



Frederick A. Laskey, Commissioner
Joseph J. Chessey, Jr., Deputy Commissioner

CITY & TOWN

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

Senior Work-Off Abatement Program

written by Kathleen Colleary

Over the past few years a number of communities have instituted programs to assist senior citizens in paying their local property taxes. Under these "work" programs, cities and towns appropriate funds to employ seniors who perform needed work for the community at an hourly rate. Typically, these programs establish eligibility criteria seniors must meet to participate, and fix the hourly rate and total earnings paid. Instead of giving the seniors a paycheck, however, the treasurer issues vouchers for their net earnings. Seniors then take the vouchers to the collector's office to have them applied against their outstanding property taxes, or other municipal charges such as water or sewer bills. Alternatively, upon joining the program the seniors agree to have their net earnings credited directly to their bills. These programs have proved popular, but participating seniors do not receive an abatement or exemption. They are employees receiving earned income.

In order to address any state tax, minimum wage or other employment issues raised by these programs, the Legislature recently enacted a local option abatement for seniors patterned after their operation.¹ Under the new option, participating taxpayers volunteer their services to the municipality in exchange for an actual abatement of their tax bills. Taxpayers, who must be over 60 years old, are credited at an hourly rate that cannot exceed the state's minimum wage for their services. That wage rate is \$6 an hour effective January 1, 2000, and is scheduled to increase to \$6.75 effective January 1, 2001. They may earn a maximum property reduction of \$500 per fiscal year. The amount of the reduction is not considered income or

wages for state income tax withholding, unemployment compensation or workmen's compensation purposes. Participants are still employees for municipal tort liability purposes, however.

Abatements earned under the program are credited directly to a senior's actual tax bill and charged to the overlay account. The department supervising the senior's volunteer services certifies to the assessors the amount of money earned for services, as of the time the actual tax for the fiscal year is committed. The actual tax bill is then issued for the full year's tax, with the reduction shown on the bill as an abatement

Assessors credit earned abatements directly to seniors' tax bills.

credit against the total tax. A copy of the certification must also be sent to the senior before the actual tax bill is issued.

Taxpayers may receive abatements under the work-off program in addition to any personal or residential exemptions they qualify for under other statutes. They may also defer the balance of their taxes if they are eligible to do so.

To implement the new abatement option, a community must first accept M.G.L. Ch. 59 § 5K by vote of town meeting, town council or city council, with the mayor's approval if required by law. After acceptance, the board of selectmen, town council or mayor with approval of the city council may implement a senior work-off program. The municipality should establish, preferably through by-law or ordinance, con-

sistent rules and procedures for the program. Since any abatement must be credited to the actual tax bills, communities planning to implement the program for fiscal year 2001 should accept the statute and establish program rules this spring.

Program rules should establish age, income, domicile and other eligibility standards the community considers appropriate for ensuring that the intended seniors benefit. A municipality may also want to establish a cap on its overlay exposure by limiting the number of seniors that may participate annually. The rules might also give responsibility for coordinating the program to a particular board or officer, or place limits on department heads for enlisting senior volunteers.

The rules should also set the hourly rate to be used in determining the abatements. That rate cannot be more than the state minimum wage. It should

continued on page seven ➡

Inside This Issue

Legal

Privatization Law Resists Challenge 2

Focus

Quarterly Tax Bills 3

Pupil and Financial Report. 6

DLS Update

Financial Management Assistance. . . 7

Sewer Rate Relief. 7

Teachers' Pay Deferral. 7

Municipal Fiscal Calendar. 8

Where in Massachusetts? 8

Opportunities for Training 8

Preliminary FY2001 Cherry Sheets. . . 8

LEGAL

in Our Opinion

Privatization Law Resists Court Challenge

The Supreme Judicial Court ruled in February 2000 that the State Auditor did not exceed his authority when he objected to an MBTA contract with a private firm for the cleaning and maintenance of bus shelters. The decision is *Massachusetts Bay Transportation Authority v. Auditor of the Commonwealth*.¹

In order to raise revenue, the MBTA decided to allow a private company to place advertising on 198 MBTA bus shelters. The MBTA's invitation for bids also required the successful bidder to clean, maintain, and if necessary replace the shelters, work ordinarily performed by its own employees. Since the MBTA wished to use a private contractor to provide these services, the agency was required to submit the proposed contract to the State Auditor for approval in accordance with M.G.L. Ch. 7 §§ 52–55. This legislation was enacted in 1993 to regulate privatization contracts since, in the words of the Legislature, privatization “does not always promote the public interest.” By statute, the State Auditor must approve every privatization contract valued at \$100,000 or more.

In the case at hand, the State Auditor withheld his approval. The Auditor rejected the proposed contract because the MBTA had not satisfied the requisites of the law. First, the MBTA had not shown that the proposed contract costs would be less than the estimated costs of using MBTA employees for these services. The Auditor noted that the MBTA and the proposed vendor had derived their cost estimates using different numbers of bus shelters. Secondly, the MBTA had failed to furnish

certificates of good standing from the IRS and the Department of Revenue for the proposed vendor's subcontractor. The privatization law expressly requires demonstration that a bidder has historically complied with relevant state and federal statutes.

The MBTA immediately filed suit in the superior court on statutory and constitutional grounds. In its pleadings, the MBTA alleged that the Auditor had not complied with the terms of the privatization law. The MBTA also claimed the privatization law was unconstitutional. The superior court ruled in favor of the State Auditor. On appeal, the case came before the Supreme Judicial Court.

The Supreme Judicial Court first observed that the Auditor, due to an 1855 amendment to the Massachusetts Constitution, was a constitutional officer elected by the public whose authority could not be reduced by statute. The Legislature, however, could grant *additional* statutory powers to a constitutional officer. Such was the case here where the Legislature entrusted the Auditor with review of proposed privatization contracts. According to the court, the Legislature contemplated that the Auditor would use good judgment and discretion in his contract review.

At issue was the power of the Auditor to reject a privatization contract that, in his view, did not meet the tests set forth in the law. The court stated that the standard of review was whether the Auditor had made a substantial error that materially affected the rights of the parties. Under the facts presented, the court wrote that the MBTA failed to demonstrate that the proposed vendor's costs were less than the cost of having the MBTA's employees perform the work, since the cost estimates were not based on the same number of bus shelters. Furthermore, the vendor had

not shown historic compliance with federal and state statutes. In the court's view, the Auditor had acted reasonably and had not abused his discretion in rejecting the privatization plan.

The Supreme Judicial Court then turned to the constitutional argument. The MBTA alleged that the privatization statute impermissibly allowed the Auditor to overrule decisions of an agency within the executive branch. The court ruled, however, that the MBTA was not a proper party to bring the claim. The MBTA lacked standing since state agencies, as a general rule, may not challenge the constitutionality of a state statute. The court declined to extend its finding in *LaGrant v. Boston Housing Authority*.² In *LaGrant*, the Supreme Judicial Court had held that the Boston Housing Authority had standing to argue that the retrospective effect of a legislative act constituted a legislative encroachment on the judicial branch of government. Unlike the situation in *LaGrant*, both parties in this lawsuit were within the executive branch. Although the MBTA lacked standing, another plaintiff could legally challenge the constitutionality of the privatization legislation. In the court's view, a private firm that is denied a contract might have standing to challenge the constitutionality of this legislation. Alternatively, 24 taxable inhabitants of the Commonwealth would also have standing to bring suit under M.G.L. Ch. 29 § 63.

Accordingly, the Supreme Judicial Court held that the Auditor had not abused his discretion in rejecting the proposed contract. No decision, however, was made regarding the constitutionality of the privatization law. ■

written by James Crowley

1. 430 Mass. 783 (2000).

2. 403 Mass. 328 (1988).

FOCUS

on Municipal Finance

More Than Half of Communities Now Use Quarterly Bills

Although Massachusetts General Laws provide for semi-annual tax bills, Massachusetts' communities have an option that allows for the use of quarterly tax bills.¹ This local option enables cities and towns to collect the property tax four times a year instead of twice, increasing interest earnings and reducing borrowing costs. With semi-annual billing, property tax bills are mailed twice a year, ideally October 1 and April 1. Taxes are collected twice a year with November 1 and May 1 the statutory due dates. In reality, many tax bills are mailed late, with some but not all delays attributable to revaluation. Communities with quarterly tax bills mail two preliminary bills by July 1 and the two actual bills by December 31.² They receive payments four times a year due on the first of August, November, February and May. The first two payments are equal to one half of the prior year's bills with limited exceptions. The prior year's net tax may be adjusted to reflect the annual 2.5 percent tax increase allowed under Proposition 2½ and any tax increase attributable to approved overrides or exclusions. The final two quarters represent the actual tax payments owed minus the first and second payments.

The quarterly billing option became effective on July 1, 1990. Watertown was the first Massachusetts municipality to issue a quarterly property tax bill with North Reading and Manchester close behind. Revenue anticipation borrowing among communities using quarterly tax bills decreased dramatically in the first year quarterly bills were implemented. A comparison of revenue anticipation loans for FY1990 and FY1991 for the 36 communities which initially

adopted quarterly bills indicated that such borrowing decreased by 87.5 percent during this time.

By FY1999, the number of communities using quarterly tax billing had grown to 187. In FY1998, 14 of those communities issued revenue anticipation notes (RANS) in a total amount of \$18.4 million. Only seven issued RANS in FY1999 in a total amount of \$16 million. In contrast in FY1998, 39 of the 164 communities that retained semi-annual billing issued \$64.1 million in revenue anticipation notes. In FY1999, 32 communities issued \$47 million in RANS. Although there were 23 more communities with quarterly tax billing than those on the semi-annual schedule, the communities retaining semi-annual bills issued 3.5 times as much debt in anticipation of revenue in FY1998 and three times as much in FY1999. It is also interesting to note that in FY1999 the quarterly communities represented 53 percent of the total number of communities but 72.8 percent of the total statewide municipal tax levy, while the semi-annual communities included 46.7 percent of all communities but represented only 27.2 percent of the total levy.

Most people agree that sending quarterly bills involves more work for the collector's office, at least initially. We wondered if spending for collector's offices in communities with quarterly billing was higher, as a percentage of the total budget, than spending in communities with semi-annual billing. To make the comparison as fair as possible, we included only communities with a separate budget for the collector's office.³ The information was taken from FY1998 Schedule A.⁴ The median percentage of the total levy allocated to the collector's office for all communities with a separate collector's budget was 0.46 percent. In the 113 semi-annual tax billing communities with separate collector's budgets, the median collec-

tor's budget as a percentage of the total budget was 0.49 percent. For the 102 communities with quarterly billing included in this analysis, the median percentage of collector's budget as a percentage of the total budget was 0.42 percent — slightly less than the median for semi-annual communities. Of more interest, 69 percent of the communities retaining semi-annual billing have a separate collector's budget. Only 54.5 percent of the quarterly billing communities have a separate collector's budget. Combined offices may have more staff to deal with the peaks in the workload caused by quarterly billing. Also, if not separate, the collector's function is usually combined with that of the treasurer. Perhaps a collector/treasurer has a different perspective in evaluating the benefits to cash flow generated by quarterly billing versus the negative of the extra work involved.

Since Southampton adopted quarterly billing as of FY1999, they were included as semi-annual in the FY1998 analysis. They borrowed \$900,000 in RANS in FY1998 and nothing in FY1999. Northampton and Canton have adopted quarterly billing beginning in FY2000, but were semi-annual in the time period discussed in this article.

The towns of Dennis and Plympton adopted quarterly billing but, after a trial period, returned to semi-annual billing. Carolyn Northon, Tax Collector for Plympton, says that she was not given any additional staff to implement the quarterly system. She found that "There was no down time to catch up. We were still sending demand notices for one fiscal year when it was time to mail out the first bills for the next year." Plympton had never borrowed in anticipation of revenue, so the town meeting supported the return to semi-annual bills. Eric Kinsherf, Treasurer/Collector for the Town of Dennis, was in another

continued on page six ➡

Billing Type, Short-Term Borrowing and Budgets for FY1998 and FY1999

Budget and RANS figures denoted in thousands of dollars.

Municipality	Type	FY98 RANS*	FY98 Collector's Budget	FY98 Total Budget	FY98 Collector's % Total	FY98 RANS*	FY98 Collector's Budget	FY98 Total Budget	FY98 Collector's % Total	FY99 RANS*	FY99 Collector's Budget	FY99 Total Budget	FY99 Collector's % Total	FY99 RANS*	FY99 Collector's Budget	FY99 Total Budget	FY99 Collector's % Total
Abington	S			24,912				24,912				26,530				26,530	
Acton	Q	183	5	41,922	0.44			43,894				43,894				43,894	
Acushnet	S	66	0	14,928	0.44			16,158				16,158				16,158	
Adams	S	0	0	9,453				9,453				9,453				9,453	
Agawam	S	0	0	45,302				49,427				49,427				49,427	
Afford	S	175	5	806	0.56			885				885				885	
Amesbury	Q	0	0	32,066				34,609				34,609				34,609	
Amherst	Q	225	45,172	0.50				48,289				48,289				48,289	
Andover	Q	0	0	78,412				86,206				86,206				86,206	
Aquinnah	S	29	1,772	1.65				1,873				1,873				1,873	
Arlington	Q	0	0	78,077				83,615				83,615				83,615	
Ashburnham	S	1,825	0	7,237				7,066				7,066				7,066	
Ashtab	S	550	32	3,054	1.04			3,332				3,332				3,332	
Ashtield	S	1,350	4	2,566	0.16			2,723				2,723				2,723	
Ashtland	Q	0	0	24,687				27,603				27,603				27,603	
Athol	S	800	85	9,712	0.88			10,596				10,596				10,596	
Attleboro	Q	155	72,023	0.21				77,078				77,078				77,078	
Auburn	Q	95	24,146	0.39				25,939				25,939				25,939	
Avon	Q	23	10,108	0.22				10,929				10,929				10,929	
Ayer	S	46	16,524	0.28				17,764				17,764				17,764	
Barnstable	S	18,000	364	92,155	0.39			96,521				96,521				96,521	
Barre	S	900	52	6,240	0.84			5,951				5,951				5,951	
Becket	S	286	29	2,927	0.98			3,300				3,300				3,300	
Bedford	S	0	0	38,296				42,022				42,022				42,022	
Belchertown	Q	0	0	27,473				23,894				23,894				23,894	
Bellingham	Q	154	0	31,468	0.49			30,965				30,965				30,965	
Belmont	S	0	0	60,640				60,990				60,990				60,990	
Berkley	Q	52	8,103	0.64				9,096				9,096				9,096	
Berlin	S	17	4,870	0.34				5,352				5,352				5,352	
Barnardston	S	8	2,254	0.34				2,785				2,785				2,785	
Beverly	Q	0	71,080					75,672				75,672				75,672	
Billerica	Q	0	0	76,542				83,082				83,082				83,082	
Blackstone	S	800	0	8,378				9,668				9,668				9,668	
Blandford	Q	600	11	1,455	0.78			1,611				1,611				1,611	
Bolton	S	36	7,825	0.46				9,420				9,420				9,420	
Boston	Q	2,175	1,490,681	0.15				1,604,211				1,604,211				1,604,211	
Bourne	Q	120	34,650	0.35				32,921				32,921				32,921	
Boxborough	S	47	9,974	0.47				10,373				10,373				10,373	
Boxford	Q	0	14,990					17,412				17,412				17,412	
Boylston	S	29	6,238	0.47				6,881				6,881				6,881	
Braintree	Q	249	72,400	0.34				77,213				77,213				77,213	
Brewster	S	0	0	25,382				22,418				22,418				22,418	
Bridgewater	S	3,500	102	27,177	0.38			29,478				29,478				29,478	
Brimfield	Q	39	5,390	0.73				5,754				5,754				5,754	
Brookfield	Q	8,000	0	207,745				222,691				222,691				222,691	
Brookline	Q	15	4,950	0.30				5,662				5,662				5,662	
Brookline	Q	0	136,402					144,275				144,275				144,275	
Buckland	Q	0	0	2,517				2,721				2,721				2,721	
Burlington	Q	0	0	58,431				63,461				63,461				63,461	
Cambridge	S	309	298,222	0.10				319,101				319,101				319,101	
Canton	S	0	44,636					45,656				45,656				45,656	
Carlisle	S	35	12,032	0.29				12,822				12,822				12,822	
Carver	S	164	22,346	0.74				24,869				24,869				24,869	
Charlmont	S	250	8	1,778	0.43			2,142				2,142				2,142	
Charlton	S	64	10,172	0.63				11,178				11,178				11,178	
Chatham	S	0	24,156					25,302				25,302				25,302	
Chelmsford	Q	0	0	62,632				66,766				66,766				66,766	
Chelsea	Q	0	82,433					86,241				86,241				86,241	
Cheshire	S	600	29	2,936	1.00			3,072				3,072				3,072	
Chester	Q	450	9	1,518	0.58			1,535				1,535				1,535	
Chicopee	Q	273	93,699	0.29				101,504				101,504				101,504	
Chilmark	S	38	3,627	1.04				4,208				4,208				4,208	
Chilmark	Q	11	2,434	0.47				2,644				2,644				2,644	
Clinton	Q	282	21,413	1.32				23,060				23,060				23,060	
Cohasset	Q	95	18,948	0.50				21,462				21,462				21,462	
Coffman	Q	700	9	2,170	0.42			2,018				2,018				2,018	
Concord	Q	0	38,868					40,807				40,807				40,807	
Conway	S	10	3,532	0.27				3,717				3,717				3,717	
Cummington	S	7	1,210	0.56				1,437				1,437				1,437	
Dartmouth	S	45	8,550	0.52				9,826				9,826				9,826	
Dartmouth	Q	0	57,033					58,573				58,573				58,573	
Dartmouth	Q	235	41,835	0.56				43,492				43,492				43,492	
Dedham	Q	217	47,546	0.46				50,013				50,013				50,013	
Deerfield	S	0	8,407					9,177				9,177				9,177	
Dennis	S	2,000	0	28,464				29,479				29,479				29,479	
Dighton	S	40	7,911	0.50				7,757				7,757				7,757	
Douglas	Q	47	12,287	0.38				13,159				13,159				13,159	
Dover	Q	0	12,995					13,859				13,859				13,859	
Draut	Q	158	40,955	0.39				44,951				44,951				44,951	
Dudley	Q	59	8,399	0.70				8,996				8,996				8,996	
Dunstable	S	16	4,245	0.39				4,090				4,090				4,090	
Duxbury	Q	0	35,376					36,543				36,543				36,543	
E. Bridgewater	Q	246	25,455	0.97				25,296				25,296				25,296	
E. Brookfield	S	11	1,948	0.56				2,182				2,182				2,182	
E. Longmeadow	S	0	26,959					28,243				28,243				28,243	
Eastham	S	1,250	0	12,322				12,417				12,417				12,417	
Easthampton	Q	96	24,546	0.39				27,032				27,032				27,032	
Easton	Q	0	36,175					39,110				39,110				39,110	
Edgartown	S	3,000	96	15,288	0.63			16,741				16,741				16,741	
Egmont	Q	335	38	2,527	1.49			2,594				2,594				2,594	
Erving	Q	18	3,965	0.45				4,855				4,855				4,855	
Essex	Q	0	6,165					6,798				6,798				6,798	
Everett	Q	0	78,518					82,318				82,318				82,318	
Fairhaven	S	142	29,156	0.49				34,134				34,134				34,134	
Fall River	S	0	156,315					166,767				166,767				166,767	
Falmouth	S	197	63,300	0.31				66,407				66,407				66,407	
Fitchburg	S	4,600	0	73,883				77,967				77,967				77,967	
Florida	S	4	2,193	0.19				2,076				2,076				2,076	
Foxborough	Q	0	30,752					32,631				32,631				32,631	
Framingham	Q	0	137,942					147,627				147,627				147,627	
Franklin	Q	0	54,945					59,473				59,473				59,473	
Freetown	Q	52	11,860	0.43				12,165				12,165				12,165	
Gardner	Q	58	34,304	0.17				38,041				38,041					

Municipality	Type	FY98 RANS	FY98 Collector's Budget	FY98 Collector's % Total	FY98 RANS*	FY98 Collector's Budget	FY98 Collector's % Total	FY98 RANS*	FY99 Total Budget	FY99 RANS*	FY99 Collector's Budget	FY99 Collector's % Total	FY99 RANS*	FY99 Total Budget	FY99 RANS*
Methuen	Q	0	75,711			0			79,441		0			6,017	
Middleborough	S	0	40,084			0			41,260		0			15,501	
Middlefield	Q	3	765	0.41		0			738		0			55,168	
Middletown	Q	0	12,017			205	0.19	0.41	13,222		0			15,958	
Milford	S	145	48,387	0.30		87	0.61		50,567					53,163	
Milbury	S	103	17,238	0.60		0			18,414		0			11,501	
Mills	S	46	14,277	0.33		0			15,795		0			85,130	
Milville	Q	0	3,006			0			3,072		0			3,405	
Milton	Q	0	49,674			17	0.48		53,754		0			9,289	
Monroe	S	2	466	0.49		22	0.25		488		0			34,705	
Monson	Q	87	15,105	0.57		102	0.31		16,140		0			20,302	
Montague	S	0	10,325			0			11,167		0			2,029	
Montevideo	S	400	1,821	0.86	300	4	0.15		1,905		0			8,385	
Montgomery	Q	14	1,391	0.97		0			1,161		0			2,290	
Mt. Washington	S	2	392	0.46		6	0.30		364		0			2,614	
Nahant	S	0	7,283			14	0.54		7,716		0			7,716	
Nantucket	Q	0	48,982			0			51,583		0			85,180	
Natick	Q	221	68,109	0.32		120	0.15		72,791		0			12,640	
Needham	Q	0	68,162			0			73,111		0			1,859	
New Ashford	S	1	368	0.22		8	0.55		340		0			36,801	
New Bedford	S	0	193,171		12,000	140	0.40		202,660		0			47,472	
New Braintree	Q	5	1,110	0.44		28	0.06		1,114		0			1,269	
New Marlborough	S	450	2,456	1.12	700	3	0.27		2,391		0			41,419	
New Salem	S	450	1,222	0.44	250	0			1,360		0			25,848	
Newbury	Q	40	9,635	0.42		91	0.37		10,147		0			37,854	
Newburyport	Q	0	31,876			0			35,153		0			5,328	
Newton	Q	39	206,550	0.02		0			212,624		0			2,859	
Norfolk	Q	0	16,568			15	0.64		18,365		0			11,809	
N. Adams	S	0	28,630			600	0.66		30,448		0			9,161	
N. Andover	Q	0	47,705			62	0.70		50,094		0			51,258	
N. Attleborough	Q	144	48,904	0.30		0			54,045		0			3,914	
N. Brookfield	Q	41	8,144	0.50		18	0.52		9,054		0			36,252	
N. Reading	Q	161	29,702	0.54		119	0.33		32,220		0			137,621	
Northampton	S	151	52,358	0.29		0			54,322		0			25,849	
Northborough	Q	0	23,608			100	0.39		26,228		0			8,075	
Northbridge	Q	0	22,797			0			24,309		0			19,950	
Northfield	S	16	3,712	0.42		0			3,982		0			32,012	
Norton	S	75	28,225	0.26		107	0.35		30,849		0			11,015	
Norwell	S	119	23,168	0.52		73	0.71		23,742		0			356,945	
Norwood	S	0	82,229			502	0.15		82,253		0			11,031	
Oak Bluffs	S	132	12,515	1.05	1,400	0			12,928		0			5,387	
Oakham	S	8	1,632	0.51		600	0.48		1,889		0			44,247	
Orange	S	39	14,099	0.28		48	0.99		15,632		0			55,329	
Orleans	S	86	16,174	0.53		0			17,107		0			11,443	
Otis	Q	37	2,734	1.35		0			2,908		0			14,389	
Oxford	S	0	19,848			0			23,820		0			41,970	
Palmer	Q	98	23,351	0.42		0			24,605		0			4,840	
Paxton	S	27	5,533	0.49		0			6,017		0			14,317	
Peabody	S	270	93,980	0.29		49	0.39		95,043		0			31,022	
Pelham	Q	17	2,237	0.78		132	0.45		2,543		0			22,316	
Pembroke	S	143	26,996	0.53	3,000	0			27,835		0			110,072	
Pepperell	Q	0	14,618			1,100	0.61		14,052		0			7,263	
Peru	S	4	976	0.41	200	326	0.31		996		0			56,836	
Petersham	S	250	1,856	0.50		38	0.51		1,627		0			13,207	
Phillipston	S	10	1,523	0.67		0			1,724		0			566	
Pittsfield	Q	111	81,484	0.14		0			85,980		0			12,813	
Plainfield	S	8	1,356	0.58		100	0.73		1,484		0			10,872	
Plainville	S	51	11,141	0.46		750	0.52		12,708		0			7,134	
Plymouth	Q	227	103,054	0.22		1,300	0.52		110,989		0				
Plympton	S	31	4,163	0.74		0			4,372		0				
Tyngsborough	S	77	19,530	0.39		0			21,259		0			6,017	
Tyringham	S	3	1,003	0.29		33	0.60		15,501		0			5,399	
Upton	Q	0	7,329			0			738		0			15,501	
Uxbridge	Q	0	19,424			205	0.41		13,222		0			55,168	
Wakefield	Q	148	49,237	0.30		87	0.61		50,567		0			15,958	
Wales	Q	8	2,568	0.33		0			18,414		0			53,163	
Walpole	Q	127	42,384	0.30		61	0.56		11,501		0			85,130	
Waltham	Q	0	120,300			0			3,072		0			3,405	
Ware	S	88	16,253	0.54	1,800	17	0.48		53,754		0			9,289	
Wareham	Q	133	37,537	0.35		22	0.25		488		0			34,705	
Warren	S	43	4,960	0.86		102	0.31		16,140		0			20,302	
Warwick	S	6	1,091	0.58		0			11,167		0			2,029	
Washington	S	4	911	0.47		4	0.15		1,905		0			8,385	
Watertown	Q	0	64,063			0			1,161		0			2,290	
Wayland	Q	0	36,187			6	0.30		364		0			2,614	
Webster	S	109	24,349	0.45		14	0.54		7,716		0			85,180	
Wellesley	Q	0	58,796			0			72,791		0			12,640	
Wenham	S	39	9,927	0.39		0			1,360		0			1,859	
Westford	Q	12	1,370	0.86	200	0			1,420		0			36,801	
Weston	S	0	6,932			8	0.55		7,311		0			25,848	
Westport	Q	136	37,815	0.36		62	0.70		40,909		0			37,854	
Westwood	Q	126	35,106	0.36		0			35,025		0			5,328	
Westborough	Q	15	2,822	0.53		0			3,428		0			2,859	
Westfield	S	0	74,551			435	0.64		775		0			11,809	
Westhampton	Q	7	2,643	0.27		600	0.66		25,848		0			9,161	
Westminster	S	0	9,273			0			10,147		0			37,854	
Weston	Q	0	36,860		6,250	18	0.52		39,144		0			51,258	
Westport	Q	110	19,044	0.58		119	0.33		20,593		0			36,252	
Westwood	Q	126	35,106	0.36		100	0.39		26,228		0			137,621	
Weymouth	Q	0	92,827			0			24,309		0			25,849	
Whately	S	600	2,905			900			7,595		0			8,075	
Whitman	S	750	18,328	0.54		0			17,599		0			19,950	
Williamsburg	S	29	3,577	0.81		107	0.35		30,849		0			32,012	
Williamstown	S	0	13,392			73	0.71		9,937		0			11,015	
Wilmington	Q	0	40,400			502	0.15		326,235		0			356,945	
Winchendon	S	0	20,319			600	0.48		10,588		0			11,031	
Winchester	Q	0	46,718			48	0.99		4,802		0			5,387	
Windsor	S	7	1,057	0.71		0			42,624		0			44,247	
Winthrop	Q	82	28,862	0.28		0			51,644		0			55,329	
Woburn	Q	361	74,769	0.48		0			10,458		0			11,443	
Worcester	Q	0	355,960			0			14,546		0			14,389	
Worthington	Q	12	2,011	0.58		0			41,081		0			41,970	
Wrentham	Q	80	20,091	0.40		0			4,505		0			4,840	
Yarmouth	S	150	49,546	0.30		49	0.39		12,368		0			14,317	
Totals			82,481	19,172	12,622,551				31,022					900	
*Revenue Anticipation Notes															

Table 1

Quarterly Tax Bills

→ continued from page three

community when the changes to Dennis's billing system occurred. He understands that there were problems because of the lack of staff to deal with the additional billing and posting involved with quarterly tax bills, as well as some problems with their lockbox. "I have also heard that some of the taxpayers, especially the business owners, preferred to retain the old system because it left the money in their bank accounts rather than those of the Town," said Kinshurf.

Quarterly tax bills allow taxpayers to make smaller payments and provide them with better assurance regarding payment due dates. They provide communities with a more evenly distributed level of income, and the potential to increase investment income and reduce, if not eliminate, tax anticipation borrowing costs. Although there are definite benefits to adopting the quarterly system, it may not be the right choice for all communities. However, the potential advantages dictate that each community at least consider the possibility of adopting the quarterly system. ■

written by Jean McCarthy
data provided by Dora Brown

1. M.G.L. Ch. 59 § 57C.
2. Some communities mail the four bills separately.
3. Sixty-nine percent of semi-annuals and 54.5 percent of quarterly communities are included.
4. Only 235 of the 351 Schedule A are available in our data base for FY1999.

Special thanks to Debbie DePerri Ferlito, who provided the data for the Focus articles in the February and March 2000 issues of City & Town; and to Medi Ba for his assistance on the March 2000 City & Town Focus article.

End of Year Pupil and Financial Report

Commencing with the End of Year Pupil and Financial Report 1999–2000 (EOYR), the Department of Education (DOE) will be issuing a Compliance Supplement for municipal auditors to use as part of the annual municipal and A-133 audit. Currently, DOE regulations require that every school district shall, within nine months of the close of its fiscal year, arrange for and undergo an independent audit of its financial records and submit the audit report to DOE. Further, this requirement shall be satisfied if the school district's records are audited as part of a general audit of all municipal financial records. Most municipalities and school districts utilize the general audit to satisfy the school district financial audit requirement; however, many public accounting firms do not perform a detailed review of the EOYR, which is the primary financial report submitted to DOE by school districts. To assure the accuracy, reliability, and consistency of the data in the EOYR, DOE has developed the Compliance Supplement.

The Compliance Supplement consists of three parts: (1) Introduction and Scope; (2) Audit Objective, Suggested Audit Procedures, and Reporting Compliance Requirements; and (3) Reporting. The purpose of the Compliance Supplement is to provide guidance in the conduct of an independent audit for managing and reporting financial and non-financial information the school district is required to report on the EOYR. The objectives of the Compliance Supplement are to determine whether:

- Financial data reported on all EOYR schedules are traceable to the detail contained in the municipal or district accounting ledgers or records or to a documented methodology;
- Non-financial data reported on all EOYR schedules are traceable to the district's records or to a documented methodology;

- There are documented methodologies supporting the financial and other reported information contained in these schedules, whether these methodologies were followed, and whether the methodologies are reasonable; and

- Internal controls exist to provide reasonable assurance that the revenues, expenditures, and other data are accounted for consistent with DOE regulations and guidelines.

The Compliance Supplement requirements, objectives, and procedures are intended to be consistent with the objectives and requirements of Part 3, Compliance Requirement L, Reporting Requirements of the April 1999 OMB A-133 Compliance Supplement. The DOE Compliance Supplement is written with the understanding that the internal control systems for the school district EOYR financial and other reported data are subject to the same tests as other municipal data.

During January and February, the Compliance Supplement has been pilot tested by five independent public accounting firms in 11 school districts. These school districts are representative of the school districts across the Commonwealth and include urban, suburban, regional and regional vocational school districts. In March and April DOE will review the results of the 11 pilot tests and revise the Compliance Supplement for clarity and other changes resulting from the pilot tests. By May, DOE plans to have the Compliance Supplement ready for the FY2000 EOYR audit and will promulgate the Compliance Supplement to independent public accounting firms who perform municipal audits. DOE also plans to conduct training and orientation sessions for public accounting firms in June/July. ■

DLS UPDATE

Financial Management Assistance Program

Does your municipality need assistance to address difficult financial management issues or cope with a specific fiscal problem? The Division of Local Services offers financial management consulting services that draw upon our many fields of expertise. The Division has completed over 200 projects for a wide range of cities and towns, resulting in comprehensive, written reports with results-oriented and practical recommendations.

The Division offers two basic approaches to financial management assistance to cities and towns. The first, the financial management review, is an assessment of the overall financial operations of the community, including a review of the financial offices, the budget process, and capital planning. In the second approach, the Local Services' staff focuses on a particular problem identified by the local officials. Examples include costing municipal services, revenue and expenditure forecasting, and analyzing specific financial problems. For more information on the Divisions' financial management assistance program please call Rick Kingsley at (617) 626-2376.

Sewer Rate Relief Distributed

For fiscal year 2000, 129 communities will receive a total of \$58.9 million in sewer rate relief. This is a 12.8 percent increase from last year. The total distributed has increased each year for the past seven years. The bulk of the sewer relief aid, \$48.9 million, will be shared by 52 communities within the Massachusetts Water Resources Authority.

The South Essex Sewerage District will receive \$2 million for its six member communities. The remaining \$8 million will be distributed among 94 cities, towns and commissions, including 13 communities that will receive aid for the first time: Amesbury, Auburn, Ayer, Grafton, Holden, Manchester, Millbury, Otis, Randolph, Rutland, Walpole, West Boylston and Westborough. The Upper Blackstone Water Pollution Abatement District with six member communities is also a first time recipient.

The Commonwealth Sewer Rate Relief Fund was established in 1993 to provide assistance to mitigate sewer rate increases especially for the MWRA service area because of the federal court-ordered Boston Harbor clean-up project. Construction of the new wastewater treatment facility on Deer Island in Boston Harbor is now approximately 98 percent complete. Significant future projects include completion of the treatment plant and outfall tunnel, as well as addressing pollution caused by combined sewer overflows. The MWRA is also constructing a new 18-mile water supply tunnel to provide a necessary back up for the Hultman Aqueduct that has been operating since the 1940s. Over the years the program has expanded to cover sewer related costs for communities throughout the state. This year the Town of Otis will receive funds to offset the cost of constructing a sewer system for the village center.

The Legislature appropriated \$53,914,000 for sewer rate relief in the FY2000 state budget. Balances from prior year appropriations along with the current appropriation actually provide over \$67 million for payment of the FY2000 awards.

Teachers' Pay Deferral

The Legislature authorized the deferral of teacher's summer pay in FY1992 and in FY1993. Communities and districts could roll over the cumulative amount of their deferrals until 1997, when they had to begin to amortize the deferrals by raising at least one-fifteenth of the total deferral amount each year, in their tax rates or regional budgets, until the amount deferred is completely amortized.

Seventy-five cities and towns have utilized Teachers' Pay Deferral, deferring more than \$75 million. To date, 39 have raised the entire amount they deferred, and 23 have raised substantial amounts. Only 13 have chosen to raise the minimum required. ■

Abatement Program

➔ *continued from page one*

probably be no lower than the federal minimum wage in the event participants are not considered exempt volunteers under the federal Fair Labor Standards Act. The federal minimum wage is currently \$5.15 per hour.

For further information about implementing this new option, please refer to Informational Guideline Release 00-201, *Senior Citizen Property Tax Work-Off Abatement*, which was issued in January to assessors and other officials. ■

1. M.G.L. Ch. 59 § 5K.

Municipal Fiscal Calendar

May 1

Taxpayer: *Deadline for payment of semi-annual and quarterly tax bill without interest.*

Treasurer: *Deadline for payment of second half of county tax.*

Accountant/Treasurer: *Notification of amount of debt due in next fiscal year.*

May 15

Treasurer: *Third quarterly reconciliation of cash (due 45 days after end of quarter).*

Where in Massachusetts?

Do you know where to find:

1. Bigelow Hollow?
2. Sheldonville?
3. Long Neck?
4. Hasting's Heights?

■ **Answers:** 1. North Brookfield; 2. Wrentham; 3. Truro; 4. Holyoke.

Mark Your Calendars — Opportunities for Training

Classification Training Workshops will be held in conjunction with Course 101 in Room 201, Melville Hall, Berkshire Community College on Wednesday, May 3, 2000, and in the first floor conference room, 51 Sleeper Street in Boston on Tuesday, May 9, 2000, from 7:00 p.m. to 8:30 p.m.

The **New Officials Finance Forum** will be given on Friday, June 2, 2000, at the Ramada Inn, 624 Southbridge Street, Auburn from 8:45 a.m. to 3:00 p.m.

Contact Barbara LaVertue, Coordinator of Training, at (617) 626-2340 for more information. ■

DLS Releases Preliminary FY2001 Cherry Sheets

The Division of Local Services has released preliminary FY2001 Cherry Sheets to each city, town and regional school district based on the proposed appropriations in the Governor's FY2001 state budget proposal (House 1A). These preliminary numbers include detailed estimated receipts and assessments for FY2001 and should be useful for budget planning purposes. Additional copies of municipal and regional preliminary FY2001 Cherry Sheets can be found on the Local Services' website, listed below. As always, once the FY2001 state budget is final, we will issue final FY2001 Cherry Sheets that should be used for setting municipal tax rates. ■

City & Town



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. DLS offers numerous publications on municipal law and finance, available by calling (617) 626-2300, or through the DLS website at www.state.ma.us/dls or by writing to PO Box 9490, Boston, MA 02205-9490.

Marilyn H. Browne, Managing Editor

Jean M. McCarthy, Editor

7M 4/00 GC00C02

CITY&TOWN

Division of Local Services
PO Box 9490
Boston, MA 02205-9490

Return service requested

BULK RATE
U.S. POSTAGE
PAID
COMMONWEALTH OF
MASSACHUSETTS