



Ira A. Jackson  
COMMISSIONER

THE COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF REVENUE  
DIVISION OF LOCAL SERVICES

OCT 17 2 55 PM '83  
CAMBRIDGE, MASS

EDWARD J. COLLINS, JR.  
DEPUTY COMMISSIONER

BUREAU OF ACCOUNTS  
INFORMATIONAL GUIDELINE

RELEASE No. 83-02

SUBJECT:

Alert - Financial Report  
Filings

Alert - Financial Report Filings

This is intended to call attention to a new requirement assigned to the Commissioner of Revenue concerning the monitoring of local government's annual financial reportings.

The Law

The 1984 local aid additional assistance distribution (Cherry Sheet item C 10) as enacted within the adoption of the 1984 state budget (Chapter 289, Acts of 1983) contained the following language.

0611-5500 "For additional assistance to cities and towns, to be distributed under the provisions of section three of this act; provided, however, that the final distribution of fiscal nineteen hundred and eighty-four shall not be paid until the commissioner of revenue has accepted the prior fiscal year's annual financial reporting requirements pursuant to the provisions of chapter forty-four, section forty-three of the General Laws".

Local Aid Fund	100%	\$485,719,394
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Explanation

Section forty-three of chapter forty-four deals with three specific annual reports.

1. The detailed statement of receipts, classified by source, and disbursements, classified by objects. This report is commonly known as the "Schedule A".
2. A statement of public debt showing the purpose for each item of debt and the provisions for payment.
3. A statement of assets and liabilities better known as a balance sheet.

Furthermore, section forty-three provides for the collection of any additional information pertaining to municipal affairs as the Director of Accounts considers to be of public interest. This would include items such as the quarterly bank reconciliation reports and the annual cash management reports.



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The legislature has expressed concern about the lack of certain fiscal information when working on legislation that potentially impacts local finances. Thus, they have adopted the requirement of filing compliance certification by the Commissioner prior to the release of the last quarterly payment of local aid. This last payment is usually distributed during June.

Procedure

During the month of November, the Bureau of Accounts will notify every local governmental unit of any deficiencies that exist in their failure to file. A plan for correcting the deficiency will be requested. Governmental units that have submitted all required financial reports will not be notified.

A second notice will be mailed in February. This notice will advise the local executive officer that failure to submit the missing reports will lead to a withholding, pursuant to the statutory requirement, of the June distribution of local aid.

The third and final notice will be sent out during May and will advise the State Treasurer's office of the deficiency. This notice will place a restriction on the distribution of the funds which will remain in effect until the deficiency is corrected.

Copies of all notices will go to the local accountant or auditor and the local treasurer as well as the local executive office or officers. The schedule above provides advance notice so that governmental units will have sufficient time to correct their deficiency before their distribution is scheduled to be released.

Comm. from Paul E. Healy, City Clerk, transmitting a comm. from the Dept. of Revenue, Div. of Local Services, Fiscal Services Section Re: a requirement that the Commissioner of Revenue monitor annual financial reportings of cities & towns.

In City Council,

October 17, 1983

10/17/83

Referred to the  
City Manager

copy sent to the City Manager

10/19/83 mh