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CITY & TOWN

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Financial Forecasting

With another budget season on the horizon, this is a good time to evaluate your community's planning process and consider the benefits of financial forecasting. A financial forecast, or multi-year revenue and expenditure forecast, is a useful management and policy making tool that allows your municipality to evaluate the impact of various government decisions over time. Since policy choices often affect the town's financial condition for years to come, it is beneficial to analyze the associated fiscal impacts over a multi-year period. For example, what is the impact of a multi-year collective bargaining agreement? What is the impact of financing a new school and what impact will the debt service have on the tax rate? How much will a proposed development add to the tax levy and what are the associated added service costs? What is the impact of moving solid waste disposal to a full cost recovery basis over the next three years? Financial forecasting provides an effective approach to evaluating these and other policy choices being considered by your municipality.

A forecast can also serve as an early warning system to detect a future gap between revenues and expenditures. While it can't insulate your community from all forms of fiscal surprises, analyzing your financial picture in this type of comprehensive and structured manner will reduce the risk of overlooking key information. Detecting problems early gives management more time to consider corrective action. Assuming that

the forecast is done with spreadsheet software, it is a simple matter to hold all the other components of the forecast constant and isolate the impact of various policy solutions on the bottom line.

Forecasting Methodology

It is important to recognize that forecasting is more of an art than an exact science. As such, a simple, common sense approach may be just as useful and accurate as an intricate econometric model. While beginning a revenue and expenditure forecast can be a daunting task given the complex interactions of numerous variables, it is more manageable if you follow the guidelines below. First, the length of the forecast period should be no more than three to five years. While you can choose a longer period, accuracy will decline rapidly as you move beyond the third or fourth year. Of course, much of the focus should be to project revenues accurately in the first forecast year. These numbers will provide parameters for the annual budget debate and can be used to develop budget guidelines to assist department heads in preparing their budget requests.

The forecast need not be as detailed as your annual budget. Rather, the forecast should be presented at a summary level with revenues and expenditures broken into manageable components. For example, expenditures can be summarized as school expenditures, municipal departmental expenditures, employee benefits, debt service, reserves, state and county charges and other

amounts to be raised. Revenues can be consolidated into tax levy, state aid, local receipts and available funds. Subsidiary worksheets, with the necessary detail you need for accuracy, can be created with the totals referenced in your summary worksheets. Presenting the forecast at the summary level makes it easier to understand and helps readers distinguish the forecasting document from the recommended budget.

To project expenditures, we recommend a "maintenance budget" approach to forecasting. By this we mean projecting what it costs to maintain the same level of staffing and mix of services into the future. It is also helpful to assume that all current laws and regulations remain in effect during the forecast period. Negotiated collective bar-

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written by Frederick Kingsley

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LEGAL

in Our Opinion

Commissioner Adams Leaves DOR

Q: A truck owner registered his vehicle in Massachusetts under the International Registration Plan (IRP). When he received a motor vehicle excise bill, he filed for an abatement since he operated the truck outside the Commonwealth for much of the year. Is the owner exempt from motor vehicle excise?

A: No. The IRP is a federal program which allows truck owners to register their vehicles in a single state and avoid the burden of registering the vehicles in all states in which the vehicles are operated. Under the plan, the state of registration issues plates which authorize the subject vehicle to operate in all participating states. The IRP provides that all fees *from licensing* are apportioned among the member states according to the subject vehicle's mileage in each state.

Massachusetts became a participant in the IRP as of January 1, 1994. The Registrar of Motor Vehicles is authorized to promulgate regulations to carry out the provisions of the IRP.¹ The regulations appear in 540 CMR 13.00, entitled International Registration Plan Implementation Regulations. Section 13.05(2)(b) of the regulation provides that registering a truck under the IRP has "no relevance to or impact on any proceeding for the enforcement of the tax laws, or the payment of non-registration fees or taxes."

Accordingly, the owner's registration of the truck in Massachusetts under the IRP did not exempt him from the motor vehicle excise.

Q: The Commonwealth awarded a grant to a town for an emergency water treatment project. Is it necessary that town meeting vote to appropriate the funds?

A: A grant from the Commonwealth to a town department can be expended by the department without appropriation.² Any expenditure, however, must appear on a warrant approved by the board of selectmen. On the other hand, if the Commonwealth's grant was not made to a particular town department, then town meeting must first appropriate the funds and also designate which town board or department has the authority to expend the grant money. In this case, it would be necessary to review the grant documents to determine whether the granting agency intended to make the award to the board of public works or to the town itself.

Q: An owner of classified forest land sold several acres to a developer. The conveyance left only nine acres in his ownership. Could the nine acres continue to be classified under M.G.L. Ch.61?

A: No. M.G.L. Ch.61 Sec.2 describes forest land as "parcels of not less than ten contiguous acres in area ..." The State Forester's regulations (304 CMR 8.07) also provide that a classified parcel cannot be reduced to less than ten contiguous acres. Under the statute and the regulations, therefore, forest land in order to continue to be classified under M.G.L. Ch.61 must be at least ten contiguous acres in area and under the same ownership. ■

compiled by James Crowley

1. M.G.L. Ch.90 Sec.2.

2. M.G.L. Ch.44 Sec.53A.

Revenue Commissioner Mitchell Adams has left his position to head a new high technology company. Adams, who was appointed DOR commissioner in 1991, will become the chief executive officer of Healthwatch Technologies LLC, of Cambridge, Massachusetts and Portland, Maine.

"Over the past seven years Mitchell Adams has consistently improved services for taxpayers while cutting costs and waste," said the Governor. "He has also led our nationally recognized child support enforcement program, which has improved the lives of thousands of Massachusetts children by aggressively tracking down deadbeat parents."

Adams' implementation of information technology has transformed DOR from a paper factory into a highly efficient center of digital technology. Agency staffing has been reduced over 30 percent since 1991 while all performance measures are up significantly. Many of the pioneering technologies have been adopted by other states.

The many awards DOR has received during Adams' tenure include the 1997 Computerworld/Smithsonian award for Innovation in Information Technology for Telefile and Imaging systems and the 1994 Ford Foundation Innovations in Government for the child support enforcement program.

Bernard F. Crowley, Jr. has been appointed Acting Commissioner of the Department of Revenue by the Governor. Crowley is a resident of Newton who previously served as DOR's senior deputy commissioner and has worked for DOR since 1964. ■

FOCUS

on Municipal Finance

School Building Assistance Act

The School Building Assistance Act (SBA) provides assistance to communities undertaking school building projects. Originally enacted as Chapter 645 of the Acts of 1948, the program has been amended many times. The SBA program was established to provide financial assistance to municipalities and regional school districts to plan and construct school buildings. Projects can be new buildings, additions or renovations. Under this program, the state provides a significant portion of all costs associated with the construction by providing grants to offset part of the debt service for the project. The SBA grants have been extended to June 30, 2003.

To participate in the program, municipalities and regional school districts must file capital project applications with the Department of Education (DOE). DOE has specific requirements for school buildings. The district must own the land on which they plan to build. Building plans must comply with environmental guidelines. Chapter 645 outlines other requirements as well. The city, town or regional school district (subject to the right of a member town to disapprove district borrowing) must have voted in favor of the project and authorized the sale of bonds before it can submit the application to DOE. The school district submits a plan for the system showing how many school buildings should be built or renovated. The community initially pays the cost of bid documents and drawings which are submitted to DOE for approval. Each building in a system is considered as a separate project and receives individual ranking on the priority list.

SBA has made program procedure changes for capital construction projects being submitted by June 1, 1999.

There is a new requirement for adequate maintenance. *Beginning in FY99, districts must meet annual spending requirements for building maintenance to be eligible for future SBA project approvals.* To retain eligibility, the district must have spent at least 50 percent of the sum of the district's foundation budget for the ordinary maintenance including utility costs and extraordinary categories.¹ The Board of Education and the Division of Local Services jointly administer a waiver process for unanticipated or extraordinary changes in maintenance spending.

School districts must also meet certain other requirements:

- hold a building needs conference prior to January 1, 1999;
- submit educational specifications and preliminary designs approved by the school committee by March 1, 1999;
- submit *all* local sign off documents, such as Conservation and Historical Commission approvals, with the final application.

All school districts with projects listed on the FY98 and FY99 priority list which will have gone to bid prior to March 31, 1999 must complete a *Request for Project Number and Form F Actual Project Cost* to DOE once bids have been finalized. Many school districts will be notified that they must submit audits for approved and funded projects to DOE on or before January 1, 1999 or risk suspension of state assistance for the projects.

Since the Board of Education's school building regulations establish strict limits on project costs eligible for reimbursement, a district should ensure that the architect's current project cost estimate does not exceed the approved project cost limit before going out to

bid. Although the regulations do allow the Board to waive the cost limits, approval of such waivers will only be recommended in truly rare and exceptional circumstances. The SBA will not recommend waiving a project's approved cost limit because bids came in higher than estimated. Should that happen, the district can re-bid the project as designed; redesign the project to reduce costs; or absorb the higher costs with local funds.

Applications for each fiscal year must be submitted by June 1 of the preceding fiscal year. Once all of the applications have been received, projects are prioritized within each category according to need. The state Board of Education and the Legislature have developed a formula to determine a district's need. Each district submits a worksheet which is used to determine the priority ranking of the particular project.

The state provides a varying percentage of the project costs depending on the wealth of the community and the category for reimbursement. In category one are districts seeking reimbursement to correct racial imbalance. Reimbursement to schools in this category is 90 percent of total project costs. In category two are districts seeking reimbursement to add to an existing building or build a new building to make space available for students in order to "provide full range of educational programs and to maintain full accreditation." Category three includes districts seeking reimbursement to meet significant program and facility needs.

Once a project is approved for funding, the state pays a percentage of the debt service over a five- to twenty-year period. The percentages which apply to each district under categories two and three are listed in the statute itself. A pro-

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FY1999 School Building Assistance Priority List for Capital School Construction Projects

Rank	Project Identification	Category One	Cumulative Authorization
		Individual Authorization*	
1/98	Fall River North End Elementary	\$1,285,129	\$1,285,129
2/98	Worcester Forest Grove Middle	\$1,422,237	\$2,707,366
3/98	Brockton Belmont St. Elementary	\$1,182,684	\$3,890,050
4/98	Boston Latin	\$2,344,728	\$6,234,778
5/98	Lowell Pawtucket Memorial Elementary	\$697,480	\$6,932,258
6/98	Salem Bates Elementary	\$750,232	\$7,682,490
7/98	Lowell Pyne Elementary	\$737,168	\$8,419,658
8/98	Framingham Cameron Middle	\$1,132,290	\$9,551,948

Rank	Project Identification	Category Two & Three	Cumulative Authorization
		Individual Authorization*	
1/96	Pittsfield Egremont Elementary	\$406,260	\$406,260
2/96	Southborough Elementary	\$326,225	\$732,485
3/96	Greenfield Middle	\$781,337	\$1,513,822
4/96	Barnstable Middle	\$715,114	\$2,228,936
5/96	Pittsfield Allendale Elementary	\$263,472	\$2,492,408
6/96	Quaboag Junior-Senior High School	\$1,269,958	\$3,762,366
7/96	Pittsfield Highland Elementary	\$247,008	\$4,009,374
8/96	Boxford Cole Elementary	\$100,309	\$4,109,683
9/96	Pittsfield Williams Elementary	\$354,172	\$4,463,855
10/96	Pittsfield Stearns Elementary	\$257,983	\$4,721,838
11/96	Nashoba-Stow Hale Middle	\$346,495	\$5,068,333
12/96	Newton Day Middle	\$213,896	\$5,282,229
13/96	Newton Brown Middle	\$215,147	\$5,497,376
14/96	Newton Oak Hill Middle	\$795,006	\$6,292,382
15/96	Chatham Middle	\$697,714	\$6,990,096
16/96	Brookline High School	\$2,214,516	\$9,204,612
17/96	Carlisle Elementary	\$137,807	\$9,342,419
18/96	Chatham Elementary	\$339,878	\$9,682,297
19/96	Weston High School	\$625,135	\$10,307,432
20/96	Clinton Middle	\$156,658	\$10,464,090
21/96	Berkley Middle School	\$824,024	\$11,288,114
22/96	Hanson Middle School	\$975,489	\$12,263,603
23/97	Middleborough Middle School	\$1,613,264	\$13,876,867
24/97	Dracut Middle School	\$1,146,650	\$15,023,517
25/97	Randolph Middle School	\$831,072	\$15,854,589
26/97	Ipswich Middle/High School	\$1,877,298	\$17,731,887
27/97	Holden Dawson Elementary	\$333,669	\$18,065,556
28/97	Holden Bullard Elementary	\$727,258	\$18,792,814
29/97	Holliston Miller Elementary	\$1,834,054	\$20,626,868
30/97	Sterling Elementary	\$1,077,495	\$21,704,363
31/97	Plymouth Middle School	\$1,228,492	\$22,932,855
32/97	Westfield Middle School	\$1,329,149	\$24,262,004
33/97	Everett Lafayette Elementary	\$1,117,485	\$25,379,489
34/97	Sutton Elementary	\$1,448,581	\$26,828,070
35/97	Kingston Elementary	\$560,313	\$27,388,383
36/97	Kingston New Elementary	\$970,526	\$28,358,909
37/97	North Andover New Elementary	\$423,926	\$28,782,835
38/97	Hopedale High School	\$802,056	\$29,584,891
39/97	Holden Bubar Elementary	\$638,300	\$30,223,191
40/97	Lanesborough Elementary	\$460,509	\$30,683,700
41/97	Hudson C.A. Farley Elementary	\$622,114	\$31,305,814
42/97	Northborough Zeh Elementary	\$392,632	\$31,698,446
43/97	Everett Lewis Elementary	\$1,082,111	\$32,780,557
44/97	Westford Academy	\$1,708,897	\$34,489,454
45/97	North Reading E. Ethel Little Elementary	\$201,347	\$34,690,801
46/97	Montachusett Voc/Tech High School	\$1,021,972	\$35,712,773
47/97	Tewksbury Center Elementary	\$911,261	\$36,624,034
48/97	Sharon High School	\$662,653	\$37,286,687
49/97	Everett High School	\$1,258,144	\$38,544,831
50/97	Everett Parlin Elementary	\$852,263	\$39,397,094
51/97	Berkley Elementary	\$148,017	\$39,545,111
52/97	Westwood Middle School	\$226,025	\$39,771,136

*Individual Authorizations indicate annual payments, not the total project costs.

Rank	Project Identification	Individual Authorization*	Cumulative Authorization
53/97	Duxbury Alden Elementary	\$135,071	\$39,906,207
54/97	Littleton Shaker Lane Elementary	\$261,398	\$40,167,605
55/97	Wakefield Dolbeare Elementary	\$537,340	\$40,704,945
56/97	Sherborn Pine Hill Elementary	\$278,250	\$40,983,195
57/97	Northampton High School	\$1,248,321	\$42,231,516
58/97	Winchester Middle School	\$1,038,777	\$43,270,293
59/97	Hanson Indian Head Middle School	\$347,960	\$43,618,253
60/97	Westfield South Middle School	\$772,508	\$44,390,761
61/97	Wakefield Woodville Elementary	\$561,079	\$44,951,840
62/97	Millis High School	\$343,884	\$45,295,724
63/97	Everett Hamilton Elementary	\$822,090	\$46,117,814
64/97	Weston Middle School	\$510,916	\$46,628,730
65/98	Athol-Royalston New Middle	\$888,727	\$47,517,457
66/98	Bellingham High School	\$1,914,260	\$49,431,717
67/98	Wilmington New Middle	\$2,169,085	\$51,600,802
68/98	E.Longmeadow Birchland Pk Middle	\$1,194,094	\$52,794,896
69/98	Sudbury Curtis Middle	\$1,332,483	\$54,127,379
70/98	Bourne New Middle	\$981,875	\$55,109,254
71/98	Hopkinton New High School	\$1,836,249	\$56,945,503
72/98	Winthrop Ft Banks New Elementary	\$897,498	\$57,843,001
73/98	Pioneer Valley High School	\$978,826	\$58,821,827
74/98	Bedford New Davis Elementary	\$577,305	\$59,399,132
75/98	Blackstone-Millville JFK Elementary	\$272,904	\$59,672,036
76/98	Stoneham New South Elementary	\$514,945	\$60,186,981
77/98	South Hadley Middle School	\$803,806	\$60,990,787
78/98	Wilbraham Miletree Elementary	\$293,284	\$61,284,071
79/98	Marshfield Furnace Brook Middle	\$1,006,097	\$62,290,168
80/98	Triton Regional Jr/Sr High School	\$1,777,327	\$64,067,495
81/98	Plainville Jackson Elementary	\$594,923	\$64,662,418
82/98	South Hadley High School	\$860,416	\$65,522,834
83/98	Plymouth Manomet Elementary	\$116,651	\$65,639,485
84/98	Hingham High School	\$1,362,664	\$67,002,149
85/98	Wilbraham Stonyhill Elementary	\$234,413	\$67,236,562
86/98	Plymouth South Elementary	\$208,213	\$67,444,775
87/98	Whitman Conley Elementary	\$586,675	\$68,031,450
88/98	Dighton Elementary	\$277,778	\$68,309,228
89/98	Ludlow High School	\$1,457,710	\$69,766,938
90/98	Greater Lawrence Vocational/Tech	\$3,488,430	\$73,255,368
91/98	Canton Luce Elementary	\$476,412	\$73,731,780
92/98	Sudbury Haynes Elementary	\$467,956	\$74,199,736
93/98	Hingham South Elementary	\$667,137	\$74,866,873
94/98	Pembroke Hobomock Elementary	\$453,398	\$75,320,271
95/98	Natick Bennett-Hemenway Elem	\$653,609	\$75,973,880
96/98	Richmond Consolidate Elementary	\$379,476	\$76,353,356
97/98	Whitman Duval Elementary	\$613,915	\$76,967,271
98/98	Stoneham New Central Elementary	\$470,998	\$77,438,269
99/98	Marlborough Jaworek Elementary	\$489,993	\$77,928,262
100/98	Sudbury Loring Elementary	\$632,999	\$78,561,261
101/98	Norfolk H.O. Day Elementary	\$169,356	\$78,730,617
102/98	Attleborough Coelho Middle	\$902,966	\$79,633,583
103/98	Quincy Point Webster Middle	\$336,263	\$79,969,846
104/98	Whitman Middle	\$388,630	\$80,358,476
105/98	Marshfield Martinson Elementary	\$500,859	\$80,859,335
106/98	Melrose Lincoln Elementary	\$603,530	\$81,462,865
107/98	Beverly Centerville Elementary	\$298,673	\$81,761,538
108/98	Stoneham Robin Hood Elementary	\$438,070	\$82,199,608
109/98	Hawlemont Elementary	\$180,629	\$82,380,237
110/98	Beverly North Elementary	\$315,388	\$82,695,625
111/98	Topsfield Proctor Elementary	\$244,035	\$82,939,660
112/98	Reading Coolidge Middle	\$542,025	\$83,481,685
113/98	Topsfield Steward Elementary	\$287,701	\$83,769,386
114/98	Stoneham Colonial Pk Elementary	\$418,596	\$84,187,982
115/98	Plainville Wood Elementary	\$591,204	\$84,779,186
116/98	Brookline Edith Baker Elementary	\$489,896	\$85,269,082
117/98	Sandwich High School	\$1,203,842	\$86,472,924
118/98	Bellingham Middle	\$516,059	\$86,988,983

School Building Assistance Act

➡ continued from page three

vision in the state budget in each of the last three years allows a city, town or regional school district to delay the permanent financing of the project so the first principal payment occurs in the same fiscal year as the first grant payment.

Any projects not funded in a fiscal year are moved to the top of the priority list for the following year. In recent years, the waiting time for funding approval has been one year for category one projects and three to four years for category two and three projects. In addition to the capital construction grants described above, the SBA statute also provides for grants for major reconstruction projects, such as roof replacements or HVAC improvements. However, this component of the program has not been funded in a number of years. There are currently 126 projects on the priority list awaiting funding approval. The priority list can be found on pages 4 and 5. The amounts listed as Individual Authorization are annual amounts, not the total project costs. ■

written by Jean McCarthy

1. Chapter 194 of the Acts of 1998, Section 241.

Course 101 Approved for Continuing Education

The Board of Registration of Real Estate Appraisers has awarded 7.5 hours of continuing education credit for the valuation sections of the Division of Local Services' Course 101 *Assessment Administration: Law, Procedures, Valuation*. The continuing education credits are prospective only. Appraisers must successfully complete the entire course to be eligible.

Financial Forecasting

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gaining increases, step increases and longevity increases can all be projected through the length of the contracts. Special attention should be paid to fixed costs such as employee benefits and debt service while ordinary operating expenses can be increased by an inflation factor.

Since the bulk of municipal expenditures are related to employee salaries and benefits, projecting these costs forward often reveals that there is little revenue left over after funding the maintenance budget. Any remaining funds can be used for such "discretionary spending" as future collective bargaining settlements, capital purchases, new staff, expanded services, or set aside as reserves. The policy debate will then focus clearly on prioritizing and balancing these competing demands for the funds available for discretionary purposes.

Since overstating available revenues is inherently risky, we recommend a moderately conservative approach to projecting revenues. With this approach, if additional revenues become available later in the process, additional priority items may be added to the recommended operating or capital budget. In the dynamic environment of government, it is necessary to revise the forecast periodically as new information becomes available. It also makes sense to revisit the forecast at key junctures such as after release of the Governor's budget which gives initial indications of state aid, prior to final adoption of the municipal budget or prior to tax rate setting time.

Conclusion

A reliable forecast is the product of accurate historical data and up-to-date

information from many different sources. To coordinate the gathering of this data and to determine how to apply it to the forecast, it is best that one knowledgeable person take the lead role in the process. This individual could be the manager/administrator, finance director, accountant, or a finance committee member depending on your form of government.

Due to the myriad variables that can impact fiscal condition, however, a successful forecast requires the input and cooperation of all financial officials. Enlisting the support and expertise of your community's financial officials will also add to the credibility of the forecast. Credibility is important because other officials and citizens must believe that the forecast is a sound and reasonable portrayal of your municipality's fiscal condition. Otherwise, they will not trust the results enough to use them in the planning process. Forecasting can also serve as a valuable team building exercise, where meetings held initially to gather data for a forecast evolve into more widespread efforts to improve financial operations.

The forecast is more useful if the numbers are accompanied by written assumptions detailing how the numbers were rendered. Realistic assumptions will play a large role in ensuring a credible forecast. Once the forecasting model is complete, local officials will be in a good position to evaluate the fiscal impact of any contemplated spending choices or revenue raising options. In sum, forecasting is an important building block for a well-managed community and can play a key role in balancing the competing demands of operating and capital needs. ■

DLS UPDATE

Homeowner's Septic Repair Loan Program

The Massachusetts Housing Finance Agency (MHFA) released a status report on September 30 showing that to date \$4.5 million has been loaned to 388 homeowners under the Homeowner Septic Repair Loan program. The average loan amount is \$11,416. MHFA has been recruiting additional lenders in areas where there has been a lack of coverage. There are now 41 lenders participating in the program. The list of lenders is available at MHFA's website www.mhfa.com/hownsep.htm.

Owners of property with a deteriorating or failed septic system can apply for a loan from an approved bank. Loans can range from \$1,000 to \$25,000. The interest rate, which varies from zero to five percent, depends on income, the number of dependents and the location of the property. Of the loans processed to date, 59 are at zero percent, 141 at three percent, and 188 at five percent. The program is a joint effort of the Department of Revenue, the Department of Environmental Protection and MHFA. The first loans were made in the fall of 1997. For more information, call the MHFA consumer line (617) 854-1020.

Providing for the Unexpected

The Year 2000 problems with the potential to be the most serious are the unexpected ones. Despite all the advance warning, an important device with an embedded non-compliant computer chip might fail (e.g. a sewerage pump or a security system). The community

might be 100 percent compliant, but a supplier of critically important goods or services may not be, forcing the community to fall back on expensive alternative ways of serving or protecting the public. Communities should, therefore, consider establishing a contingency account for Y2K expenses.

Rather than providing funds in one or more department budgets, a special article to establish a separate fund should be considered. The balance in this special fund would be carried forward rather than closing out at the end of the fiscal year. When no longer needed, the unspent balance can be closed out once the purpose has been accomplished.

Suggested wording for a Year 2000 article follows:

The amount of \$xxx is appropriated to the selectmen/mayor to provide for unanticipated costs of Year 2000 compliance or remediation for any municipal computer system or for devices dependent on date-sensitive embedded computer chips.

Communities Receive Chapter 90 Funds

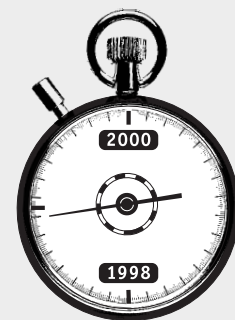
The Bureau of Accounts (BOA) sent letters to 149 communities in late October notifying them that the Massachusetts Highway Department (MHD) has approved the release of \$82,941,660 in Chapter 90 Bond Issue Apportionments. The first and second apportionment amounts may now be appropriated as an available fund in those communities. BOA suggests that appropriations be made by special article so that any balance will be carried forward into the next fiscal year rather

than closing to the general fund. Specific projects must have a signed Memo of Agreement with MHD before funds can be expended. The BOA cautions that spending from this appropriation will be deducted from free cash unless (1) the community has borrowed in anticipation of receiving the reimbursement, (2) reimbursement has been received before free cash certification is requested, or (3) the community documents that the request for reimbursement has been filed and MHD confirms that payment will be made.

Essex Agricultural School Changes

As a result of the upcoming abolition of the Essex County government, a new governance and financing plan is being developed for the Essex Agricultural and Technical Institute. Under the current proposal, cities and towns with children attending this school will pay a direct tuition assessment each year beginning in FY2000. For more details, see the Department of Education's web page (www.doe.mass.edu/schoolfinance). ■

Countdown to Y2K



Municipal Fiscal Calendar

January 1

Assessors: *Property Tax Assessment Date*

This is the effective date (not for exemption purposes) for statewide assessed value for all property for the following fiscal year.

January 31

Treasurer: *File IRS Form 5500 (Report of Employee Benefit Plan)*

This is required if you provide a Fringe Benefit Plan giving Pre-Tax Insurance and/or Cafeteria Plan Benefits to employees and if that plan annually ends on June 30.

February 1

Taxpayer: *Deadline for Payment of 3rd Quarterly Tax Bill Without Interest*

(if mailed before January 1)

Taxpayer: *Quarterly Tax Bills — Application Deadline for Property Tax Abatement*

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

February 15

Treasurer: *2nd Quarter Reconciliation of Cash (due 45 days after end of quarter)*

February 28

Finance Committee: *Continue Budget Review and Develop Recommendations*

This date will vary depending on dates of town meeting.

Reminder to City and Town Clerks — Submit New Assessors List

Many city and town clerks have not yet submitted a certified list with the name(s) of new assessor(s) and the name of the person he/she replaced. This should have been done immediately after the annual election. Reporting this information on an annual basis is required by law. Contact Barbara LaVertue at (617) 626-2340 with questions.

Data Bank Highlight

Information on total education spending for each community since FY86 is available on the Municipal Data Bank web page under *Actual General Fund Expenditures — School versus total general fund expenditures*. There are also web reports showing state aid for education to communities and regional school districts since FY86. More detailed information or comparison reports can be requested from the Data Bank staff printed out on hard copy or as Microsoft Excel files which can be sent by email over the Internet.

To obtain Municipal Data Bank information contact Medi Ba, Dora Brown, Debbie DePerri or Stan Nyberg at (617) 626-2300. For technical assistance contact Burt Lewis at (617) 626-2358. The World Wide Web address is listed below. ■

City & Town



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