



BLA Prepared for the Year Ahead

Joanne Graziano – Bureau of Local Assessment Chief

Since January, the Bureau of Local Assessment (BLA) has been undertaken many new and interest initiatives in preparation for Fiscal Year 2019. Here's a highlight of some projects that have been completed:

July 5th, 2018

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Important Dates & Information

DLS Releases New Budget and Tax Rate Planning Tool

The Division of Local Services has released a new Excel-based tool for assisting cities, towns and districts with tax rate planning and analysis. This Excel workbook can be used in tandem with DLS Gateway to analyze the impact of municipal finance decisions on the estimated property tax levy for any fiscal year.

To view this new resource, please visit our [Financial Tools, Calculators and Templates webpage](#).

Annual Sales reporting on the LA3 in Gateway

With the assistance of DLS IT staff, we tweaked a couple of features in the LA3 sales report section of Gateway to assist our users with identifying several common errors on submission. They are:

- **Identifying Repeat Sales Only** – This is for multiple sales of the same property during the time period and is a situation when the use of the "R" code may come into play.
- **Duplicate Names Only** – This separates out potential Buyers and Sellers with the same last name and where the sale has not been coded out.
- **LA3 Sales Report Enhancements** – Now includes additional statistics for interim year review. Prior to this year, only Certification communities were tested for this statistic.

Directions can be found in the [Property Code Booklet](#) on how to navigate through these new steps.

Updates on Income and Expense Templates

Located in **Property Assessment and Valuation Publications** on the DLS website are Income and Expense templates that we added to the web way back in 2005. This past May, we updated the forms in this [section](#), and added several useful forms such as the Annual Income and Expense Summary Report. In addition, we wanted to focus on the affordable housing industry and the information assessors need to review this type of apartment use. Working collaboratively with a group of assessors and Mass Housing Partnership, we have published a template called **Schedule AF: Affordable Housing Rental Income**.

Equalized Valuation (EQV) 2018

On June 1, 2018, BLA posted the proposed 2018 [Equalized Valuations \(EQVs\)](#) representing the full and fair cash value for each municipality as of January 1, 2018 to Gateway. This is the first time the reports are issued in Gateway – a major undertaking led by BLA's Jim Paquette and staff from

New Browser Requirement for DOR Web Applications

On June 30, 2018 all Department of Revenue Web Applications, including DLS Gateway, will no longer accept connections from browsers using the TLS (Transport Layer Security) 1.0 encryption standard.

Most Web browsers automatically update themselves to maintain security standards. To verify that TLS 1.0 deactivation won't affect you, click the following link or paste the URL into your browser <https://tls1test.salesforce.com/s/>.

DLS Gateway Support can assist you if you have questions related to DOR's new security standard, please call us at 617-626-2350 or email us at DLSITGroup@dor.state.ma.us.

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DLS IT.

Access can now be made directly through the [Gateway landing page](#) by clicking on [LA19 Equalized Valuation Report](#). There was an informal appeal process through June 10, and the Revised EQV will be posted on July 20. Communities can appeal to the Appellate Tax Board (on or before August 10) and the ATB must respond to these appeals by Jan 20, 2019. Final EQV values will be posted before Jan 31, 2019. (*Note: The Proposed EQV values omits the 121A value. 121 A values will be issued when finalized in January*)

State Owned Land 2017

Regarding the State Owned Valuation Program, the "base year valuation" for each city and town was determined as of January 1, 2017 and was recently finalized for July 1, 2018. This base valuation will be applied for the FY2019 SOL Cherry Sheet Pilot and MWRA reimbursement program. After FY 2019, this "base year valuation" will require updates annually for the value of acquisitions (additional acreage) and dispositions (acreage removed). If you have been wondering why you have not been contacted by Bureau of Local Assessment staff related to recent Commonwealth of Massachusetts property acquisitions in your community, please stay tuned. We are in development of a new state owned land module that will be available in Gateway for Fiscal Year 2020. This will allow us to correspond directly with local officials via Gateway and coordinate online uploads and maintenance of required documentation. We expect this module to be completed by the end of the calendar year.

Personal Property Audit Worksheet

Assessors conducting audits of personal property accounts who discover unreported or misreported items of personal property may make omitted or revised assessments *within three years and six months of the date the form of list* for properly reporting the property was due or actually filed, whichever is later. Previously unreported or misreported articles of personal property assessed after an audit that would have qualified as tax base growth must be reported on the FY18 Amended Tax Base Levy Growth Report (Form LA-13A). BLA has automated the [worksheet](#) to determine the amended growth calculation that needs to be reported on the LA13A. Instructions will be available in the *Fiscal Year 2019 Guidelines for Determining Annual Levy Limit Increase for Tax Base Growth*.

Overall, communities should not see many changes in how BLA's staff reviews their sales reports, new growth reports, classification submissions and related documentation. We made many changes in operations last fiscal year and now BLA staff is ready to tackle FY 2019. We look forward to working with you in the coming fiscal year.

FY18 Sewer Rate Awards Analysis

Gerry Cole – Bureau of Accounts Public Finance Section

In March, the Division of Local Services (DLS) announced the FY2018 distribution from the Commonwealth Sewer Rate Relief Fund, established in

Other DLS Links:[Local Officials Directory](#)[Information Guideline Releases \(IGRs\)](#)[Bulletins](#)[Publications & Training Center](#)[Tools and Financial Calculators](#)

1993 under the provisions of Massachusetts General Laws c. 29, §2Z.

This year, funds totaling \$1.1 million have been awarded to 39 Massachusetts governmental entities to mitigate sewer rate increases due to debt service obligations for qualified sewer construction projects.

DLS issued the annual program announcement and application form as Bulletin 2018-1 in January of 2018. January 26, 2018 was stipulated as the requested date for submission of completed applications.

Applications were processed by DLS and the Department of Environmental Protection (MassDEP). MassDEP provided determinations of eligible indebtedness which is dependent upon the nature of a given project and its' financing. The statute requires that eligible indebtedness be debt issued on or after January 1, 1990 which has a final date of maturity more than 5 years after the date of issuance and which is incurred to finance or refinance the cost of planning, design or construction of a water pollution abatement project. DLS and MassDEP require that a debt service schedule be submitted for any loan for which eligibility is requested.

Projects receiving state grants are ineligible and certain other projects have their eligibility defined in §2Z. After full review, only a small number of projects/debt service submitted was deemed ineligible. The Sewer Rate Relief Fund is distributed on the same pro-rata basis to all eligible applicants. This percentage is then applied to the total eligible debt service of each applicant to calculate the award.

Awards are legally capped at 20% of eligible debt service, but for many years, the distribution has been based on the amount appropriated by the Legislature. For FY2018, applications listing 309 project loans and debt service were approved and grants were awarded to the following:

- Massachusetts Water Resources Authority (MWRA) received a total of \$944,726
- 3 local Water and Sewer Commissions received a total of \$48,091
- 2 Sewer Districts received a total of \$11,872
- 33 cities and towns received a total of \$95,311

Since FY94, the sewer rate relief program has distributed over \$498 million to governmental entities throughout Massachusetts. The program's sole source of funding is from an annual appropriation in the State budget. Except for fiscal years when the program was unfunded, the appropriation has ranged from a high of \$58,600,000 in FY2002 to a low of \$500,000 in FY2012.

FY2018 award recipient entities can be [viewed here](#).

Ask DLS: End of Fiscal Year - Part 2

This month's *Ask DLS* is the second installment of frequently asked questions regarding the close of the fiscal year. Please let us know if you have other areas of interest or send a question to cityandtown@dor.state.ma.us. We would like to hear from you.

At year end, can surplus amounts in operating appropriations be transferred to cover potential deficits in other appropriations without a town meeting or council vote? When must the transfers be completed?

All transfers from annual operating appropriations must be made on or before July 15 when the books are closed. In towns, from May 1 to July 15, the selectboard with the approval of the finance committee may transfer funds from any departmental or other appropriation to any other appropriation. This year-end transfer procedure may not be used, however, to transfer funds from a municipal light or school department budget. [M.G.L. c. 44, § 33B\(b\)](#). In cities, however, all transfers require a council vote unless the charter provides otherwise. [M.G.L. c. 44, § 33B\(a\)](#). See Sections B and C of [Informational Guideline Release \(IGR\) No. 17-13, *Appropriation Transfers*](#).

On or before July 15, municipal or regional school committees may transfer among line items in the annual school budget, [M.G.L. c. 71, § 34](#), and a town finance committee may transfer from the reserve fund to cover extraordinary or unforeseen expenditures or obligations, including unintentional or de minimis appropriation shortfalls, during the fiscal year. [M.G.L. c. 40, § 6](#).

In all cases, the amount of any operating appropriation item available to be transferred is the unspent and unencumbered balance, *i.e.*, the amount after all potential liabilities to be charged to the item are considered. Accounting officers should determine this amount before any transfer from an appropriation is approved.

May a city or town legislative body, or in a town the board of selectmen and finance committee from May 1 to July 15, transfer from a departmental appropriation financed by enterprise funds to another department's appropriation under [M.G.L. c. 44, § 33B](#) in order to avoid a year-end deficit in the other department?

Enterprise funds may only be appropriated for enterprise purposes. [M.G.L. c. 44, § 53F½](#). Therefore, transfers from appropriations financed by enterprise revenues, retained earnings or available funds may only be made to cover deficits in appropriations for enterprise expenses. See Section A of [IGR No. 17-13, *Appropriation Transfers*](#).

What action must be taken if there was an unexpected shortfall in the revenues the city or town anticipated collecting for the fiscal year?

It depends on whether that shortfall results in a revenue deficit. A revenue deficit occurs if at the end of the fiscal year, actual state and local revenues are less than budgeted revenues and the balances in closed appropriations (appropriation turn-backs) are not enough to offset the shortfall. See the explanation and calculation examples provided by the Bureau of Accounts in [Revenue Deficits](#). If a revenue deficit has occurred, the accountant must notify the assessors who must raise it in next year's tax rate, [M.G.L. c. 59, § 23](#), but the deficit does not reduce the municipality's free cash.

What action must be taken if an appropriation was overspent and not supplemented by appropriation or transfer by July 15? May a city or town appropriate from free cash to cover those deficits?

An operating appropriation may be supplemented by an appropriation from available funds or appropriation transfer by July 15. If not, then an appropriation overdraft or deficit exists that must be raised in next year's tax rate unless funded by the legislative body before the rate is set. [M.G.L. c. 59, § 23](#). The municipality's free cash is also reduced by the amount of appropriation deficits not authorized by state law, e.g., it is not reduced by legal snow and ice deficits under [M.G.L. c. 44, § 31D](#). See also DLS publication "[Revenue and Appropriation Deficits](#)."

However, free cash and enterprise retained earnings balances expire on June 30. Therefore, no appropriations may be made by town meeting, town council or city council from free cash or enterprise retained earnings after June 30 to cover operating deficits, or for any other purpose, until the Director of Accounts certifies new balances as of July 1 after the books are closed and the Bureau of Accounts has received and reviewed the community's balance sheet and supporting documentation. [M.G.L. c. 59, § 23](#); [M.G.L. c. 44, § 53F½](#).

July Municipal Calendar

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|----|--------------------------|---|
| 1 | Collector | Mail Annual Preliminary Tax Bills
This date applies for all quarterly communities and for semiannual ones that issue annual preliminary bills under M.G.L. c. 59, § 57C . The 1 st and 2 nd quarter bills may be included a single mailing. |
| 15 | Accountant and Treasurer | Deadline to Process all Prior-Year Unencumbered Expenditures
Under M.G.L. c. 44, § 56 , all unencumbered expenses incurred as of June 30 must be recorded and paid as of this date. |
| 15 | Accountant | Report CPA Fund Balance (recommended date)
After closing the fiscal year and before the October 31 deadline, the Accountant submits the CPA fund balance report (Form CP-2 in Gateway) to BOA and gives notice to the CPA Committee. |
| 15 | Pipeline Company | Deadline for Appealing Commissioner's Pipeline Company Valuations to the ATB |

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| 15 | Telephone and Telegraph Company | Deadline for Appealing Commissioner's Telephone and Telegraph Company Valuations to the ATB |
| 20 | Bureau of Local Assessment | Notification of Changes in Proposed EQVs (even-numbered years only) |
| 31 | State Treasurer | Notification of Monthly Local Aid Distributions , monthly breakdown by program is available here . |

Editor: Dan Bertrand

Editorial Board: Sean Cronin, Anthonia Bakare, Linda Bradley, Deb Joyce, Theo Kalivas, Patricia Hunt and Tony Rassias

Contact *City & Town* with questions, comments and feedback by emailing us at cityandtown@dor.state.ma.us.

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