

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

City & Town

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DLS Online Financial Indicators Tools Help Evaluate Your Community's Fiscal Condition

Frank Gervasio - DLS Director of Special Initiatives



Today, the DLS Technical Assistance Bureau (TAB) released a [video presentation](#) focused on the utilization of local financial and demographic data as tools to determine a municipality's fiscal health. This analysis can be helpful during the budget preparation process to build a clearer picture of financial trends and how your community arrived at its present financial condition.

In this edition:

- DLS Online Financial Indicators Tools Help Evaluate Your Community's Fiscal Condition
- *Ask DLS: The City Budget Process*
- Real-Time License Suspension Notification System Now Available to Local Law

The financial indicators reviewed in this video include:

- [Net Operating Revenue](#)
- [Revenues Related to Economic Growth](#)
- [State Aid as a Percentage of Operating Revenue](#)
- [Property Tax Revenue](#)
 - Levy Limit
 - Assessed Values
- [Uncollected Property Taxes as a Percentage of Tax Levy](#)

Enforcement

- DHCD's Expanded Housing Assistance Resources for Covid-19 Affected Households

- [Operating Expenditures](#)
- [Personnel Costs](#)
- [Pension Liability](#)
- [Long-Term Debt](#)
- [Debt Service](#)
- [Reserves](#)
- [Population & Enrollment](#)

Important Dates & Information

2020 DLS "What's New in Municipal Finance Law" Seminar to be Held Online

For the first time, the Division of Local Services plans to present its annual "What's New in Municipal Finance Law Conference" as an online learning opportunity. Additional details will be forthcoming, so please stay tuned to *City & Town* for more information.

Two Announcements from the Office of the Inspector General

1.) A statewide grand jury

While no one indicator is necessarily a sign of fiscal stress, communities should use this tool to take stock of their overall fiscal condition, rather than zeroing in on specific measures individually and at a certain point in time.

In addition to these videos, TAB has also built out an Excel-based [template](#) for municipalities to use for this analysis. This template allows local officials to enter relevant historic data, most of which is available through DLS Municipal Databank, to view a performance trends for each indicator. Note that "20XX" has been used as a placeholder for all years referenced in the tab. Once updated by the individual completing the template, the charts will reflect the years being analyzed. In addition, some cells may be formula driven, so be sure to double check before entering in data.

Be sure to bookmark the [Municipal Finance Training and Resource Center](#) page and subscribe to our [YouTube channel](#) to stay updated on new items added. Something you'd like to see added? We'd love to hear from you! Please email me at gervsaiof@dor.state.ma.us.

Ask DLS: The City Budget Process

indicted the former accountant for three towns. Between December 2012 and June 2018, Justin Cole allegedly stole more than \$729,000 from the towns of Uxbridge, Monterey and Millville. Mr. Cole was indicted on seven counts of larceny, four counts of presentation of false claims, four counts of unwarranted privilege by a municipal employee and one count of financial interest by a municipal employee. The charges resulted from a joint investigation by the Massachusetts Office of the Inspector General and the Massachusetts Attorney General's Office. For more information, [please click here](#).

2.) Two New York-based companies and their owners and presidents have paid \$850,000 to settle allegations that their high-pressure, misleading telemarketing operation victimized cities and towns across the Commonwealth. Under the legal agreement

This month's *Ask DLS* features frequently asked questions concerning the city budget process. 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.

What are the budget approval requirements for cities?

Assuming there are no relevant city charter provisions or special acts establishing a different process, approval of a city's annual budget is governed by [G.L. c. 44, § 32](#). The answers that follow assume no contrary charter or special act provisions.

What information must be included in a proposed budget submitted by a mayor to the city council?

Within 170 days after the annual organization of the city government in any city (other than Boston), the mayor must submit the annual budget to the city council that includes certain minimum detail for the proposed spending purposes of the city for the next fiscal year. Specifically, [G.L. c. 44, § 32](#) requires that the annual budget show separately, at a minimum, for each office, department or purpose, amounts for the following:

- 1) Ordinary maintenance, including debt service, and subdivided into a) Salaries and wages of officers, officials and employees other than laborers or persons performing the duties of laborers; and b) Ordinary maintenance not included under (a); and
- 2) Other expenditures, including additional equipment estimated to cost over \$1,000.

Is the mayor required to include the amount requested by the school committee for the operation of the schools in

reached with Attorney General Maura Healey and Inspector General Glenn Cunha, the companies are also banned from doing business in the state for one year. For more information, please [click here](#).

New IGR Regarding Applications to the Commissioner for Authority to Abate Taxes

The Division of Local Services' Bureau of Municipal Finance Law has issued [Informational Guideline Release \(IGR\) 20-10](#) containing guidance regarding Applications for Authority from the Commissioner of Revenue to Abate Local Taxes and Charges Under G.L. c. 58, s. 8. Please also see [this webpage](#) for more information on "8 of 58" applications.

To review other recent DLS Bulletins and Informational Guideline Releases, please see [this page](#) on the DLS

the budget submitted to the city council?

No, the amount recommended by the mayor for the operation of the city school department, or for a regional school district assessment, needs to meet the minimum school spending requirements of [G.L. c. 70](#), but it may be less than requested by city or regional school committee. See [Superintendent of Schools of Leominster v. Mayor of Leominster](#), 386 Mass 114 (1982).

What is the procedure after the mayor's submission of the budget to the city council?

The city council may "by majority vote make appropriations for the purposes recommended and may reduce or reject any amount recommended in the annual budget." The council has 45 days from receipt of the annual budget to act on each and every amount recommended by the mayor. If the council has not acted on any recommended amount, "either by approving, reducing or rejecting" it, within that 45 day period, that amount becomes part of the appropriations for the year without any further action of the city council. [G.L. c. 44, § 32](#).

If the city council wishes to reduce the budget, what is the procedure?

Under [G.L. c. 44, § 32](#), any amount in the mayor's proposed annual budget (often submitted to the council as a proposed appropriation order) that the city council has not voted, within 45 days of its receipt of the budget, to approve, reduce or reject takes effect as the appropriation for that purpose for the fiscal year. Therefore, a vote purporting to reduce the entire budget, or to reduce categories of spending, by a total amount or percentage without actually voting to reduce each amount in the mayor's proposed

website. For more helpful information, please visit and bookmark the DLS [COVID-19 Resources and Guidance for Municipal Officials webpage](#).

New Bulletin Related to FY2021 Budget Issues and Other Related Matters

The Division of Local Services' Bureau of Accounts has issued [Bulletin 2020-10](#) containing guidance relating to FY2021 budget issues and other related matters.

MassWorks 2020 Round Now Open

The Baker-Polito Administration is pleased to announce the opening of the 2020 Round of the [MassWorks Infrastructure Program](#). All Massachusetts municipalities and public entities are eligible to apply for grants to support public infrastructure improvement projects.

budget by specific dollar amounts is ineffective. Without that specificity regarding individual appropriations, a city council reduction in the budget would make all the appropriations ambiguous. The city auditor would have no basis for deciding which budgetary appropriations should be reduced, and therefore no authority to refuse to pay bills from any of the budgetary appropriations on the grounds that they were incurred in excess of the appropriation. See [G.L. c. 41, § 52](#) and [G.L. c. 44, § 31](#). If the city council wishes to reduce the budget by a particular amount or percentage in total or for certain purposes, it must vote to reduce each and every applicable appropriation in the mayor's proposed budget by specific dollar amounts, as necessary to achieve that end.

In our experience, most city budgets have 2-4 appropriations per department in the budget appropriation order, e.g., personal services, ordinary maintenance, extraordinary maintenance and equipment the estimated cost of which exceeds \$1,000. The supporting documentation submitted by the mayor with the proposed appropriation order will show how the amounts were derived and break them down further into the salaries for all department positions, types of expenses, etc.. However, those supporting details are almost never the proposed "amounts" within the meaning of [G.L. c. 44, § 32](#).

For example, a mayor submits a fiscal year budgetary package to the council that includes a proposed appropriation order with 2-4 separate lines or amounts for each department, e.g., salaries and wages, ordinary maintenance and proposed expenditures for other than ordinary maintenance, including additional equipment the estimated cost of which exceeds \$1,000. In addition to the appropriation order, the budget package also includes supporting documentation showing how the proposed

MassWorks is a competitive grant program, administered by the [Executive Office of Housing & Economic Development](#) (EOHED) that provides capital grant funds for public infrastructure projects that support and accelerate housing production, spur private development, and create jobs throughout the Commonwealth. The deadline for applications, which will only be accepted electronically through an online portal, is August 28, 2020 at 11:59PM.

The 2020 Round RFR/Guidelines, Application Template, and online application link can be accessed at www.mass.gov/massworks. All questions should be sent to massworks@mass.gov.

DLS Links:

[COVID-19 Resources and Guidance for Municipal Officials](#)

appropriation order was derived, including explanatory information, last year's expenditures, revenue estimates and detailed break-down of the appropriations into individual salaries for all department positions, types of expenses, etc. In our opinion, under [G.L. c. 44, § 32](#), the council approves, reduces or rejects the amounts in the appropriation order and not within the detailed budgetary break-down submitted by the mayor for informational purposes. Therefore, if the mayor's proposed appropriation order for police department salaries was \$1,000,000 and the supporting documentation showed the appropriation included \$60,000 for the animal control officer's salary, although the council may reduce the \$1,000,000 police department salary appropriation by \$60,000 with the intent to eliminate funding for the animal control officer's position, the result is that the police department's total salary appropriation is reduced to \$940,000 and the mayor is not prevented from retaining the employment of the animal control officer within that reduced total appropriation.

May the city council increase an appropriation in the annual budget without a recommendation of the mayor?

A city council cannot increase any amount recommended by the mayor in the annual budget on its own initiative, with one exception that only applies in cities that have accepted it. [G.L. c. 44, § 32; Section 2 of Chapter 329 of the Acts of 1987](#). If that option has been accepted, a city council may, by two-thirds vote, increase the amount recommended by the mayor for the city school department or regional school district assessment provided that (1) the city or regional school committee has recommended the increase, and (2) the increase does not make the total budget exceed the property tax limitations imposed in [G.L. c. 59, § 21C](#), i.e., does not result in a budget that cannot be funded within the city's Proposition 2½ levy limit. That means the city council

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must reduce other amounts in the mayor's budget by the amount of the increased school amounts unless the mayor agreed that the overall budget, as increased, can be funded within the levy limit.

May the city council add items to the annual budget without a recommendation of the mayor?

A city council may only add an item when there is no recommendation of any kind for that particular spending purpose in the mayor's budget and it follows the procedure found in [G.L. c. 44, § 33](#). A recommendation of zero funding constitutes a "recommendation."

If no recommendation of any kind has been made for an item or purpose the city council considers necessary, the council must vote to request that the mayor make a recommendation for an appropriation for that purpose. Only if the mayor does not make a recommendation within seven days of that vote may the city council, by two-thirds vote, make an appropriation for that purpose. [G.L. c. 44, § 33](#). See [Daly v. Mayor of Medford](#), 241 Mass. 336 (1922) (appropriation by alderman for clerk of committees salary omitted by mayor lawful) and [Flood v. Hodges](#), 231 Mass. 252 (1918) (appropriation by city council for wage increases for police and fire employees void).

May the city council vote to reject the mayor's proposed budget, or vote to reduce the total proposed budget by a specified percentage or amount?

No. Unless the city's charter provides otherwise, the mayor's proposed budget will take effect if no other action is taken within 45 days of the date the budget was submitted. The mayor submits a proposed annual budget to the city council that must contain a minimum level of detail for each

department's appropriations. (See FAQs # 2 and #5 above.) Any amount in the mayor's proposed budget that has not been approved, reduced or rejected by vote of the council within the 45-day period takes effect as the appropriation for that purpose.

What happens if the mayor does not submit an annual budget to the city council within the required 170 days?

If the mayor does not submit an annual budget within the statutory time period, [G.L. c. 44, § 32](#) provides for the city council to prepare an annual budget by June 30. The council's budget is generally subject to the same requirements as a budget submitted by the mayor, e.g., it must contain the same minimum detail required for each office, department or purpose. Within 15 days of preparing a proposed budget, the city council must vote on it. As with the amounts in the mayor's proposed budget, any amount that the council has not voted to approve, reduce or reject within that 15-day period takes effect as the appropriation for the stated purposes for the fiscal year.

Can the mayor veto a city council vote on the budget under [G.L. c. 44, § 32](#) or city council appropriations under [G.L. c. 44, § 33](#)?

No. Under [G.L. c. 39, § 4](#), city council action on budgets submitted under [G.L. c. 44, § 32](#) and appropriations by a city council under [G.L. c. 44, § 33](#) are not subject to veto by the mayor. Also see [G.L. c. 43, §§ 55](#) and [63](#).

If the city does not have an operating budget on July 1, can it spend based upon 1/12 of the prior fiscal year's budget?

If the city does not have an operating budget for the fiscal year on July 1 due to circumstances beyond its control, the

mayor may submit a “continuing appropriation budget ... on a month to month basis for a period not to exceed three months.” [G.L. c. 44, § 32](#). This means the mayor may submit a budget for July if the annual budget is not approved by June 30, a budget for August if the annual budget is not approved by July 31 and a budget for September if the annual budget is not approved by August 31. However, there is no requirement that a continuing budget for any of those months be equal to 1/12 of the previous fiscal year’s operating budget. Each continuing budget can provide for all expenses that may be incurred for that particular month. The tax rate will be based upon the actual budget that is adopted for the entire fiscal year, which would include the amounts approved in continuing budgets.

Given that no time frame is provided in [G.L. c. 44, § 32](#) for the city council to act on a continuing appropriation budget, together with the necessity of a city having budget authority to incur expenses beginning July 1, it is our opinion that once submitted, a continuing appropriation budget is effective unless and until the city council votes to reject or reduce any or all amounts within it.

Can a city council vote to approve all or part of the annual budget contingent upon passage of a Proposition 2 1/2 override?

No. Under [G.L. c. 59, § 21C\(m\)](#), only towns with town meetings may make appropriations contingent on passage of a Propositions 2 1/2 ballot question. The election at which a question to make a contingent appropriation effective must take place within a certain time following the “town meeting” at which the appropriation was voted.

**Real-Time License Suspension Notification System
Now Available to Local Law Enforcement
Jamey Tesler - Registrar of Motor Vehicles
Jamison Gagnon - Department of Criminal Justice
Information Services Commissioner**

On June 15, 2014, 20-year-old Haley Cremer was struck and killed by a vehicle whose driver was operating under a suspended license. The accident prompted a new state law requiring the Registry of Motor Vehicles (RMV) to notify local police departments when their residents have suspended or revoked licenses. This is Massachusetts General Law, Chapter 90, Section 62 and reads:

Following any suspension or revocation pursuant to subsection (a) or (b) of section 22, section 22F, 22I, 24, 241/2, 24D, 24G or 24L, the registrar shall timely notify the police department of the municipality in which the licensee or registrant resides, providing written notice of the name and address of the licensee or registrant, the license plate number of any vehicle registered to the operator at the time of the suspension or revocation and the reasons for the suspension or revocation, accompanied by a copy of the operator's driving record; provided, however, that the registrar shall timely notify the police department following any reissuance of the license or registration.

Over the last year, the Registry of Motor Vehicles has been working closely with the Cremer family, its intergovernmental partners at the Department of Criminal Justice Information Services (DCJIS) and our Massachusetts police chiefs. Our goal was to leverage and utilize the RMV's ATLAS system through its stabilization and final implementation to improve and greatly enhance its communications with DCJIS and municipal police departments regarding drivers who have had their licenses

suspended, as well as information about vehicles registered to those suspended drivers under this law. After an extensive framing process that included regular stakeholder meetings, system coding, and field testing, we have succeeded in reaching that goal.

We are pleased to announce that on August 4th, the RMV and DCJIS launched this new secure subscription-based suspension notification process for Massachusetts municipal police agencies. This new process sends out a real-time notification, in electronic format, that lists those community residents whose offenses are prescribed under this provision of the law. Our law enforcement partner agencies realize the significance of this information for community safety and have been very receptive. Enrollment has been increasing daily. The RMV and DCJIS ask that you encourage your local enforcement agency to enroll in this exceptional safety program. This is a valuable tool that provides needed intelligence on the status of violators in your community. Together, we can make a difference.

Recognizing especially the importance of all the public safety focused improvements the RMV has made over the past year especially with regards to state-to-state communications and their resulting suspensions, and that bad drivers are likely to drive regardless of the status of their driving privileges, the RMV prioritized this effort with the Cremer family to assist local law enforcement in better knowing who from their community has had those privileges suspended, and from there, hopefully keeping them off the road.

DHCD's Expanded Housing Assistance Resources for Covid-19 Affected Households
Department of Housing and Community Development

The Department of Housing and Community Development (DHCD) is supporting housing stability in Massachusetts with new resources for eligible low-income renters and homeowners.

In March, DHCD announced new funding and amended documentation requirements for the Residential Assistance for Families in Transition (RAFT) program, a homelessness prevention program, to better meet COVID-19 related housing emergencies. Funding can be used for a variety of needs, including rent or mortgage arrears, security deposits, or other expenses to help households obtain or maintain stable housing.

Households with incomes up to 50% of Area Median Income (AMI)*, or 60% of AMI for people who are at risk of homelessness because of domestic violence, are eligible for assistance.

In June, DHCD launched a new \$20 million fund, Emergency Rental and Mortgage Assistance (ERMA), for eligible low-income renters and homeowners making between 50% and 80% of AMI*. This program aims to complement RAFT and expands access to emergency housing assistance to twice as many households.

Under each program the maximum benefit for an eligible household is \$4,000 over a 12-month period. Households may access other benefits from cities/towns or other sources, so long as they are not paying for the same housing costs for the same time period.

DHCD wants to ensure all municipalities are aware of these new resources, which are administered regionally by the organizations listed below. All organizations are taking

applications electronically and have information available online and by phone. Most agencies continue to work remotely and offices may not be open to the public.

Berkshire Housing Development Corporation

<http://www.berkshirehousing.com>

(413) 499-1630

Central Massachusetts Housing Alliance (CMHA)

<https://www.cmhaonline.org>

(508) 791-7265 ext 172

Community Teamwork, Inc. (CTI)

<https://www.commteam.org>

(978) 654-5607

Franklin County Regional Housing & Redevelopment
Authority

<https://www.fcrhra.org>

(413) 863-9781

Housing Assistance Corporation (HAC)

<https://haconcapecod.org>

(508) 771-5400

Lynn Housing Authority & Neighborhood Development
(LHAND)

<http://www.lhand.org>

(781) 581-8600

Metro Housing Boston

<https://www.metrohousingboston.org>

(617) 859-0400

NeighborWorks Housing Solutions

<http://www.nhsmass.org>

(781) 422-4204

RCAP Solutions

<http://www.rcapsolutions.org>

(800) 488-1969/(978) 630-6600

South Middlesex Opportunity Council (SMOC)

<https://www.smoc.org>

508-872-0765

Way Finders

<https://www.wayfinders.org>

(413) 233-1600

*Eligibility for both programs is based on Area Median Income (AMI) which considers family size and where the family lives. Current income limits for RAFT (<50% AMI) and ERMA (50%-80% AMI) are posted here: <https://www.mass.gov/doc/erma-area-median-income-information/download>.

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