



December 3rd, 2020

DLS Unveils New Online Municipal Training Calendar **Frank Gervasio - DLS Director of Special Initiatives**



In this edition:

- DLS Unveils New Online Municipal Training Calendar
- Delving Into District Debt
- *Ask DLS: Community Preservation Act - Part 6*

By the Numbers

City & Town provides updates on the progress of the tax rate and certification season while also allowing you to follow the

We are pleased to announce that our new online [Training Calendar](#) is now live! The calendar, developed in partnership with municipal finance professional organizations, lists training opportunities hosted by the Division of Local Services, the Massachusetts Association of Assessing Officers, Massachusetts Chapter of the International Association of Assessing Officers, Massachusetts Collectors and Treasurers Association, Massachusetts Municipal Association, the Massachusetts Municipal Auditors' and Accountants' Association, and others! We hope it will serve as a central resource for local officials interested in staying informed of upcoming professional development opportunities.

The calendar provides some brief information about the event and who is hosting it. You can then visit the hosting organization's website for more details or to contact them with any questions. We aim to keep the calendar as up-to-date as possible, but defer to each organization regarding any final details or potential rescheduling.

Since this is a new resource, we would love to hear your feedback. Please email DLS's Data Analytics & Resources Bureau at DARB@dor.state.ma.us with any comments or thoughts you may have on how to improve this tool.

tax rate setting process in real time. Thanks to our Municipal Databank staff, this public information is available 24/7 by [clicking here](#).

Prelim. Certifications
Approved: 65

Final Certification: 53 (of
70 total)

LA4 Approved:
310 (324 submitted)

LA13/ New Growth Approved:
309 (321 submitted)

Tax Rates Approved: 145

Balance Sheets Approved: 204

Total Aggregate Free Cash
Approved: \$1,004,437,290

Important Dates & Information

DPH Town Meeting Guidance

The Massachusetts Department of Public Health has issued the following Town Meeting Guidance. To view the document, please [click here](#).

Delving Into District Debt

Tony Rassias – Bureau of Accounts Deputy Director

Bill Arrigal – Bureau of Accounts

The following article highlights a topic that doesn't often receive significant attention, regional school and special purpose district debt. These districts have borrowing authority and purposes granted to them by the Massachusetts General Laws (G.L.), but not for all the same purposes as cities and towns.

This article will report on long term and short-term debt as of June 30, 2019 compiled from Statements of Indebtedness filed annually with the Bureau of Accounts on an unaudited basis. This report includes final data submitted from 84 regional school districts and 71 special purpose districts.

Borrowing authorization, procedures and limitations for these districts are referenced for regional school districts in [G.L. c. 70B, § 6\(d\) and § 6\(e\)](#), and [G.L. c. 71, § 16 clauses \(d\), \(g\) and \(n\)](#). Special purpose districts are referenced in [G.L. c. 44, §§ 7, 8](#) and [9](#). Special provisions for districts may apply by special act or by district agreement.

The Districts

[G.L. c. 70B](#) allows regional school districts to borrow for projects approved by the Massachusetts School Building Authority and defines regional school districts as “any instrumentality of the commonwealth, established by two or more cities and towns for the purpose of operating a regional school.” The borrowing provisions in G.L. c. 71 reference regional school districts established under [G.L. c. 71, § 15](#).

[G.L. c. 44, § 1](#) defines special purpose districts as “a fire, water, sewer, water pollution abatement, refuse disposal, light, or improvement district, or any other district, howsoever named, formed for the purpose of carrying out any of the aforementioned functions, whether established under general law or special act.” Note that regional school districts are not defined by this section.

IG Issues Guidance on Bond Requirements for Municipal Employees

The Massachusetts Office of the Inspector General recently published guidance on bond requirements for municipal employees in the November 2020 edition of its OIG Bulletin. To view the publication, [please click here](#).

Forms of List Revisions for FY2022

DLS has released [Bulletin 2020-11: Forms of List Revisions for FY2022](#). The Bulletin describes revised personal property returns in [State Tax Form \(STF\) 2](#) and [STF 2-504-G](#) (for gas companies) and [STF 2-504-E](#) (for electric companies), located in [Taxpayer Forms and Guides page](#) on the DLS website.

The bulletin directs legal entities in the business of providing transmission and distribution of gas or electricity (property use code 504) to file personal property returns STF 2-504-G (for gas companies) and STF 2-504-E (for electric companies). These returns are required for FY2022 and no longer optional.

If you have any questions

Long-Term and Short-Term Debt

Both types of districts may issue debt on a long-term or short-term basis and issue debt as general obligation of the district, meaning that the district pledges its full faith and credit, and that payment is not limited to a particular fund or revenue source. Long-term debt involves loans with a maturity date of 12 months or more, an instrument (“bond”) in which the issuer promises to repay principal and interest to the buyer by a specified future date determined by a debt schedule, and a promise to complete payment by the date of maturity (“maturity date”).

Short-term debt involves loans in anticipation of a particular revenue source with a maturity date usually of one year or less, and an instrument (“note”) in which the issuer promises to pay the buyer the note amount plus interest at a specified time.

Authorized and Unissued Debt

Debt which has been authorized by the district does not need to be issued in its entirety all at once. The capital needs of the project may be such or a change of commitment toward a capital project may leave authorized debt as unissued.

Authorized and Unissued Debt is the amount of the authorization remaining to be issued as new money after long-term or short-term debt has been issued. For example, if \$10 million was authorized for a project and \$8 million was issued as short-term debt, \$2 million remains to be issued as new money and is reported as Authorized and Unissued Debt. At some time in the future, however, \$10 million may still be issued as long-term debt.

The Debt Authorization Limit, [G.L. c. 44, § 10](#)

Of the two types of districts, only special purpose districts are subject to a debt authorization limit. There are two limits imposed by G.L. c. 44, § 10, a normal debt limit and a

about the Form Of Lists for FY2022, please contact the Bureau of Local Assessment through bladata@dor.state.ma.us.

Free 2020 “What’s New in Municipal Law” Seminar Available Online

Developed by our Bureau of Municipal Finance Law, the Division of Local Services is pleased to announce its annual “What’s New in Municipal Law” presentation on recent legislation and court decisions is currently available online and at no cost for the first time in our organization's history.

The presentation consists of five narrated videos discussing recent laws and cases related to municipal finance and municipal law. You can view the videos individually or together as a group on our YouTube channel listed under [What’s New in Municipal Law 2020](#).

The estimated viewing time and link for each segment is included below. We hope you find this resource helpful and informative!

[Part 1 – New Legislation \(19:34\)](#)

double-debt limit. Long-term debt authorized under [G.L. c. 44, § 7](#) is subject to the normal debt limit, while long-term debt authorized under [G.L. c. 44, § 8](#), is outside this limit.

Calculating the limit includes applying the total assessed value of all property within the district to the total assessed value of the community where the district is located. The calculation also includes a percentage of the equalized value (EQV) of the community the district is located. EQV is the Commissioner of Revenue’s biennially determined estimate of full and fair cash value for each city and town in the Commonwealth as of a certain taxable date. EQVs have historically been used as a variable in distributing some state aid accounts and for determining county assessments and other costs.

The normal debt limit for a special purpose district located in only one community and borrowing under G.L. c. 44, § 7, is calculated in three steps. The example below shows that this district may authorize borrowing up to \$6,125,000.

District Debt Limit Calculation - District in Single Community

	District	Community	District % of Total Value
Prior Fiscal Year Assessed Values	120,000,000	240,000,000	50%
Community Debt Limit Calculation = Community EQV * 5% or (245,000,000 * 5%)		12,250,000	
District Debt Limit (12,250,000 * 50%)	6,125,000		

If a district located in more than one community is borrowing under G.L. c. 44, § 7, the normal debt limit calculation is almost the same except both a percentage of the district’s assessed value within each community and the EQVs of each community are considered, requiring a fourth step. The example below shows a district within two communities shows and that this district may authorize borrowing up to \$5,087,500.

[Part 2A – Property Tax Decisions \(21:15\)](#)

[Part 2B – Tax Collection and Public Employment \(14:43\)](#)

[Part 2C – Finance and Land Use \(10:27\)](#)

[Part 2D – Other Municipal Decisions \(16:04\)](#)

DHCH Eviction Diversion Initiative Launches New Awareness Campaign

The Executive Office of Housing and Economic Development is raising awareness of its Eviction Diversion Initiative with a new video. To view and share it, [click here](#). More information is available at mass.gov/CovidHousingHelp.

Latest Issue of *Buy the Way* Now Available

Don't miss the [October-November 2020 edition of *Buy the Way*](#), the bi-monthly magazine of the Operational Services Division (OSD). Click [here](#) to get news and updates from OSD delivered to your inbox.

District Debt Limit Calculation - District in Multiple Communities

	District	Community 1	District % of Total Value of Community 1
Prior Fiscal Year Assessed Values	60,000,000	240,000,000	25%
Community Debt Limit Calculation = Community EQV * 5% or (245,000,000 * 5%)		12,250,000	
District Debt Limit (12,250,000 * 50%) - Community 1	3,062,500		

	District	Community 2	District % of Total Value of Community 2
Prior Fiscal Year Assessed Values	40,000,000	400,000,000	10%
Community Debt Limit Calculation = Community EQV * 5% or (405,000,000 * 5%)		20,250,000	
District Debt Limit (12,250,000 * 50%) - Community 2	2,025,000		

Total District Debt Limit (sum of limits based on Community 1 + Community 2)	5,087,500
------------------------------------------------------------------------------	-----------

Whether a special purpose district is located in one or more communities, a double-debt limit is allowed if borrowing under G.L. c. 44, § 7, provided the increased percentage limit is approved by the Massachusetts Municipal Finance Oversight Board. The 5% EQV factor shown in the previous two examples above may be increased up to a 10% EQV factor by vote of the Board.

Total FY2019 Regional School District General Obligation Debt

	Debt as of 6/30/2019	Debt as % of Issued	Debt as % of Issued and Unissued
Long-Term	822,286,480	94.70%	58.80%
Short-Term	45,829,433	5.30%	3.30%
Total Long and Short Term Debt	868,115,913	100.00%	62.10%
Authorized and Unissued	530,616,688		37.90%
Total All Debt	1,398,732,601		100.00%

For FY2019, ten regional school districts reported having no debt. Of the 74 remaining regional school districts reporting:

- 71 reported long-term debt ranging from \$115,000 to \$84,735,797 with a median of \$4,635,000
- 25 reported short-term debt amounts ranging from \$124,000 to \$23,170,619 with a median of \$745,000

DLS Links:

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

[Municipal Finance Training and Resource Center](#)

[Local Officials Directory](#)

[Municipal Databank](#)

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

[Bulletins](#)

[Publications & Training Center](#)

[Tools and Financial Calculators](#)



- 29 reported authorized but unissued debt ranging from \$100,000 to \$118,379,824 with a median of \$3,481,250

Total FY2019 Special Purpose District General Obligation Debt

	Debt as of 6/30/2019	Debt as % of Issued	Debt as % of Issued and Unissued
Long-Term - Inside	76,946,756	20.10%	16.10%
Long-Term - Outside	264,278,339	69.00%	55.30%
Total Long Term Debt	341,225,095	89.10%	71.40%
Short-Term	41,794,227	10.90%	8.70%
Total Long and Short Term Debt	383,019,322	100.00%	80.10%
Authorized and Unissued	94,764,932		19.80%
Total All Debt	477,784,254		99.90%

For FY2019, 13 special purpose districts reported having no debt. Of the remaining 58 special purpose districts reporting:

- 26 reported long-term debt inside the debt limit ranging from \$32,791 to \$19,105,356 with a median of \$884,415
- 33 reported long-term debt outside the debt limit ranging from \$140,000 to \$140,446,227 with a median of \$1,879,612
- 21 reported short-term debt amounts ranging from \$30,000 to \$19,208,726 with a median of \$750,000
- 16 reported authorized and unissued debt ranging from \$18,200 to \$23,607,921 with a median of \$2,554,809

Total FY2019 RSD and Special Purpose District General Obligation Debt

	Debt as of 6/30/2019	Debt as % of Issued	Debt as % of Issued and Unissued
Long-Term - RSD	822,286,480	65.70%	43.80%
Long-Term - Spec. Purpose Dist.	341,225,095	27.30%	18.20%
Total Long Term Debt	1,163,511,575	93.00%	62.00%
Short-Term - RSD	45,829,433	3.70%	2.40%
Short-Term - Spec. Purpose Dist.	41,794,227	3.30%	2.20%
Total Short-Term	87,623,660	7.00%	4.60%
Authorized & Unissued - RSD	530,616,688		28.30%
Dist.	94,764,932		5.10%
Total Authorized and Unissued	625,381,620		33.40%
Total All Debt	1,876,516,855		100.00%

We hope you found this information helpful and interesting. For additional information on debt and borrowing, view our [Municipal Finance Training and Resource Center trainings](#).

Ask DLS: Community Preservation Act - Part 6

This month's *Ask DLS* features Part 6 of frequently asked questions concerning the Community Preservation Act (CPA). This installment features questions regarding prohibited expenditures. For Part 5 of the series, see the [November 5, 2020 edition of City & Town](#). For additional information on the CPA, see [Informational Guideline Release \(IGR\) 19-14](#). 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.

Are there any prohibited expenditures regarding CPA funds?

Yes. CPA funds may not be used for the following:

1. To supplant funds being used for existing expenses, even if they serve community preservation purposes. The CP Fund is a supplementary funding source intended to increase available resources for community preservation acquisitions and initiatives. [G.L. c. 44B, § 6](#). Example: Prior to the adoption of the CPA, the municipality voted to borrow for the acquisition of open space. After adoption, CPA funds

cannot be used to pay the debt service on such acquisition.

2. To pay for maintenance of any real or personal property. [G.L. c. 44B, § 5\(b\)\(2\)](#). See definition of “maintenance”. [G.L. c. 44B, § 2](#).

Examples:

- It is not permissible to use CPA funds for a yearly maintenance contract to maintain slate roofs on historic town buildings.
- Expenditures for water use charges for field irrigation, mowing and other maintenance charges are not allowable.
- Periodic painting of a historic building.

Because the CPA definition of "maintenance" was amended to incorporate language from the Internal Revenue Service's then-definition of "repair," case law interpreting whether an item is a “repair” under that IRS regulation may be considered when determining whether an item is “maintenance” for CPA purposes. See [Section 71 of Chapter 139 of the Acts of 2012](#) and [26 CFR § 1.162-4, April 1, 2011](#).

3. For the acquisition of artificial turf for athletic fields. (Applies to projects approved on or after July 1, 2012.) [G.L. c. 44B, § 5\(b\)\(2\)](#).
4. For horse or dog racing or the use of land for a stadium, gymnasium or similar structure. [G.L. c. 44B, § 2](#).

5. In violation of the Anti-aid Amendment to the [Massachusetts Constitution, Mass. Const. Amend. Article 46, § 2](#), as amended by Article 103, which provides in relevant part:

“No grant, appropriation or use of public money or property or loan of credit shall be made or authorized by the Commonwealth or any political subdivision thereof for the purpose of founding, maintaining or aiding any...institution...or charitable or religious undertaking which is not publicly owned and under the exclusive control, order and supervision of public officers or public agents authorized by the Commonwealth or federal authority or both.. and no such grant, appropriation or use of public money or property or loan of public credit shall be made or authorized for the purpose of founding, maintaining or aiding any church, religious denomination or society....”

A three-factor test to determine the constitutionality of grants challenged under the first clause of the Anti-aid Amendment was developed by the court in [Commonwealth v. School Comm. of Springfield](#), 382 Mass. 665, 675 (1981). That three-part test was applied by the court in [Caplan v. Town of Acton](#), 479 Mass. 69 (2018) when evaluating the constitutionality of a grant of CPA funds under the second clause of the Anti-aid Amendment. The three factors are: (i) whether the proposed grant is for the purpose of founding, maintaining or aiding [the institution, private organization, nonprofit, church, etc.]; (ii) whether the effect of the grant is to substantially aid [the institution, private organization, nonprofit, church, etc.]; and (iii) whether the grant avoids the political and economic abuses which prompted the passage of the Anti-aid Amendment.

Although the Anti-aid Amendment applies to grants to private entities and religious and charitable organizations, the principle that public funds may

not be granted for private purposes and can be used only for public purposes also applies to grants of public funds to individuals. "It is a fundamental principle, conforming to constitutional requirements...and frequently declared, that money raised by taxation can be used only for public purposes and not for the advantage of private individuals." Opinion of the Justices, 313 Mass. 779, 784 (1943).

Whenever a grant of community preservation funds is being considered for a private organization or individual or entity, municipal counsel should be consulted to ensure compliance with the Anti-aid Amendment and relevant case law.

For example, in our opinion, CPA funding is allowable for rehabilitation (capital improvements or extraordinary repairs) of an outdoor in-ground swimming pool owned by a private nonprofit organization in exchange for the municipality's receipt of a long-term public recreational use restriction and easement for the public's use of the swimming pool. This is because the expenditure would likely satisfy the three-factor test that the courts have established to determine allowable expenditures under the Anti-aid Amendment. In this case, (i) the purpose is not to aid the owner of the swimming pool, it is to obtain long-term use of a recreational facility for the people of the town (through the acquisition of the public easement and restriction); (ii) the grant does not substantially aid the owner of the pool – the grant amount is reflective of the cost to rehabilitate the pool for public use and the value of the easement; and (iii) the grant will likely not involve political and economic abuses that caused the adoption of the Anti-aid Amendment. If the municipality had not required a public recreational use restriction and easement for the public's use in exchange for the CPA funding, the expenditure would likely violate the Anti-aid Amendment. A grant agreement with

any private grant recipient should also be required to ensure that the public's grant funds are expended for the approved CP purpose.

For more information see [Informational Guideline Release \(IGR\) 19-14](#).

Editor: Dan Bertrand

Editorial Board: Sean Cronin, Donnette Benvenuto, Linda Bradley, Paul Corbett, Theo Kalivas, Ken Woodland and Tony Rassias

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

To unsubscribe to *City & Town* and all DLS alerts, email dls_alerts@dor.state.ma.us.