



Deputy
Commissioner
Robert G. Nunes

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Municipal Health Care Reform Saves \$247 million

One of the hallmarks of Governor Patrick's Administration has been its delivery of new mechanisms to generate additional revenue for cities and towns and to find new ways for communities to save money.

A recent report from the Executive Office for Administration and Finance details the extent to which municipal health care reform, which Gov. Patrick signed in July 2011, has helped cities and towns to preserve essential local government services.

The savings from this initiative alone to 257 communities and school districts across the Commonwealth - representing about 60 percent of the state's municipalities and school districts - is \$247 million in insurance premiums over the past three years as a result of the landmark reform law.

"Municipal health care reform has had a powerful and positive impact on municipal finances across the Commonwealth while maintaining quality, affordable health care for working families. The savings achieved are critical to Massachusetts' role as a leader in keeping health care costs down while securing the highest level of care," Governor Patrick said.

A&F Secretary Glen Shor noted that "Massachusetts leads the nation in health care coverage, and we are also lowering the cost of health

care so it can be as affordable as it is accessible. Municipal health care reform has changed the way cities and towns negotiate their health insurance plans so they can save money and maintain core services like education and public safety."

The Massachusetts Taxpayers Foundation has estimated that full implementation of the reforms across the Commonwealth could save cities and towns as much as \$2.8 billion in cumulative savings over ten years.

As the governor noted, working together, the Administration and the Commonwealth's cities and towns have achieved real, meaningful savings and structural changes to keep costs down so municipalities can make the necessary investments in community services that keep them fiscally healthy. Including municipal health care reform, the Patrick Administration has provided cities and towns with the tools to realize \$3.78 billion in savings, revenue and investments through new local option taxes, increased capital investments and pension reforms, as well as through innovations developed through the [Community Innovation Challenge Grant program](#).

To view the full report, including savings by municipality and school district, click [here](#).

Finally, I'd like to recognize Joe Markarian, Director of Technical Assistance, who recently retired. On behalf of the entire Division of Local Services, we thank Joe for his many years of dedicated service and wish him the best of luck.

Robert G. Nunes
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FY2015 Conference Committee Local Aid Estimates

The Division of Local Services has posted updated local aid estimates based on the Conference Committee budget recently approved by the House and Senate. Please click [here](#) to view the updated estimates.

Please note that these estimates are subject to final approval by the Governor. If you have questions about these estimates, please contact the Municipal Databank at (617) 626-2384 or databank@dor.ma.us.

Joe Markarian Retires

Division of Local Services

Joe Markarian, the Director of the Division's Technical Assistance Program, retired on June 30th after an exceptional, fifteen year career at DLS. He began his long career in public service working directly for former Governor Frank Sargent. From there, Joe's career path led him to law school, to work as a commercial real estate appraiser and even several weeks of volunteer service with the Red Cross in the Hurricane Katrina relief effort. He has served his hometown of Swampscott in many volunteer roles including membership on the finance, capital planning, and school building committees. As chair of the school building committee, he navigated the town through many complex site and financial issues regarding the construction of a new high school. He currently serves as the town's moderator.

During his tenure at DLS, Joe capably led numerous important projects, including a review of the City of Springfield's finances that prompted the passage of special legislation to establish a state control board to manage the City's finances. He also had the foresight to envision and lead a comprehensive analysis of regionalizing two communities in the [Hamilton-Wenham Enhanced Regionalization and Merger Analysis](#). We believe that this is the only report of its kind to assess the fiscal impact of merging two communities. This analysis served as a catalyst for the first statewide Regionalization Conference hosted by the Franklin Regional Council of Governments (FRCOG) and DLS. Joe has also been instrumental in expanding our services to include assistance with the development of charters and other initiatives to reorganize government.

Joe's work in providing technical assistance has had a positive impact on numerous local governments across the state. On both a personal and professional level, his presence will be missed greatly by his friends and colleagues. We wish Joe all the best in his future endeavors and we're sure that he will continue his longstanding involvement in public service!

Appointed or Elected? DLS Analyzes the Status of Collectors, Treasurers and Assessors

Joe Markarian - Director of Technical Assistance

Division of Local Services staff are often asked to comment on whether municipal treasurers and collectors are best appointed or

elected. In response, we convey our longstanding opinion favoring the appointment of offices, like treasurer and collector, which are non-policy making positions and require a certain professional skillset to fulfill the responsibilities of the job.

The discussion almost always gives rise to the companion question of how many cities and towns have chosen to appoint and how many continue to elect their treasurer and collector. Until recently, we had no answer because there was no single source of the data. The DLS Technical Assistance Section has now filled that gap by gathering information⁽¹⁾ on the appointed or elected status of municipal treasurers and collectors. At the same time, we identified the number of cities and towns where the treasurer and collector positions are combined⁽²⁾ and whether boards of assessors are appointed or elected. Statewide results are shown in the following chart:

| | <u>Treasurer</u> | | <u>Collector</u> | | <u>Combined</u> | <u>BOA</u> | |
|------------|------------------|---------|------------------|---------|-----------------|------------|---------|
| | appointed | elected | appointed | elected | | appointed | elected |
| No. of c/t | 261 | 90 | 254 | 97 | 215 | 125 | 226 |
| % of c/t | 74.4% | 25.6% | 72.4% | 27.6% | 61.3% | 35.6% | 64.4% |

The data is summarized as follows:

Of the 351 cities and towns in Massachusetts, 261 (74 percent) appoint their treasurer and 254 (72 percent) appoint their collector;

In contrast, only 125 of 351 municipalities (36 percent) appoint their board of assessors. Greenfield, Otis and Southbridge each has a mixed board where two assessors are elected and one is appointed.

Combined treasurer and collector positions are found in 215 municipalities (61 percent);

Among 47 cities:

All but five (Attleboro, Chicopee, Gardner, Greenfield, Holyoke) appoint their treasurer and all but four (Attleboro, Chicopee, Gardner, Greenfield) appoint their collector;

Only three cities elect their board of assessors (Chicopee, New Bedford). Greenfield has a mixed board where two assessors are elected and one is appointed.

Among 304 towns:

In 172 with a population under 10,000, 109 (63 percent) appoint their treasurer and 103 (60 percent) appoint their collector;

In 132 towns with a population greater than 10,000, 110 (83 percent) appoint their treasurer and 108 (82 percent) appoint their collector;

Among 149 towns with an average single family tax bill less than the median for all towns (\$4,372), 58 percent appoint treasurers and 54 percent appoint collectors;

Among 149 towns with tax bills higher than the median, 85 percent and 84 percent appoint treasurers and collectors, respectively⁽³⁾;

152 towns have an annual budget less than the median for all towns (\$26.7 million). Among them, 57 percent appoint their treasurer and 54 percent appoint their collector; in 152 communities above the median budget, 87 percent appoint treasurers and 85 percent appoint collectors;

230 towns have a town manager or town administrator; of those towns, 175 (76 percent) have an appointed treasurer and 176 (77 percent) have an appointed collector;

63 towns operate under a town manager. Among them, only 25 (40 percent) have an elected board of assessors. In the remaining 241 of 304 towns, including those with a town administrator, 198 (82 percent) elect their board of assessors;

The conclusions drawn from the survey data seem very clear. Voters in the vast majority Massachusetts municipalities have acknowledged the merits of appointing local treasurers and collectors. Almost 90 percent of all cities and over 70 percent of all towns have acted to convert these positions from elected to appointed. In 215 cities and towns, the two positions are combined or occupied by the same person.

Residents have not been so willing to give up their vote for local boards of assessors. Almost two-thirds of all cities and towns retain elected assessors. Not surprisingly, assessors are appointed in most cities and in towns where there is a town manager. Otherwise, trends are consistent when comparing towns on the basis of population, annual budget or average single family residence tax bill. Elected officials are more prevalent in smaller and less affluent towns; appointed positions are found in larger communities where operations might be more complex.

For a summary of the town data, see the chart below. For survey

results by city and town, click [here](#).

To ensure the list is accurate and up-to-date, please contact the DLS Technical Assistance Section at TAContact@dor.state.ma.us with changes or more current information.

Summary Data for Appointed and Elected Treasurers, Collectors and Boards of Assessors (Towns Only)

| | | Treasurer | | Collector | | Combined | BOA | |
|--|-----|-----------|---------|-----------|---------|----------|-----------|---------|
| | | appointed | elected | appointed | elected | | appointed | elected |
| pop <10,000 | 172 | 109 | 63 | 103 | 69 | 81 | 33 | 139 |
| | | 63.4% | 36.6% | 59.9% | 40.1% | 47.1% | 19.2% | 80.8% |
| pop > 10,000 | 132 | 110 | 22 | 108 | 24 | 109 | 48 | 84 |
| | | 83.3% | 16.7% | 81.8% | 18.2% | 82.6% | 36.4% | 63.6% |
| towns < median ASFTB (median: \$4,379) | 149 | 86 | 63 | 81 | 68 | 66 | 37 | 112 |
| | | 57.7% | 42.3% | 54.4% | 45.6% | 44.3% | 24.8% | 75.2% |
| towns > median ASFTB | 149 | 127 | 22 | 125 | 24 | 121 | 40 | 109 |
| | | 85.2% | 14.8% | 83.9% | 16.1% | 81.2% | 26.8% | 73.2% |
| towns < median budget (median: \$26,721,958) | 152 | 87 | 65 | 82 | 70 | 68 | 27 | 125 |
| | | 57.2% | 42.8% | 53.9% | 46.1% | 44.7% | 17.8% | 82.2% |
| towns > median budget | 152 | 132 | 20 | 129 | 23 | 122 | 54 | 98 |
| | | 86.8% | 13.2% | 84.9% | 15.1% | 80.3% | 35.5% | 64.5% |
| No TM/TA | 74 | 38 | 36 | 35 | 39 | 20 | 10 | 64 |
| | | 51.4% | 48.6% | 47.3% | 52.7% | 27.0% | 13.5% | 86.5% |
| With TM/TA | 230 | 175 | 49 | 176 | 54 | 168 | 71 | 159 |
| | | 76.1% | 21.3% | 76.5% | 23.5% | 73.0% | 30.9% | 69.1% |
| TA only | 167 | 122 | 45 | 118 | 49 | 113 | 33 | 134 |
| | | 73.1% | 26.9% | 70.7% | 29.3% | 67.7% | 19.8% | 80.2% |
| TM only | 63 | 59 | 4 | 58 | 5 | 57 | 38 | 25 |
| | | 93.7% | 6.3% | 92.1% | 7.9% | 90.5% | 60.3% | 39.7% |
| All towns - no TM | 241 | 160 | 81 | 153 | 88 | 133 | 43 | 198 |
| | | 66.4% | 33.6% | 63.5% | 36.5% | 55.2% | 17.8% | 82.2% |
| with TM | 63 | 59 | 4 | 58 | 5 | 57 | 38 | 25 |
| | | 93.7% | 6.3% | 92.1% | 7.9% | 90.5% | 60.3% | 39.7% |

(1) Data was collected through telephone interviews and online sources, including local charters, ordinances, bylaws, annual town reports and municipal election results.

(2) The count includes positions whether appointed or elected, and municipalities where the positions are separate, but occupied by the same person.

(3) No average single family tax bill data were available for six towns, so only 298 towns are included rather than 304.

Ask DLS

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

Can a town finance committee make transfers from its reserve fund after the end of the fiscal year on June 30 to address appropriation shortfalls?

Yes, in some cases. Under [MGL c. 40, sec. 6](#), the reserve fund is an annual appropriation under the control of the town finance committee for use in the fiscal year and any balance closes out at year end. However, a finance committee may make reserve fund transfers until July 15 in order to cover extraordinary or unforeseen expenditures or obligations, including unintentional or de minimis appropriation shortfalls, during the fiscal year. This is based on language in [MGL c. 44, secs. 56](#) and [56A](#) that establishes July 15 as the date set for closing the prior fiscal year's books. In our view, that makes July 15 the date by which (1) all obligations arising through June 30 must be determined for purposes of charging or encumbering annual operating appropriations and (2) all transfers to meet those obligations must be made from annual operating appropriations by the legislative body or school committee, from the reserve fund by the finance committee or from departmental line items by the selectboard and finance committee under the alternative year-end procedure. [MGL c. 44, sec. 33B](#); [c. 71, sec. 34](#); [c. 40, secs. 5A](#) and [6](#).

What options are available when it appears that a departmental appropriation will be or was exceeded at the end of the fiscal year and the finance committee reserve fund is exhausted or unavailable?

On or before July 15, the legislative body may supplement the departmental appropriation by a transfer from available balances in other operating appropriations, [MGL c. 44, sec. 33B\(a\) and \(b\)](#), or an

appropriation from other available funds, but under no circumstances may appropriations from free cash (or enterprise retained earnings) be voted after June 30. Alternatively, from May 1 to July 15, the selectboard and finance committee in a town may transfer from available balances in line items in the same or other department, except from a municipal light plant or school department. Under this alternative procedure, however, the amount transferred to or within any town department cannot be more, in the aggregate, than 3 percent or \$5,000, whichever is greater, of the annual budget of the department from which the transfer is made. See Section B-2 of [Informational Guideline Release \(IGR\) No. 06-209, Appropriation Transfers](#).

If the appropriation is not supplemented by a transfer or appropriation of available funds by July 15, then the appropriation overdraft must be raised in next year's tax rate unless funded by the legislative body before the rate is set. [MGL c. 59, sec. 23](#). The municipality's free cash is also reduced by the amount of appropriation deficits not authorized by state law (e.g., legal snow and ice deficits under [MGL c. 44, sec. 31D](#)).

May a city or town require that departmental revolving fund balances remaining at the end of a fiscal year close out to the general fund, even if it votes to continue the revolving fund in the next fiscal year?

Yes. In voting to reauthorize a departmental revolving fund under [MGL c. 44, sec. 53E1/2](#) for the next fiscal year, the legislative body may require that all or part of the balance at the end of the fiscal year close to the general fund. If the revolving fund is not reauthorized, however, any balance remaining must close to the general fund, unless the legislative body votes to transfer it to another departmental revolving fund. As in closing an operating appropriation, the accounting officer must encumber the fund balance to cover bills or other legal obligations of the fund that remain outstanding at the end of the fiscal year.

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

Enterprise funds may only be appropriated for enterprise purposes. [MGL c. 44, sec. 53F1/2](#). Therefore, transfers from appropriations financed by enterprise fund revenues, retained earnings or available funds may only be made to cover deficits in appropriations for enterprise expenses. Also see Section A of [IGR No. 06-209, Appropriation Transfers](#).

After the fiscal year ends on June 30, may a city or town use \$50,000 in insurance proceeds received on May 15 from a property damage claim to repair or replace the property?

No. Under [MGL c. 44, sec. 53](#), insurance proceeds of \$20,000 or less received for a property damage claim may be spent to repair or replace the damaged property without further appropriation. Proceeds over that amount must be appropriated, however, and ordinarily they would not be available for appropriation until after the close of the fiscal year received and their certification as free cash. [MGL c. 59, sec. 23](#). Accounting rules established by the Director of Accounts, however, permit proceeds over \$20,000 to be reserved for appropriation by the legislative body during the remainder of the fiscal year in which the proceeds were received. At the end of the fiscal year, any unappropriated proceeds close to the general fund and must be certified as part of free cash before they can be appropriated.

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

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

Attention Assessors: Free E-Learning Course Available for Fraternal Organizations on Tax Responsibilities

Help get the word out! The Department of Revenue's online [DOR University](#) has recently developed a new [free e-learning course](#) on the tax responsibilities of fraternal organizations. Fraternal organizations are considered a type of Chapter 180 Corporation, which are formed for charitable or other purposes. You've probably heard of, if not attended, events hosted by such organizations such as the Veterans of Foreign Wars, Sons of Italy, Elks Club, Knights of Columbus, and Massachusetts Freemasonry.

Based on their status, fraternal organizations have specific tax obligations.

In the e-learning module, participants will learn what qualifies as a Chapter 180 corporation and a fraternal organization; the taxation responsibilities of Chapter 180 Corporations; and the requirements or exemptions of some fraternal organizations. While the e-Learning module focuses on the tax obligations at a state level, it also breaks down some IRS and local requirements. Because different fraternal organization events can result in different tax requirements and exemptions, there are numerous examples of such events and the tax obligations for each.

The e-learning module takes about an hour to complete and includes interactive self-assessments throughout to help users apply what they've learned in various scenarios. At the end of the course, participants have the option to take an overall learning assessment, with additional feedback and examples. Participants can even print a free certificate of understanding.

This [free e-learning course](#) is available on DOR's public webpage under the [DOR University](#). From there, just click on the e-learning course!

July Municipal Calendar

| | | |
|----------------|-------------------|--|
| July 1 | Collector | Mail Annual Preliminary Tax Bills For communities issuing annual preliminary tax bills, the preliminary quarterly or semi-annual bills should be mailed by this date. |
| July 15 | Accountant | Certification Date for Free Cash: Anytime after Books are Closed Two weeks after the close of a fiscal year, all accounts are closed out and the resulting balance sheet and supplemental documentation submitted to DOR. Free cash is certified any time after this date. |

| | | |
|---------------------------------------|---|---|
| <p>July 15</p> | <p>Accountant</p> | <p>Report Community Preservation Fund Balance: Anytime after Books are Closed</p> <p>After the close of a fiscal year, the fund balance is submitted to DOR (Form CP-2) and notice given to the Community Preservation Committee and other financial officers. The fund balance may be appropriated anytime after that report.</p> |
| <p>July 15</p> | <p>School Business Officials</p> | <p>Certification Date for Excess and Deficiency (E&D) Fund</p> <p>Two weeks after the close of a fiscal year, all accounts are closed and the resulting balance sheet (a pre-closing trial balance or audited financial statements will not be accepted unless requested by the Director of Accounts) and supplemental documentation are submitted to DOR. E&D Fund is certified any time after this date.</p> |
| <p>July 15</p> | <p>Assessors</p> | <p>Deadline for Appealing Commissioner's Pipeline Valuations to ATB</p> |
| <p>July 20</p> | <p>DOR/BLA</p> | <p>Notification of Changes in Proposed EQVs (even numbered years only)</p> |
| <p>July 20</p> | <p>DOR/BLA</p> | <p>Notification of Changes in Proposed SOL Valuations (every 4th year after 2005)</p> |
| <p>Final Day of Each Month</p> | <p>State Treasurer</p> | <p>Notification of monthly local aid distribution.</p> <p>Click www.mass.gov/treasury/cash-</p> |

[management](#) to view
distribution breakdown.

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