



# CITY & TOWN

Mitchell Adams, Commissioner  
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## Y2K — Why Care?

Cities and towns depend on computer software programs to perform a wide range of critical functions such as processing payroll, calculating tax bills and operating traffic lights. Most software packages use date fields, and many of these date fields abbreviate the year to store only the last two digits, e.g., "97" rather than "1997." When January 1 of the Year 2000 (Y2K) arrives, old and new software, using two-digit date references will not work correctly or may not work at all. For example, a computer program that calculates interest on delinquent real estate tax bills may interpret a *date paid of 01/02/00* as January 2, 1900, or it may refuse to process the payment. Software that projects several years in advance, such as programs for water or sewer betterments and budget projections, may already be failing.

Some officials may erroneously think that they have plenty of time — two or three years — to appropriate funds and remedy the problem. This assumption could be a dangerous one. Current projections estimate that fixing the Y2K software problem will cost approximately \$300 billion nationally. Organizations will be competing for the same vendors to remedy the problem. The law of supply and demand tells us that the closer we get to Y2K, fewer consultants will be available, and those that are available will charge more.

Another consideration for municipalities is that many are using old software programs that were custom developed. This type of software will require customized correction or replacement. Finding the money to address these problems may be difficult. The Y2K problem

does not have the appeal that public safety or elementary school education issues can muster. Therefore, local officials need to educate the electorate in order to keep municipalities operating at their current level.

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*This issue must be addressed now to avoid serious interruptions in municipal functions.*

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Communities have about 600 working days left in which to assess the problem, identify solutions, secure appropriations, procure vendors, manage contracts, test programs, and implement new systems (or contingency plans). In order to accomplish all of these goals, a commitment from management is needed. It would be wise to create an interdepartmental committee to assess each community's potential vulnerability to Y2K failures and to identify the actions necessary for temporary and permanent solutions. Once a community's Y2K problems are identified the following options are available:

- Fix the program, re-program the date fields and convert existing data.
- Upgrade the program by installing upgrade modules that are Y2K compliant.
- Replace the program/system with a modern Y2K compliant system.

The Year 2000 may provide the impetus to implement a new system now, but exercise caution so that too many

changes are not occurring at once. Each of the approaches listed above involve different costs, schedules and risks. Careful planning with continuous oversight will be necessary to accomplish successful software conversion or replacement. Although larger communities may have more Y2K compliance issues, even the smallest communities must determine if the programs and computers they use will work after 12/31/99. There is no way to delay the Year 2000; the deadline is absolute. It is critical that this issue be addressed now to avoid serious interruptions in municipal functions.

The Division of Local Services has information on Y2K planning and available resources. Selected information is posted to the DLS home page on the World Wide Web (<http://www.state.ma.us/dls>). Contact John DiOrio at (617) 626-2350 to request an information packet or David Davies, DLS Information Technology Director, at (617) 626-2383 if you have questions on Y2K issues. ■

*Written by David Davies*

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# LEGAL

## *in Our Opinion* **Contingent Appropriations**

### *Change in Law on Timing of Elections*

**Q:** *What is the interest rate for parcels in tax title?*

**A:** When the collector presently makes a tax taking on a parcel for nonpayment of taxes, the interest rate is 16 percent pursuant to M.G.L. Ch.60 Sec.62. The interest percentage which accrues on a tax title, however, is that percentage which was in effect at the time of the original taking. Subsequent statutory changes in the rate have no effect on a tax title previously established. The original amount certified by the collector, together with all amounts subsequently certified to the tax title account, will accrue interest at the initial percentage. State Tax Form 410 (Record of Tax Title Held by City or Town) lists the interest as follows:

- 6.5 percent on tax titles created prior to August 8, 1966;
- 8 percent on tax titles created on or after August 8, 1966 and prior to July 21, 1970;
- 10 percent on tax titles created on or after July 21, 1970 and prior to October 14, 1976;
- 12 percent on tax titles created on or after October 14, 1976 and prior to August 16, 1979;
- 16 percent on tax titles created on or after August 16, 1979.

**Q:** *Does interest earned on the school lunch program belong to the school lunch revolving fund?*

**A:** Yes. Ordinarily, interest belongs to the general fund in accordance with M.G.L. Ch.44 Sec.53, unless there is some other statutory provision. The state law which established the school lunch program (Ch.548 of the Acts of 1948) is silent on the subject of interest. Under federal regulations (7 CFR 11) and directives, however, which supersede state law, interest earned on the

school lunch program should be credited to the revolving fund. Any interest earned, therefore, must be used for program purposes.

**Q:** *What is the due date for the submission of city budgets?*

**A:** M.G.L. Ch.44 Sec.32 states that a mayor must submit the proposed budget to the city council "within one hundred and seventy days after the annual organization of the city government." Unless there is a charter provision or special legislation in effect, the mayor has until June 20 to submit the budget for the upcoming fiscal year. Prior to its amendment, M.G.L. Ch.44 Sec.32 gave a 120-day deadline for submission of budgets. For several years, however, the Legislature enacted special acts to allow mayors additional time to submit a budget. Finally, in 1995, the Legislature granted a permanent extension by amending M.G.L. Ch.44 Sec.32 to provide a 170-day deadline.

**Q:** *Is a city employee protected from layoff if a salary for the position is provided by ordinance?*

**A:** No. M.G.L. Ch.44 Sec.33A states that a city's annual budget "shall include sums sufficient to pay the salaries of officers and employees fixed by law or by ordinance." Even if there is an ordinance fixing the number of employees or their compensation, the Appeals Court has held that such an ordinance cannot supersede the mayor's power to limit appropriations under M.G.L. Ch.44 Sec.32. *Whalen v. Holyoke*, 13 Mass. App. 446 (1982). Accordingly, the mayor is not required to include funding for the position in the budget recommendation to the city council.

**Q:** *Can a taxpayer who is eligible to defer his or her real estate taxes also defer his or her water and sewer charges?*

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Towns may seek to balance the annual budget, or fund capital projects, by means of an override or exclusion. Under M.G.L. Ch.59 Sec.21C(m), town meeting can make specific annual or special appropriations from the tax levy, available funds or borrowing contingent upon subsequent passage of a Proposition 2½ referendum question. A contingent appropriation eliminates the need for further town meeting action after the election.

A 1996 change in the law now measures the deadlines for holding any elections on a referendum question for a contingent appropriation from the "**date of the close of the town meeting at which the appropriation vote occurs.**" [See Ch.454 Sec.26 of the Acts of 1996.] Previously, these deadlines were measured from the "date of the appropriation vote." If budget deliberations during town meeting were extended, that deadline may have made it difficult to hold timely just one election after town meeting dissolved to present any referenda questions intended to fund contingent appropriations. The new deadline will now permit towns to do so.

The following summarizes the basic provisions that now apply to the use of contingent appropriations:

- The purpose stated in the referendum question must be the same purpose as was stated in the appropriation vote;
- The appropriation is not effective until the question is approved, *i.e.*, the funds cannot be spent before approval;
- The first election at which the question appears on the ballot must take

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# FOCUS

## on Municipal Finance

### Free Cash — A Basic Discussion

The free cash calculation may not be obvious to new local officials or those not closely connected with municipal accounting. Over the past few years representatives from the Division of Local Services Bureau of Accounts have attended many professional municipal finance association meetings to demystify the free cash certification procedures. The purpose of this article is to continue the open discussion of free cash. Consequently, this article will define free cash, explain how it is generated and how it is calculated, and look at free cash trends statewide.

Free cash acquired its curious name from the vernacular. As defined in the dictionary, "free" means uncontrolled or unrestricted, and "cash" means money in hand and readily available. Technically, however, the Bureau of Accounts (BOA) defines free cash as the amount of a community's funds that are unrestricted and available for appropriation once certified by BOA's Director. The free cash calculation relies upon the balance sheet submitted by the town accountant or city auditor as of June 30 each year. The balance sheet is a statement, at a given point in time, of what a

community owns (assets), owes (liabilities) and what is left (fund balance).

Typically, unrestricted funds occur when a community's actual revenues exceed its budgeted revenues and/or when actual expenditures are less than budgeted expenditures. In order to have a healthy free cash balance a community must carefully budget both revenues and expenditures, thereby increasing fund balance on the balance sheet. To illustrate how free cash occurs we have created a simplified balance sheet in *Figure 1*.

### Calculation

BOA calculates free cash by beginning with the undesignated fund balance on the balance sheet. Property tax receivables, other receivables not fully deferred, and certain other deficits are subtracted from this balance. The deferred revenue for property taxes is then added to this balance. Deferred revenue represents amounts that are measurable because they have been committed to the tax collector but are not yet expendable since they have not been collected. In addition, BOA reviews all funds and free cash may be reduced by any unprovided for or overdrawn accounts that are reflected in those funds, such as an overdrawn

grant or agency account. Deficits in other funds are deducted from the free cash calculation because more was spent than collected thereby creating an implicit "loan" from the community's general fund.

In addition to the balance sheet, BOA requires a checklist with supplemental information. Accountants and auditors report information that helps BOA analyze how the community has generated free cash, such as:

- State and local estimated revenues vs. actual revenues;
- Prior year free cash not appropriated;
- Unexpended or unencumbered appropriations;
- Appropriation deficits; and
- Revenue deficits.

This information together with changes in property tax receivables constitutes a free cash verification. However, before free cash is certified, total cash and investments reported on the treasurer's June 30 quarterly cash reconciliation report are compared to the total cash and investments reported on the accountant's balance sheet. A

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Figure 1

<b>Simplified Balance Sheet</b>					
<b>Assets</b>		<b>Liabilities</b>		<b>Fund Balance</b>	
1 Cash	4,000,000	5 Warrants payable	250,000	8 Reserved for encumbrances	1,750,000
<b>Receivables:</b>		6 Deferred revenues	350,000	9 Undesignated fund balance	1,500,000
2 Property taxes	200,000	7 Other liabilities	500,000		
3 Other	300,000				
4 Allowance for abatements	(150,000)				
<b>Total assets</b>	<b><u>\$4,350,000</u></b>	<b>Total liabilities</b>	<b><u>\$1,100,000</u></b>	<b>Total fund equity</b>	<b><u>\$3,250,000</u></b>
				<b>Total liabilities + fund equity</b>	<b><u>\$4,350,000</u></b>
<b>Undesignated fund balance (line 9) – Receivables (lines 2 &amp; 3) + Deferred revenue (line 6) = Free cash</b>					
<b><math>\\$1,500,000 - (\\$200,000 + \\$300,000) + \\$350,000 = \\$1,350,000</math></b>					

Assets = Liabilities + Fund equity



Municipality	7/1/95 free cash certification	7/1/96 free cash certification	7/1/95 as a % of FY96 budget	7/1/96 free cash certification	7/1/96 as a % of FY97 budget	Dollar Change	Municipality	7/1/95 free cash certification	7/1/96 free cash certification	7/1/95 as a % of FY96 budget	7/1/96 free cash certification	7/1/96 as a % of FY97 budget	Dollar Change
Methuen	6,460	1,225,189	0.01	1,218,729	*	1,218,729	Plymouth	1,332,275	1,210,132	3.05	1,210,132	3.05	(162,605)
Middleborough	758,959	917,941	2.26	159,382		(598,567)	Ware	821,272	542,761	-1.90	542,761	-1.90	1,206,161
Middlefield	140,173	1,337,334	23.32	1,059		(1,336,285)	Wareham	663,400	182,580	7.96	182,580	7.96	822,041
Middleton	1,336,275	1,473,176	13.91	1,217,499		(118,777)	Wales	610,257	1,432,298	1.59	1,432,298	1.59	1,349,134
Milford	256,677	1,473,176	0.59	1,217,499		(216,517)	Walpole	5,003,654	6,352,788	4.62	6,352,788	4.62	1,349,134
Milbury	2,377,081	1,787,875	14.89	989,206		(1,787,875)	Waltham	710,141	821,272	5.12	821,272	5.12	1,111,311
Millis	319,382	62,008	2.34	(381,390)		(381,390)	Wareham	663,400	542,761	-1.90	542,761	-1.90	1,206,161
Milville	352,046	12,511	11.71	(26,595)		(26,595)	Warren	288,621	233,147	6.11	233,147	6.11	55,474
Milton	754,889	975,601	1.68	2,201,712		2,201,712	Warwick	48,474	102,910	5.18	102,910	5.18	54,436
Monroe	129,093	135,138	31.68	29,52		29,52	Washington	47,730	75,596	11.05	75,596	11.05	(27,866)
Monson	550,051	534,564	4.24	(15,487)		(15,487)	Waterdown	2,471,653	3,000,985	4.35	3,000,985	4.35	529,332
Montague	318,331	226,488	3.34	(91,843)		(91,843)	Wayland	1,524,186	1,779,815	4.71	1,779,815	4.71	255,629
Monterey	192,321	167,863	10.68	(24,458)		(24,458)	Webster	839,538	829,569	3.70	829,569	3.70	(9,969)
Montgomery	207,301	294,518	19.31	87,217		87,217	Wellesley	2,193,797	2,516,617	4.20	2,516,617	4.20	322,820
Mount Washington	85,120	79,994	19.84	(5,126)		(5,126)	Wellesley Hills	716,456	646,124	9.06	646,124	9.06	(70,332)
Nahant	16,572	108,956	0.25	1.55		1.55	Wendell	105,702	105,702	8.48	105,702	8.48	0
Nantucket	3,774,965	2,131,823	2.84	456,632		456,632	Wenham	770,128	809,190	12.28	809,190	12.28	39,062
Natick	1,675,191	2,301,407	3.46	222,477		222,477	West Boylston	1,233,362	1,475,163	12.37	1,475,163	12.37	241,801
Needham	2,076,930	2,301,407	3.46	222,477		222,477	West Bridgewater	700,940	560,022	5.84	560,022	5.84	(140,918)
New Ashford	112,372	112,372	35.85				West Brookfield	505,366	571,529	13.15	571,529	13.15	66,163
New Bedford	187,525	94,565	18.58	(92,960)		(92,960)	West Newbury	939,869	903,970	14.21	903,970	14.21	(35,899)
New Braintree	171,720	87,999	7.79	(83,721)		(83,721)	West Springfield	1,690,308	4,349,344	3.73	4,349,344	3.73	2,659,036
New Marlborough	63,609	63,609	7.24	(23,642)		(23,642)	West Stockbridge	281,656	179,967	4.33	179,967	4.33	(101,689)
New Salem	87,251	63,609	7.24	(23,642)		(23,642)	West Tisbury	2,202,179	1,172,739	6.11	1,172,739	6.11	(1,029,440)
Newbury	241,774	79,662	2.83	76,556		76,556	Westborough	2,249,824	4,817,155	3.39	4,817,155	3.39	2,567,331
Newburyport	(980,576)	718,494	-1.74	1,868,574		1,868,574	Westfield	25,503	1,119,035	0.08	1,119,035	0.08	1,093,532
Newton	6,253,729	5,073,121	3.35	2,55		2,55	Westford	41,152	26,211	1.74	26,211	1.74	(14,941)
Newtown	133,021	95,953	0.89	(37,068)		(37,068)	Westhampton	706,967	1,181,372	9.14	1,181,372	9.14	474,405
Norfolk	975,126	583,453	3.80	(391,673)		(391,673)	Westminster	1,279,433	822,974	3.88	822,974	3.88	(456,459)
North Adams	1,196,494	1,196,494	-1.74	1,868,574		1,868,574	Weston	801,393	610,559	4.75	610,559	4.75	(190,834)
North Andover	1,903,255	1,896,446	4.76	(4,809)		(4,809)	Westwood	1,316,226	811,107	4.08	811,107	4.08	(505,119)
North Attleborough	362,802	248,582	4.84	(112,220)		(112,220)	Weymouth	1,573,841	1,582,980	1.87	1,582,980	1.87	9,139
North Brookfield	1,116,001	864,478	4.21	(253,523)		(253,523)	Whately	573,625	1,052,798	6.83	1,052,798	6.83	(479,173)
North Reading	1,771,451	1,164,001	3.72	(607,450)		(607,450)	Whitman	622,645	732,294	3.72	732,294	3.72	109,649
Northampton	2,140,167	2,314,741	10.37	174,574		174,574	Wilbraham	456,544	315,557	2.58	315,557	2.58	(140,987)
Northborough	375,172	469,612	2.07	94,480		94,480	Williamsburg	200,144	218,180	6.17	218,180	6.17	18,036
Northfield	184,635	352,287	5.45	167,652		167,652	Williamstown	361,487	700,817	3.24	700,817	3.24	339,330
North Ferrisburgh	1,773,760	580,260	7.03	(1,193,500)		(1,193,500)	Wilmington	213,729	1,052,798	0.58	1,052,798	0.58	849,069
North Greenfield	1,049,094	717,728	5.42	(331,366)		(331,366)	Winchendon	255,162	934,456	1.63	934,456	1.63	679,294
Northhampton	1,071,747	1,014,345	1.36	(67,402)		(67,402)	Winchester	1,084,635	206,588	2.55	206,588	2.55	(878,047)
Northwood	1,307,865	626,676	11.19	(681,189)		(681,189)	Windsor	206,588	264,428	14.85	264,428	14.85	57,840
Oak Bluffs	234,177	56,439	14.67	(177,738)		(177,738)	Windsor	206,588	264,428	14.85	264,428	14.85	57,840
Oakham	386,440	493,205	3.30	106,765		106,765	Winthrop	681,193	291,409	2.41	291,409	2.41	(389,784)
Orange	1,835,801	1,687,781	11.48	(168,020)		(168,020)	Woburn	(1,476,780)	1,518,391	-2.24	1,518,391	-2.24	2,995,171
Orleans	265,986	432,373	11.86	166,387		166,387	Worcester	4,028,831	2,893,157	1.31	2,893,157	1.31	(1,035,674)
Oxford	762,505	1,237,033	4.39	474,528		474,528	Worthington	131,291	131,553	8.29	131,553	8.29	262
Palmer	(346,126)	126,553	-1.69	472,679		472,679	Wrentham	752,957	748,878	4.83	748,878	4.83	(4,079)
Paxton	481,106	575,322	10.11	94,216		94,216	Yarmouth	5,140,008	3,303,086	11.40	3,303,086	11.40	(1,836,922)
Peabody	6,537,166	4,850,747	7.87	(1,686,419)		(1,686,419)	<b>Total Dollars</b>	362,560,695	343,011,736		343,011,736		(19,548,959)
Pelham	180,938	259,241	9.20	76,303		76,303	<b>Negative</b>	(13,272,900)	(15,593,461)		(15,593,461)		(2,320,561)
Pembroke	1,365,635	1,055,213	5.69	(310,422)		(310,422)	<b>Total Number</b>	321	304		304		17
Pepperell	1,199,795	1,832,371	9.93	632,576		632,576	Positive	22	11		11		11
Peru	62,126	71,850	4.47	9,724		9,724	Negative	8	36		36		28
Petersham	207,644	225,783	11.89	18,139		18,139	Not Certified						
Phillipston	(56,700)	(56,700)	-4.68				Tax Rate not set as of 3/19/97 (*)						
Pittsfield	2,053,544	88,351	2.74	31,359		31,359							
Plainfield	56,992	63,800	5.61	357,713		357,713							
Plainville	296,087	3,419,682	6.60	(3,238,177)		(3,238,177)							
Plymouth	6,657,859	153,942	8.87	(6,503,917)		(6,503,917)							
Plympton	348,825	153,942	8.87	(194,883)		(194,883)							

Table 1

Free Cash — A Basic Discussion

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variance indicates problems with a community's accounting records and BOA will not certify free cash until the accountant or auditor provides a detailed reconciliation of the two reports.

At midnight on June 30 a free cash certification expires. This occurs because free cash must reflect the results of operations in the year just ended and not that of an earlier year. Free cash will not be available until a balance sheet for the fiscal year just

ended has been submitted and the free cash number is calculated, verified and certified.

**Analysis**

At the time this article was written 315 cities and towns had certified free cash as of 7/1/96. (See *Table 1*.) The number of communities with positive free cash is 304, with balances totaling \$343 million. Eleven communities have negative free cash balances amounting to \$15.6 million and 36 communities had not submitted their balance sheets. Free cash certifications in these 315 communities range from a high of \$20.8 million to a low of negative \$10.2 million. As a percentage of municipal budgets (see *Figure 2*) free cash averages 5.86 percent (as of 7/1/96) which is a drop of 0.12 percent from the prior year. The numbers, as a

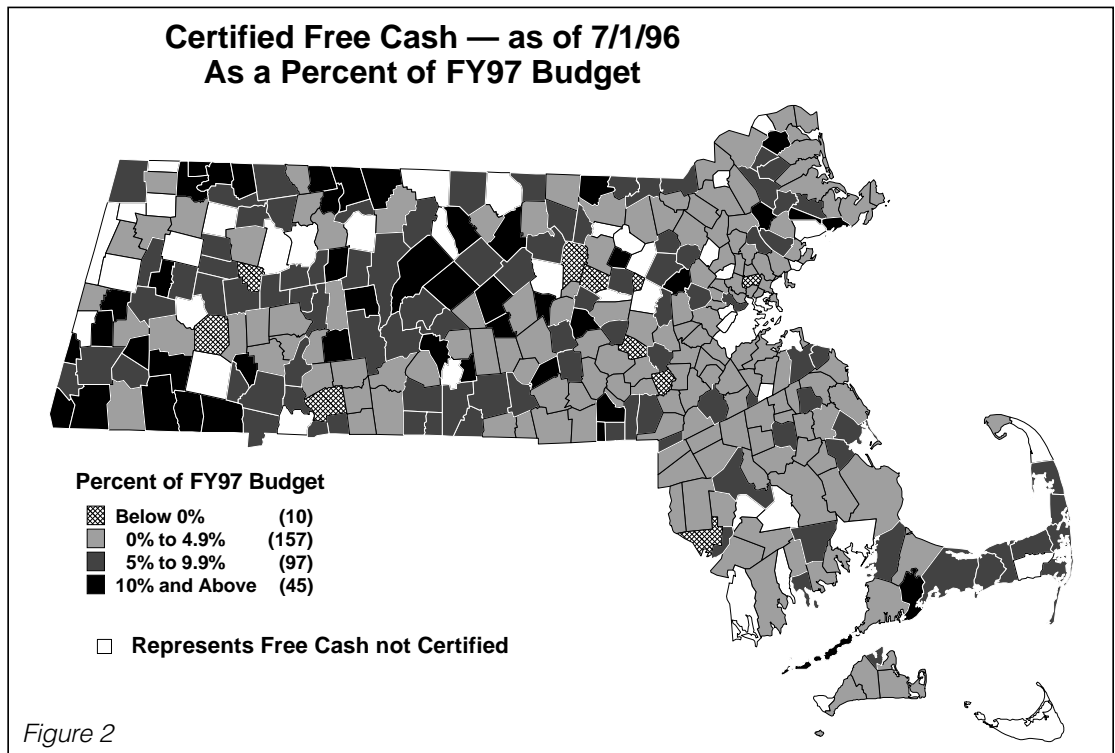


Figure 2

percent of budget in FY97, range from a high of 34.5 percent to a low of negative 8.73 percent.

For comparison purposes we will look at only 306 of the 315 communities with certified free cash as of 7/1/96. We have chosen these 306 communities because each of them has set their tax rate for FY97 and has a certified free cash number for both 7/1/95 and 7/1/96. Of the 17 communities with negative free cash last year (as of 7/1/95), 13 of them have climbed to a positive cash figure in the most recent certification. Only five communities that had positive free cash as of 7/1/95 have dropped to a negative balance as of 7/1/96.

Overall, free cash, as of 7/1/96, has increased by approximately \$15.5 mil-

lion (4.85 percent) over the previous year in the 306 communities with complete data. There are 160 communities that experienced an increase in free cash totaling \$76.6 million (or a 59 percent increase over the previous year's certification). Conversely, there are 146 communities that saw a decline in free cash of \$61.2 million (or negative 32.2 percent reduction over the prior year's certification). Although the resulting net change in free cash appears to be relatively inconsequential, a closer look shows that there was a great deal of activity with more communities registering increases rather than decreases. In addition, the analysis indicates that free cash statewide is stable with a slight upward swing. ■

Data analysis by Donna Demirai

# DLS UPDATE

## Director of Administration

Assuming the position of Director of Administration in the Division of Local Services (DLS) is Gerard Perry. In addition to administrative duties he will manage special projects in the division. The first of these special projects will be school district reviews throughout the Commonwealth to determine if the goals of Education Reform are being met.

Gerry comes to DLS with a wealth of government knowledge and experience. For the past 13 years, he has worked as an inspector in DOR's Of-

fice of Internal Affairs. Previously, he was a police sergeant on the north shore. As a resident of Swampscott, he has served as chairperson of the capital improvement committee for six years and town meeting member for 10 years. Currently, he is a member of the finance committee that he chaired for several years.

Gerry has a bachelor degree in criminal justice from Northeastern University and an advanced degree in public administration from Suffolk University. ■

## Data Bank Director

The Municipal Data Bank's new director is Stanley Nyberg. Stan has just joined the Division of Local Services after having worked in DOR's Child Support Enforcement Division (CSE) as Data Integrity Coordinator/Internal Consultant for the past six years. Previously he was deputy chief of DOR's former MASSTAX Bureau.

While employed in CSE, Stan analyzed and modified the revenue accounting and case management system, developed data bases for financial and demographic information and supervised technical staff. Stan's unique talents

and abilities will be used to analyze data and to enhance the exchange of information with DLS constituents, e.g., municipal government officials, the administration, legislators, state agencies and the public.

He holds a Ph.D from State University of New York and subsequently a masters in public and private management from Yale University. In addition to his intellectual pursuits he has been active as a member of the board of directors for a children's home in Connecticut, as a fund raiser for his university, and playing rugby and running. ■

## Job Opportunity

DOR's Division of Local Services (DLS) is seeking a program manager to write, review and edit DLS articles and publications on a variety of local government finance topics, including the monthly publication *City & Town*. This employee will also assist in the production of technical manuals and other training materials by working with DLS staff and local officials to ensure their accuracy and clarity. In addition, this program manager will oversee division-wide special projects and coordinate the work of other staff. Other job duties will include

conducting research on state and federal programs and regulations as well as performing the qualitative research and quantitative analysis necessary to help the administration and legislature make policy decisions.

A minimum of four years experience is preferable and a bachelor's degree is required. Send cover letter, writing samples and resume to Marilyn H. Browne, Division of Local Services, PO Box 9655, Boston, MA 02114-9655, or fax to (617) 626-2330. ■

## Contingent Appropriations

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place no later than 45 days **after the close of the town meeting at which the contingent appropriation vote was taken**. If an election does not occur within that time period, the contingent appropriation is null and void;

- Other elections may be scheduled if the question is not approved at the first election, but they must be held no later than 90 days **after the close of the town meeting at which the contingent appropriation vote was taken**. If the voters have not approved the question upon expiration of the 90 day period, the contingent appropriation is null and void; and

- If the contingent appropriation was made from the tax levy, the tax rate cannot be submitted to the Commissioner of Revenue for approval until the question has been voted upon, or 45 days have passed, whichever occurs first. ■

## Legal

➔ continued from page two

**A:** Unless the municipality has accepted M.G.L. Ch.40 Sec.42J for water charges and/or M.G.L. Ch.83 Sec.16G for sewer charges, the taxpayer may not defer these utility charges which are added to the property tax bill for purposes of collection. If the taxpayer defers all or a portion of the real estate taxes, a lien called a Statement of Entry into Tax Deferral and Recovery Agreement is recorded at the Registry of Deeds and the tax amount deferred is treated like a tax title. The collector would certify all unpaid water and sewer charges to the tax title account. The deferred taxes will accrue interest at 8 percent. Interest on the utility charges would accrue at 16 percent, rather than 8 percent rate, if deferred. ■

Compiled by James Crowley

## Municipal Fiscal Calendar

### May 1

**Taxpayer:** *Deadline for Payment of Semi-annual and Quarterly Tax Bill Without Interest*

**Treasurer:** *Deadline for Payment of 2nd Half of County Tax*

**Accountant/Treasurer:** *Notification of Amount of Debt Due in Next Fiscal Year*

As required by M.G.L. Ch. 44, Sec. 28, the Accountant or Treasurer must notify the Assessors of all debt due in the next fiscal year because the town is required to pay its debts, appropriated or not.

Since all debt service must be paid, any debt service not covered by town meeting appropriations is added to the "Other Local Expenditures" category, found on page 2 of the Tax Recapitulation Sheet. It is important that the Assessors have this information in order to avoid setting a tax rate lower than required and raising insufficient revenue to cover the municipality's expenditures.

### May 15

**Treasurer:** *3rd Quarterly Reconciliation of Cash (due 45 days after end of quarter)*

**DOR/BLA:** *Commissioner Determines and Certifies Telephone and Telegraph Company Valuations*

## Deputy Commissioner

Early in March 1997, Joseph J. Chessey, Jr. joined the Division of Local Services (DLS) as its new Deputy Commissioner. Immediately prior to his arrival, he was serving his fifth term as mayor of the City of Chicopee, the only mayor of the city to have served that many terms. Before being elected mayor, he was a member of the board of alderman for four years, two of which were as its president. The former mayor comes to DLS ready for action after his many years of first hand experience in municipal management.

Currently, Deputy Commissioner Chessey is working on matters of concern to local officials. He is involved in plan-

ning school district reviews (Executive Order 393), overseeing property recertification and tax rate setting procedures for FY98, analyzing the effects of utility deregulation on municipalities and developing technology to enable local officials to send and receive data electronically.

Joe Chessey has lived in Chicopee all his life and he and his wife have two teenage children. Before his government service Joe ran a successful small business in his hometown and was active in local business associations. In addition to his official duties, he continues as an assistant scout master for the Boy Scouts of America. ■

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## Data Bank Highlight

### Appropriations and Revenues Report

Budgeting season is underway for cities and towns. The Appropriations and Revenue Report is a five-year summary of Tax Recapitulation Sheet data summarizing appropriations and revenues and tax levy. This report is useful for trend analysis in your community. The first part of the report shows all appropriations, deficits raised, state assessments and overlay. The second part of the report shows available revenues: state aid, local receipts, free cash and other funds. Part three shows the net amount that was raised from the property tax levy. ■

*To obtain Municipal Data Bank information contact: John Sanguinet at (617) 626-2355 for printed reports and data files; Burt Lewis at (617) 626-2358 for the On-Line Access System; or use the World Wide Web address below.*

### City & Town



*City & Town* is published 11 times a year by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials. DLS offers numerous publications on municipal law and finance, available by calling (617) 626-2300, or through the DLS World Wide Web site at <http://www.state.ma.us/dls> or by writing to PO Box 9655, Boston, MA 02114-9655.

**Marilyn H. Browne**, Editor

## CITY&TOWN

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