

2 1/2 Override Report

What Happened

At Town Meeting in 2022 the town voted to authorize a 2 1/2 override to allow the town to raise the tax rate beyond what is typically allowed by statute.

An error occurred when setting the tax rate where the amount authorized by the 2 1/2 override was not incorporated into the tax rate. This caused the tax rate charged to residents to be lower than authorized at town meeting, and lower than what is needed to cover approved appropriations.

As the town has committed to spend the \$231,858 as approved at town meeting, the town is taking the following actions in order to meet its spending obligations.

At town meeting 2023 we will propose to fund the override with free cash.

Why did this happen?

Why was the 2 1/2 override not incorporated into the tax rate?

The system the town uses to set the tax rate is a shared system used by multiple departments. This is a system administrated by the Commonwealth of Massachusetts used by most if not all municipalities in the Commonwealth. The 2 1/2 override was not entered into this system properly.

Why was the 2 1/2 override not entered into the system properly?

As the system is updated by multiple departments and individuals each group has their own areas of responsibility. When changes are made, automated processes in the system account for the change and will provide errors should the system identifies an error. In this case, the system did not alert on a discrepancy between several sheets in the application.

Why wasn't this found prior to the tax rate being set?

The tax rate process relies on the aforementioned system to provide accurate information when setting the tax rate. This system had been used for many years with out error. This was the first 2 1/2 override that the town had approved in the tenure of those working in the system, and so there was no reason to expect this error would occur. In addition the Department of Revenue, our regulatory authority did not identify the error prior to enactment.

Recommended Actions to prevent future error

Reconciliation Process

This error was found during a reconciliation process that occurs in preparation for the subsequent budget season after the tax rate has been voted on. It is recommend that this reconciliation process occur as a review prior to the tax rate vote.

Additional independent review

Today the tax rate system is mostly operated by individuals who work closely with the system and numbers on a regular basis. Each group has their own section, but no group oversees the whole process. It is recommended that a person outside the process perform the reconciliation review. It has been proposed that the Town Administrator take this role.

Improved Coordination

Town departments will develop a shared calendar for cross department activities or due dates for annual reoccurring activities. It is recommended that the Town Administrator develop an agreed upon method to share critical dates in a centralized manner.

Department of Revenue Feedback

The town will provide feedback to the Department of Revenue, who is our regulatory authority in this matter, that DOR modify the software used to set the tax rate to prevent this error in the future. We will request that DOR implement in their system the ability to reconcile sources and uses between the appropriation sheet (Page 4) and the revenue sheets.

Signed

Valentine Reid
Select Board Chair

Richard Filoramo
Finance Committee Chair