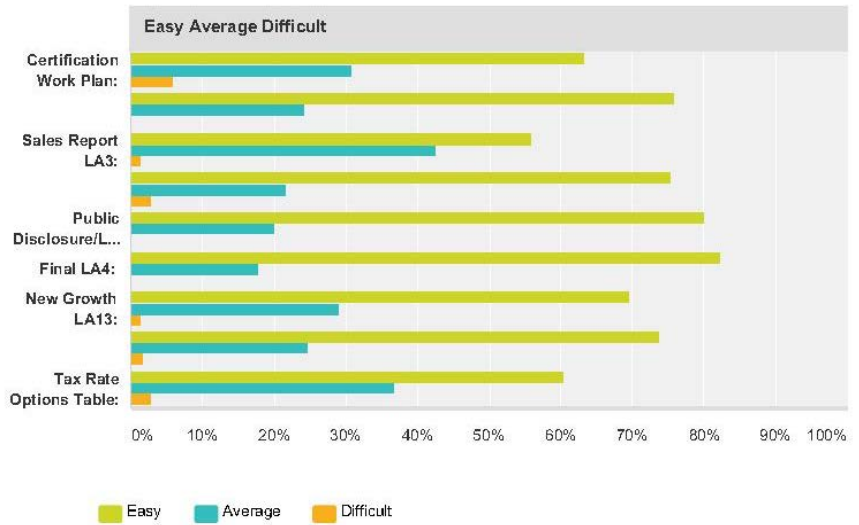
Q1 Please rate your overall experience with the certification review process.



Over 97% of the responses for Q1 this year were very positive – “excellent or good” – with 2.82% for “average” (which is still not negative). The last two years in particular have shown significant movement towards a positive response showing that assessors like the procedural changes made in the certification process and the shift to a more decentralized review process.

There is also widespread satisfaction with the updates made to our web application, Gateway, which have made the process of entering and capturing data easier.

Q4 - Please rate your experience with data entering the following BLA forms on Gateway since the recent updates to the Gateway system (Gateway Modernization Project.)



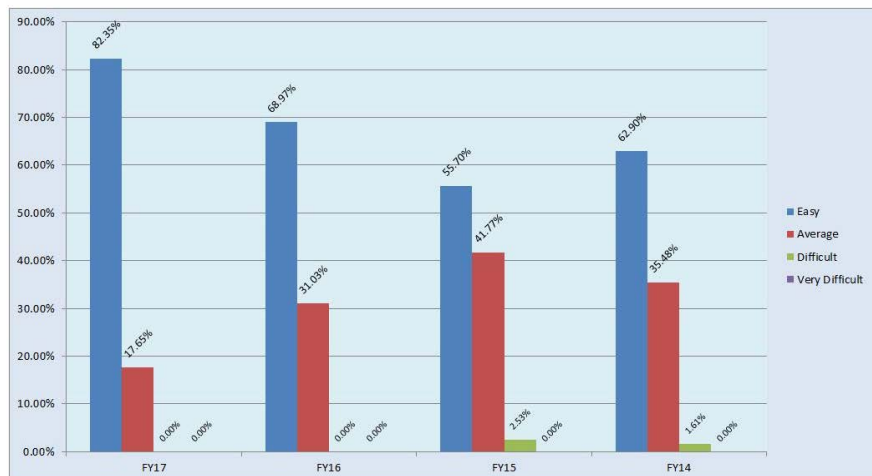
Results from previous surveys were available for three of these categories.

Q4 Subsection - Sales Report LA3



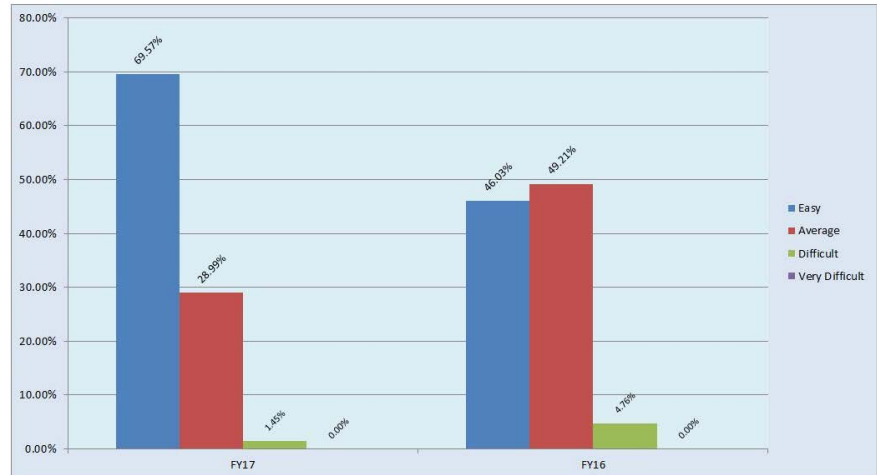
For FY2017 approximately 56% of the respondents found the LA3 process to be easy on Gateway. While this is a slight improvement, with only 1.47% finding it difficult, it is an area that shows a need for improvement.

Q4 Subsection - Final LA4



Response to the new LA4 has been very favorable as it has been with the new LA13.

Q4 Subsection - New Growth LA13



Interim year survey results

Widespread satisfaction with the interim year review process was clearly evident as 60 percent of the 153 respondents described their overall experience as excellent, 39 percent described it as good, only one respondent (0.65 percent) called it average. No responses indicating “fair” or “poor” were received.

Asked if the LA3 Sales Report and LA15 Interim Year Review Report were reviewed and processed in a timely manner, 72 percent of 151 respondents said they strongly agreed, 27 percent said they agreed and just one respondent said their neither agreed or disagreed (0.66 percent). The results were almost identical when respondents were asked if the LA4 Classification Report and LA13 New Growth Report were reviewed and processed in a timely manner.

Bureau of Local Assessment Chief, Joanne Graziano, is pleased with the results but mindful of the challenges that lie ahead: “Overall, the DLS Gateway Modernization Team brought years of experience implementing meaningful changes that improved our overall efficiency and the user experience. In addition, assigning approval privileges to the advisors who work closely with the community, such as LA3 Sales Report, New Growth and Certification approval, resulted in improved turnaround time. We improved the tracking of our operations which allowed all staff and supervisors to know exactly where the community’s submission was at any point in time. We are very pleased with our current review model.”

“Since FY 14, BLA has faced many changes and numerous challenges – some foreseen, others not. FY 18 will also be a transition year as we move to a five-year certification review cycle. While it may seem that advisors will have fewer communities to review for certification, we are also expanding the responsibilities for their assigned territories including interim year and new growth review.”

Joanne strives for continuous improvement and is always interested in constructive

feedback “We appreciate the assessors input and continued support of our goals and objectives. Whether it’s communicating through the MAAO Policy Committee, Education Committee, the survey feedback, or just a phone call, we see this as a partnership to provide the best assessing standards and practices throughout the Commonwealth.”

To view the survey questions and results in their entirety, please [click here](#).

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Post-Issuance Compliance Rules Relating to Tax-Exempt Bonds and Notes: Are You in Compliance?

Richard A. Manley, Jr. - Partner, Locke Lord LLP

Michael H. Meidinger - Associate, Locke Lord LLP

Over the last year, the Internal Revenue Service (“IRS”) opened at least 8 examinations (audits) of tax-exempt bonds issued by Massachusetts cities, towns and regional school districts. These efforts tested compliance with the spending requirements and change-in-use rules that must be continuously satisfied once tax-exempt debt is issued. Fortunately, each of the 8 audits was closed by the IRS without any change in the tax-exempt status of the issues examined. However, if non-compliance had been uncovered, the targeted issuers could have faced substantial financial consequences, such as payment of the difference between taxable and tax-exempt rates to the IRS, issuance of taxable bonds to retire improperly issued bonds and other penalties). The following article highlights some of the more important post issuance federal tax law compliance obligations that issuers must be aware of with respect to their outstanding tax-exempt bonds and notes. Municipal officials should work closely with bond counsel to ensure they are in compliance with these rules, as further described below.

Every city and town that issues tax-exempt bonds and notes is subject to certain post-issuance compliance rules imposed by federal tax law. These rules relate to such things as how quickly bond proceeds are spent and who is using bond-financed assets.

Some Considerations *Before* Issuing Tax-Exempt Bonds and Notes

Federal tax law should inform when and how much a municipality borrows using tax-exempt bonds and notes. In particular, federal tax law imposes certain requirements relating to how quickly the proceeds are spent. Usually, the relevant spending tests gauge spending in six-month intervals from the date of issuance. If proceeds are not spent within the relevant time periods, a city or town may need to make a “rebate” payment to the federal government. In addition, if at least 85% of the proceeds of a tax-exempt issue are not spent within three years, the issue might be considered a “hedge

bond” by the IRS, the interest on which may be federally taxable. In light of these rules, municipal officials should determine how much and when to borrow based on the reasonably expected cash flow needs for a project.

Considerations such as the spending expectations described above and expectations with regard to the use of financed facilities by private parties other than the general public must be recorded in a tax certificate (i.e., a no-arbitrage certificate) at the time any tax-exempt bond or note is issued. Tax certificates are usually prepared by bond counsel and are based on conferences between bond counsel and relevant municipal officials, as well as on facts and estimates provided to bond counsel by a municipality and its financial advisors. Tax certificates should be reviewed by relevant municipal officials prior to any tax-exempt bond or note issue to ensure that the certificate is accurate. As further described below, tax certificates are also an important part of the record that cities and towns are expected to keep after issuing bonds or notes, and can serve as a guide in ongoing compliance with relevant rules.

Prior to issuing tax-exempt bonds or notes, cities and towns should also adopt post-issuance compliance procedures in consultation with bond counsel. Post-issuance compliance procedures are simply a written guide that summarizes certain federal tax rules and the related duties of the municipality. These procedures usually designate one or more municipal officials to be responsible for monitoring compliance. The IRS has indicated that written procedures should be adopted and followed. In addition, when every tax-exempt bond and note is issued municipalities must report to the IRS whether such procedures have been adopted. It is therefore in a municipality’s best interest to adopt and implement such procedures, preferably procedures that have been prepared or reviewed by bond counsel.

Some Considerations *After* Issuing Tax-Exempt Bonds and Notes

After issuing tax-exempt bonds or notes, municipalities must monitor the spending of proceeds to gauge compliance with relevant rules. This monitoring is usually done by one or more municipal officials in charge of post-issuance compliance, as described above. The relevant spending rules might be different for each bond and note issue and are typically included in the tax certificate prepared by bond counsel. If a city or town is unsure as to whether the relevant spending rules have been met, bond counsel should be consulted to ensure that the municipality takes any remedial action that may be needed.

In addition to the monitoring of the spending of proceeds, cities and towns should be particularly sensitive to any potential change in use of an asset that has been financed with tax-exempt bonds or notes. “Use” for this purpose includes, among other things, the lease, rental, management or operation of a facility or other asset by a party other than the local government, that has been financed with tax-exempt proceeds. The IRS has imposed certain limits on the amount of such use by non-governmental persons (e.g., corporations, nonprofit organizations, etc.) during the time that any tax-exempt bonds or notes are outstanding. Prior to a bond or note issue, bond counsel will consult

with municipal officials and the municipality's financial advisors to confirm that the proposed use of the assets being financed is acceptable for federal tax purposes. Municipal officials should monitor for any "change in use" that might occur after bonds or notes are issued. For example, a town might issue tax-exempt bonds to construct a school. At the time the bonds are issued, the town may plan to have school employees manage the school cafeteria. Years later, the school may decide to hire a company to manage the cafeteria. Entering into an arrangement such as this after bonds or notes are issued and while such bonds or notes are still outstanding would be a change in use that should be brought to the attention of bond counsel before such an arrangement is put in place. Arrangements such as these are not necessarily prohibited, but any such arrangement should be reviewed by bond counsel to ensure that it complies with relevant federal tax rules. Similarly, a city might issue bonds to purchase a parcel of land and subsequently decide to sell the land. Selling land acquired with tax-exempt bond proceeds while any such bonds are outstanding would be a change in use, and bond counsel should be consulted prior to any such sale.

Our Suggestions

We recommend that cities and towns adopt and implement post-issuance compliance procedures as described above. Implementation of these procedures will help ensure that a specified official of the city or town is aware of the relevant rules and knows when to ask for help.

We also recommend that cities and towns keep good records relating to every tax-exempt bond and note issue, including records relating to the assets financed and the spending of proceeds. A thorough record will allow cities and town to spot and resolve issues before problems arise, and it will be useful if any bond or note issue is audited by the IRS. Municipalities should also maintain records relating to when proceeds are spent (e.g., project draw schedules); arrangements relating to the use of any portion of the financed assets (e.g., copies of any contracts relating to the management or operation of bond-financed projects); costs of issuance (e.g., invoices from financial advisors and bond counsel); and investments made with bond or note proceeds (e.g., investment activity statements). All of these records should be maintained for at least six years after the bond or note issue has been retired. If a bond or note has been refinanced with other bonds or notes, records should be maintained until at least six years after any such refinancing has been retired.

Finally, we recommend that municipal officials reach out to their bond counsel with any concern or question they may have related to tax-exempt finance. It is better to address potential issues before they become problems.

Data Highlight of the Month

Anthonia Bakare - DLS Municipal Databank

[Gateway Modernization](#)

The Division of Local Services [DLS Gateway system](#) offers local officials a method to enter data and verify submission statuses across all forms required in the tax rate setting process and annual financial reports administered by DLS.

DLS has been working with local officials, reviewing feedback and making changes in an attempt to make the Gateway system more user-friendly and seamless. Significant updates can be seen in [the Local Officials Directory \(LOD\)](#) and the Schedule A modules. In the LOD, users can perform basic or advanced searches as well as add and edit personnel and contact information. Users can also search for assessor trainings and get their Course 101 details, reports and notifications without having to contact the DLS. The Division is looking into other areas of focus to enhance user ability.

The Schedule A module is a huge component of the Gateway system. Currently, users can print reports for analysis and review. Information and guidance on Schedule A can be found on the Bureau of Accounts' [Schedule A webpage](#). It was our goal to find ways to enhance entering, uploading and using Schedule A data. The Schedule A module provides the Division with annual financial reports of actual revenues and expenditures across all fields. This data appears in real-time reports on the [Municipal Databank webpage](#).

Be sure to review the frequently asked questions section (FAQs) as you may be able to save time or a phone call. Also, review the *City & Town* publication for updates, modernization improvements and instruction on the Gateway system.

We hope you become better acquainted with the data the Division of Local Services has to offer through the *Data Highlight of the Month*. For more information, contact us directly at databank@dor.state.ma.us or (617) 626-2384.

February Municipal Calendar

Deadline for Payment of 3rd Quarterly Tax Bill Without Interest

February 1

Taxpayer

According to MGL Ch. 59, Sec. 57C, this is the deadline for receipt of the 3rd Quarter actual tax payment without interest, unless the actual tax bills were mailed after December 31st. If mailed after December 31st, the actual tax is due as a single installment on May 1st, or 30 days after the bills were mailed, whichever is later.

Quarterly Tax Bills - Application Deadline for Property Tax

Abatement

February 1

Taxpayer

According to MGL Ch. 59, Sec. 59, applications for abatements are due on Feb. 1st unless actual tax bills were mailed after December 31st. In that case they are due May 1st, or 30 days after mailing, whichever is later.

Continue Budget Review and Develop Recommendations

February 28

Finance Committee

This date will vary depending on dates of town meeting.

Notification of monthly local aid distribution

Final Day of Each Month

State Treasurer

Click www.mass.gov/treasury/cash-management to view distribution
breakdown

Editor: Dan Bertrand

Editorial Board: Sean Cronin, Anthonia Bakare, Robert Bliss, Linda Bradley, Nate Cramer, Patricia Hunt, Tara Lynch and Tony Rassias

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