



December 2nd, 2021



In this edition:

- **The Results Are In**
- ***Ask DLS: Closing Out Special Purpose Appropriations***

By the Numbers

City & Town provides updates on the progress of the tax rate and certification season while also allowing you to follow the tax rate setting process in real time. Thanks to our Municipal Databank staff, this public information is available 24/7 by [clicking here](#).

The Results Are In

Tony Rassias - Deputy Director of Accounts

Municipal treasurers and collectors, among other local officials, periodically submit data and other information to the Bureau of Accounts (BOA) as well as to the DLS Databank. This article will summarize and analyze treasurer and collector submissions, report financial information of interest, and provide helpful links and information. We believe local officials might find this general overview interesting.

The State House Notes Program

First established in 1911, the Massachusetts State House Notes Program (SHN) is a convenient, no-cost note certification procedure for the issuance of short-term debt and long-term serial and refunding notes by a governmental entity. Administered by the BOA's Public Finance section, the program provides an alternative to the certification of Notes procedure by commercial banks.

The Bureau's Public Finance section has moved to a paperless process eliminating the need to mail documents. The review and approval of SHN is done in Gateway, via an upload by city, town, district or county personnel and signed by the treasurer. Once approved, city, town, district, or county personnel is responsible for immediately forwarding the original executed note to the winning bank.

Preliminary Certifications
Approved: 63

Final Certification: 56 (of
74 total)

LA4 (Assessed Values)
Approved:
320 (332 submitted)

LA13 (New Growth) Approved:
320 (330 submitted)

Tax Rates Approved: 150

Balance Sheets Approved: 207

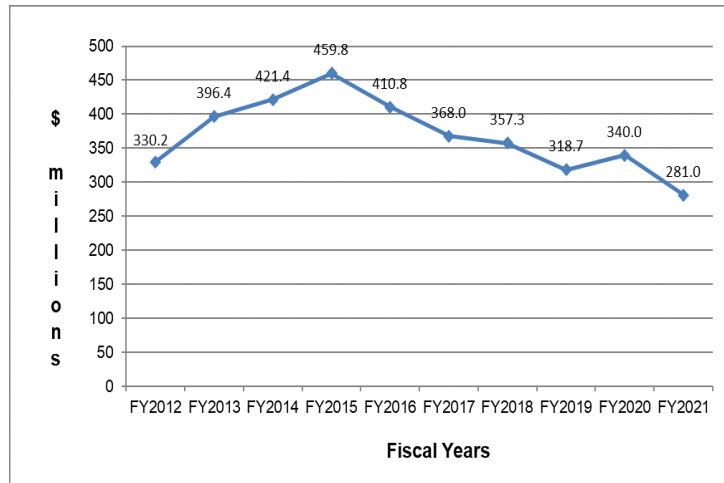
Total Aggregate Free Cash
Approved: \$1,347,611,109

**Important Dates &
Information**

**IGR Related to Property Tax
Exemptions for
Solar/Wind/Fuel Cell and
Energy Storage Systems**

The Division of Local Services (DLS) has issued and posted Informational Guideline Release (IGR) 2021-24 informing local officials about property tax exemptions for solar powered systems, wind powered systems, fuel cell powered systems and energy

The following graph and tables show the total dollar amount and number of State House Notes certified by the Bureau since FY2012, and the purposes for which these Notes were issued for FY2019 to FY2021.



	# of Notes Approved		# of Notes Approved
FY2012	494	FY2017	428
FY2013	500	FY2018	392
FY2014	474	FY2019	359
FY2015	476	FY2020	363
FY2016	477	FY2021	334

	FY2019	FY2020	FY2021		FY2019	FY2020	FY2021
Airport	4	2	5	Land Acq	9	14	16
Bridge	3	1	1	Landfill	2	2	1
Building	10	6	5	Library	0	5	5
Building Repair	23	19	19	Medical Payments	0	0	0
Cable (Broadband)	11	21	21	Municipal Purpose Loan	125	120	110
Capital Projects	1	2	1	Public Way	4	6	10
Computer Hardware	1	1	0	Recreation	6	4	4
Conservation Land	1	0	0	Revenue	10	8	7
Court Judgment	0	0	0	School	3	6	3
Dam Repair	4	1	2	School Building	8	9	4
Deficit	2	2	1	School Feasibility	5	4	4
Dept'l Equip	48	43	40	School Remodeling	14	17	14
Emergency	1	2	0	Sewer	8	11	9
Energy Conservation	1	0	0	Sewer Treatment Plant	3	4	2
Eng & Arch	3	5	4	Solid Waste Transfer	1	1	1
Environmental	2	7	6	Street	10	17	12
Harbor	1	0	1	Urban Renewal	1	1	1
Highway	3	2	2	Water	31	20	23

The Statement of Indebtedness (SOI)

[G.L. c. 44, § 28](#) requires the Director of Accounts to maintain complete and accurate records of indebtedness incurred by cities, towns and districts. This statute also requires treasurers to furnish any other information requested by the

storage systems, including under a negotiated tax agreement.

[IGR-2021-24 – Property Tax Exemptions for Solar Powered, Wind Powered, Fuel Cell Powered, and Energy Storage Systems](#)

To access additional IGRs and Bulletins, please visit this [webpage](#).

8 of 58 Abatement Applications Now Submitted Via DLS Gateway

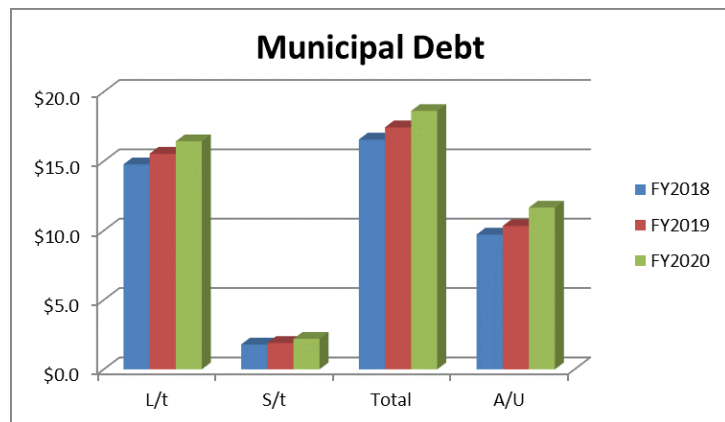
Starting Wednesday October 6, 2021, applications to abate a locally assessed tax or charge pursuant to G.L. c. 58, § 8 should be submitted through DLS Gateway. Upload of a completed [Schedule 58.8](#) is required for submission. Visit [the Municipal Finance Law Bureau’s 8 of 58 webpage](#) for more information on the application process. Step-by-step instructions for submitting 8 of 58 applications using Gateway can be found on the Gateway landing page.

For general guidance on the standards and policies governing applications for authority to abate local taxes

Director with respect to the authorization and issuance of loans. BOA uses this statement to reconcile against the accounting officer’s balance sheet as of June 30th.

The following table and graph show for all municipalities the total of all long-term and short-term debt authorized and issued, as well as the total of all debt authorized and unissued for FY2018 to FY2020.

STATEMENT OF INDEBTEDNESS			
	FY2018 (in Billions)	FY2019 (in Billions)	FY2020 (In Billions)
Long Term	14.77	15.54	16.43
Short Term	1.79	1.9	2.19
Total Long and Short Term	16.56	17.44	18.62
Authorized and Unissued	9.71	10.33	11.65
Total All Debt Issued and Unissued	26.27	27.77	30.27



Treasurer’s Year-End Cash Report

This cash report demonstrates that the treasurer’s reconciled bank accounts agree with the ledger balances of the accounting officer. The Bureau of Accounts uses this report to reconcile against the accounting officer’s balance sheet as of June 30th.

The following table and graph summarize for all municipalities the total amount of cash in the custody of the treasurer for FY2018 to FY2021 as of June 30th each year.

TREASURERS’ YEAR-END CASH REPORT SUMMARY			
	FY2018	FY2019	FY2020
TOTAL	\$15.8 billion	\$17.2 billion	\$18.9 billion

and charges under G.L. c. 58, § 8, please refer to Informational Guideline Release ([IGR 2020-10](#)).

Latest Issue of *Buy the Way* Now Available

Don't miss Issue #12 of [Buy the Way](#), the monthly magazine of the Operational Services Division (OSD).

[Click here](#) to get news and updates from OSD delivered to your inbox.

Departmental Revolving Funds IGR

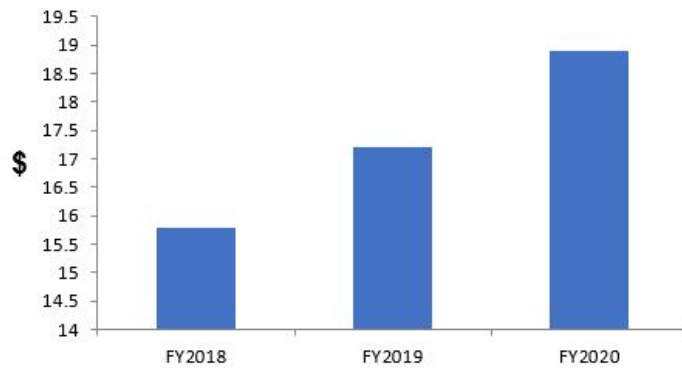
The Division of Local Services (DLS) has issued and posted Informational Guideline Release (IGR) 2021-23 informing local officials about the procedures and requirements of departmental revolving funds.

[IGR-2021-23](#)
[– DEPARTMENTAL REVOLVING FUNDS](#)

To access additional IGRs and Bulletins, please visit this [webpage](#).

Webinar on Yarmouth's Streamlined Tax Rate Recap

Treasurers' Cash in Billions



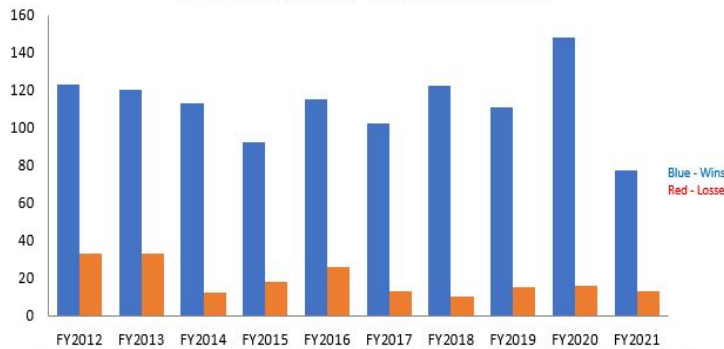
Debt Exclusion Votes

Cities and towns may opt by ballot vote to raise their Prop 2½ property tax levy limit using debt service to be paid annually over time for a given project. The debt exclusion allows the levy limit to be raised above the levy ceiling of 2.5% of total assessed value.

For FY2021, 2,016 total debt exclusions were in effect. There were 290 communities that increased their FY2021 levy limit by debt exclusion, including some having less than five debt exclusions in effect and one having 112.

The following graph shows the number of debt exclusion votes taken by cities and towns and reported to DLS between FY2012 and FY2021, along with their win/loss record.

Debt Exclusion Wins and Losses



Process

On August 4th, local officials from Yarmouth joined DLS in hosting a webinar to walk through how their financial management team completes prepares the tax rate recap. In their presentation, the team in Yarmouth highlighted not only the technical aspects that streamlines this process, but also how collaboration amongst the financial management team leads to success.

The town is routinely amongst the first communities to submit its tax rate recap to DLS for review each year. The [recorded version](#) of the webinar is now available online. In addition, the slides from their presentation are available for reference [here](#). You can also find [DLS' Budget and Tax Rate Planning Tool](#), which the team Yarmouth uses as part of their automated process, on our website, along with other helpful [tools and templates](#).

Municipal Audits Webinar and Training Materials

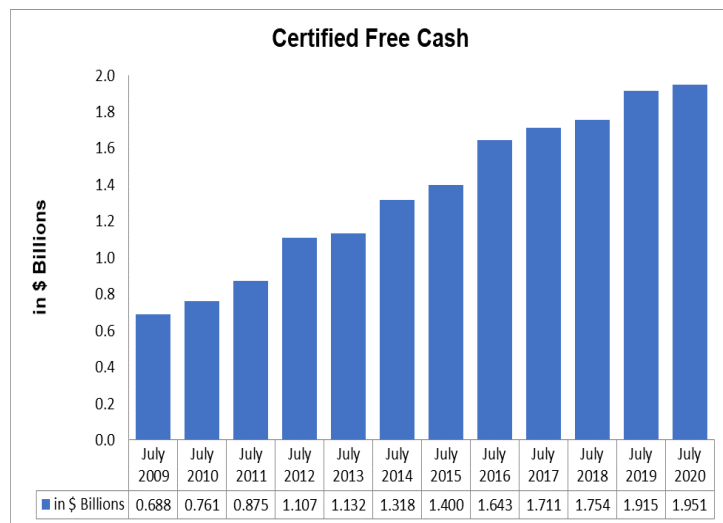
Thank you to all who joined our *Overview of Municipal Audits* webinar hosted by the Office of the Inspector

	FY2012	FY2013	FY2014	FY2015	2016	2017	2018	2019	2020	2021	#	%
Wins	123	120	113	92	115	102	122	111	148	77	1,123	86
Losses	33	33	12	18	26	13	10	15	16	13	189	14
Totals	156	153	125	110	141	115	132	126	164	90	1,312	100

Free Cash

Treasurers and collectors work as a team to address community fiscal issues and to develop a capital improvement program and policies on risk management. They should be familiar with the term free cash which is an entity's General Fund surplus available for legislative body appropriation for any lawful purpose. The Bureau of Accounts must first receive and review the community's balance sheet as of June 30 and from it certify an unobligated surplus prior to appropriation. Any appropriation from free cash cannot exceed the amount certified.

The following graph shows the total amounts certified for cities and towns between July 2011 and July 2020. A future edition of *City & Town* will include data for Free Cash as of July 1, 2021.



Where can I find this information and more?

The [Municipal Finance Trends Dashboard](#) found on the DLS website is a good place to begin. The Dashboard is comprised of key municipal fiscal health indicators and graphically displays trends in revenues and expenditures,

General and the Division of Local Services. The [recorded webinar](#) is now available on [the DLS Municipal Finance Training & Resource Center](#). The training provides information on the different components of the audit, the benefits of having an audit completed, the best practices for procuring a local audit, and how often a community is required to have an external audit completed. DLS and OIG staff also answered other questions from attendees. The [slides](#) from the presentation are also available online.

In addition, you can review the [Municipal Audits: FAQs](#) document that provides answers to common questions regarding municipal audits, including procurement and preparing for audits.

We look forward to offering training opportunities on this and other municipal finance topics in the future! Be sure to bookmark the [Municipal Finance Training & Resource Center](#) and subscribe to our [YouTube channel](#) to stay updated on new items added.

Land of Low Value Post Affidavit Process and Deeds in Lieu of Foreclosure IGR

municipal operating positions, demographic information, unfunded liabilities, property taxes, Proposition 2½ data, and debt.

If you have any questions about the data seen in this article please contact databank@dor.state.ma.us for further assistance.

Ask DLS: Closing Out Special Purpose Appropriations

This month's *Ask DLS* features frequently asked questions concerning closing out special purpose appropriations. 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 is a special purpose appropriation?

An appropriation is the act of designating or setting aside specified amounts of public funds for particular uses and of granting authority to particular public officials to spend for those purposes. Typically, appropriations are made to fund annual operating expenses which are intended to be available for a particular fiscal year. Since only obligations incurred during that year can be charged to such appropriations, any unspent or unencumbered balances at year's end close out. Alternatively, special purpose appropriations are intended by the legislative body to be available until the stated purpose of the appropriation is fulfilled. Special purpose appropriations carry over from year to year and are spent by the board or officer in charge of the appropriation until the purpose of the appropriation is fulfilled. Given their nature, special purpose appropriations are typically made for capital or other non-recurring expenditures.

How does a community know if the spending purpose has been fulfilled?

The Division of Local Services (DLS) has issued and posted Informational Guideline Release (IGR) 2021-22 informing local officials of the administrative foreclosure process following the receipt of a Commissioner of Revenue's affidavit pursuant to a Land of Low Value tax title foreclosure application and how communities may accept title from the owners of properties on which there are municipal liens as an alternative to tax taking and foreclosure proceedings.

IGR-2021-22 – [LAND OF LOW VALUE POST AFFIDAVIT PROCESS AND DEEDS IN LIEU OF FORECLOSURE](#)

To access additional IGRs and Bulletins, please visit this [webpage](#).

Cybersecurity Health Check Program

The Office of Municipal and School Technology provides the following program available to Massachusetts municipalities and schools. If you have any questions, please contact Catherine.Marques@mass.gov

[Cybersecurity Health Check](#)

Generally, the accounting officer and the department head who has the expenditure of the special purpose appropriation confer as to whether the spending purpose has been accomplished. Thereafter, the appropriation can continue or be closed out as described below.

How does a community close out special purpose appropriations?

The procedure for closing special purpose appropriations varies from community to community.

Some have a charter provision, by-law or ordinance that governs the close-out of such appropriations. Generally, such provisions provide for closure once the purpose is accomplished or set a time limit on the expenditure, which often times may be extended by vote of the legislative body.

Absent such a provision, the board or officer with the authority to spend from the special purpose appropriation certifies completion of the purpose to the accounting officer who would then close any remaining balance in the appropriation at the end of the fiscal year. In the alternative, the legislative body may vote to close out a special purpose appropriation or transfer the balance. If the source of the appropriation is a restricted fund, any remaining amount closes back to that fund or if being transferred must conform to the restrictions of that fund.

Does the legislative body (town meeting or city council) need to take action to close out special purpose appropriations?

In communities with an applicable charter provision, by-law or ordinance, typically the balance closes whenever a time duration is accomplished, i.e., the department only has X number of years to accomplish the purpose of the appropriation. In those cases, the appropriation can be closed administratively if the purpose is not realized and enough time has gone by or if the purpose is realized and that is communicated to the accountant.

The Cybersecurity Health Check Program provides opportunities for local government to access basic cyber security services at no cost.

These services can be a good first step in discovering, assessing and identifying cybersecurity gaps that could impact IT systems that support essential business functions. This is a rolling application.

The legislative body only needs to act if there is no administrative closing process pursuant to a charter provision, by-law or ordinance and there is no department head certifying completion to the accountant. The legislative body may otherwise act, at its discretion, as noted above, if it wants to either use any unencumbered special purpose balance as an available fund or close out the appropriation.

Does an appropriation have to be labeled a “special purpose appropriation” to be treated as such?

No. An appropriation can be considered a special purpose appropriation by implication if that is the intent of the legislative body.

DLS Links:

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

[Events & Training Calendar](#)

[Municipal Finance Training and Resource Center](#)

[Local Officials Directory](#)

[Municipal Databank](#)

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

[Bulletins](#)

[Tools and Financial Calculators](#)



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