Massachusetts Department of Revenue

Division of Local Services

Informational GUIDELINE Release

Commissioner Ira A. Jackson
Deputy Commissioner Edward J. Collins, Jr.

Property Tax Bureau
Informational Guideline Release (IGR) No. 86-204
May 1986

OVERLAY SURPLUS -- PENSION LIABILITIES
Chapter 156 of the Acts of 1985

This IGR informs local officials of an amendment to G.L. Ch. 59 S.25 regarding the use of overlay surplus for a pension reserve fund.

Topical Index Key:
Accounting Policies and Procedures
Pension Costs

Distribution:
Selectmen/Mayors
Accountants/Auditors
Finance Committees
City Council Presidents

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF REVENUE
DIVISION OF LOCAL SERVICES

IRA A. JACKSON
COMMISSIONER

EDWARD J. COLLINS, JR.
DEPUTY COMMISSIONER

PROPERTY TAX BUREAU

INFORMATIONAL GUIDELINE
RELEASE NO. 86-204

Subject:

Use of Overlay Surplus

May 1986

OVERLAY SURPLUS - PENSION LIABILITIES

Chapter 156 of the Acts of 1985
(Amending G.L. Ch. 59 S. 25)

SUMMARY:

This Act now allows overlay surplus to be expended for a pension reserve fund as established pursuant to Chapter 40 Section 5D of the General Laws. Formerly, overlay surplus could only be used for extraordinary or unforeseen expenses.

GUIDELINES:

1. Overlay surplus is a new source to fund a community's unfunded pension liability.

2. Overlay surplus may be appropriated into the pension reserve fund, but may not be appropriated directly to pay for pension expenses.

PROPERTY TAX BUREAU
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Comm. from the Mass. Dept. of Revenue, transmitting informational guidelines dated May, 1986 Re: Overlay Surplus - Pension Liabilities, Chapter 156 of the Acts of 1985.

In City Council,

June 9, 1986