



January 11, 2005

Joy A. Ricciuto
Town Accountant
Town House
459 Main Street
Medfield MA 02052

Re: Fees for Use of Town Facilities
Our File No. 2004-528

Dear Ms. Ricciuto:

You asked about the options available to account for receipts from the use of town facilities. As we understand it, the town is building a new senior center, which the Council on Aging (COA) plans to rent to community groups and the general public for private functions. In addition, the town is building a new recreational facility, which will have community rooms as well as various athletic facilities. The Parks and Recreation Department plans to make these facilities available to community groups as well.

We assume in both cases that the rentals are for the temporary use of the facility, *i.e.*, hourly, weekly or per event rentals by individuals or organizations for civic, social, educational or recreational activities, such as the gym for a local basketball league's games or a conference room for a private organization's monthly meeting. Any "rental" charge is more in the nature of a user fee charged to cover the utility, custodial and other expenses incurred in making the facility available for private use. This is in contrast to rental payments made under a lease, where the tenant has the exclusive possession and control of the premises for a period of time, *e.g.*, where surplus space is rented to a day care or pre-school provider.

Fees for the temporary use of the senior center and recreational facility may be treated as general fund estimated receipts, offset receipts or departmental revolving fund receipts. We do not believe the fees can be characterized as gifts, since they are paid in exchange for a particularized benefit.

Offset receipts are simply identified and dedicated estimated receipts of a department. Town meeting must accept G.L. c. 44 §53E for the particular department. Then, instead of using the receipts to offset the town's total appropriations, town meeting may vote the estimated receipts as a financing source to offset all or part of the department's operating budget appropriations. If the receipts do not materialize, the deficit must be raised the following year. Any surplus flows to free cash.

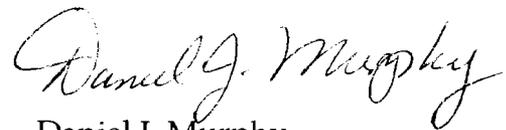
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Under G.L. Ch. 44 §53E½, the town could also establish a “departmental” revolving fund for the fees to support the service for which they are charged. A departmental revolving fund must be authorized each year by annual town meeting and there are limits on the amount that may be spent from each fund and from all funds in each year. To use this option, the town has to be able to determine the portion of its utility, custodial and other expenses that are directly attributable to making the facility available for private use and to meet those expenses with actual receipts in hand and available during the fiscal year.

The town could also establish the recreational facility as an enterprise under G.L. c. 44 §53F½. In that case, the estimated receipts generated by the fees, as well as other revenue generated by enterprise activities, such as fees charged to residents to participate in town recreational programs at the facility, would be accounted for separately and appropriated to fund the expenses of the facility and its programs.

If you have any further questions, please do not hesitate to contact me again.

Very truly yours,



Daniel J. Murphy
Chief, Property Tax Bureau

DJM:KC