

GEORGETOWN BOARD OF SELECTMEN
STANDARD OPERATING PROCEDURE
SNOW & ICE REMOVAL BUDGET – DEFICIT SPENDING

State law allows communities to deficit spend on snow and ice removal, one of the few areas where that is permitted. Cities and towns can either make up the shortfall in the current fiscal year, or they can carry the cost into the next fiscal year. The particular provisions that permit this are set out in M.G.L. Chapter 44: Section 31D "Snow and ice removal; emergency expenditures; reporting requirements", which states

Any city or town may incur liability and make expenditures in any fiscal year in excess of available appropriations for snow and ice removal, provided that such expenditures are approved by the town manager and the finance or advisory committee in a town having a town manager, by the selectmen and the finance or advisory committee in any other town, by the city manager and the city council in a city having a city manager or by the mayor and city council in any other city; provided, however, that the appropriation for such purposes in said fiscal year equaled or exceeded the appropriation for said purposes in the prior fiscal year. Expenditures made under authority of this section shall be certified to the board of assessors and included in the next annual tax rate.

Every city or town shall annually, not later than September fifteenth, report to the division of local services of the department of revenue the total amounts appropriated and expended, including any funding or reimbursements received from the commonwealth, for snow and ice removal in the fiscal year ending on the preceding June thirtieth.

There are several requirements to the statute that are important to bear in mind. The first is that a request by the Highway Department to deficit spend for snow and ice removal requires approval of both the Board of Selectmen and the Finance Advisory Committee. The second is that the ability to deficit spend is granted by the state only so long as the snow & ice removal budget for the current fiscal year is equal to or exceeds the budget for that purposes in the prior fiscal year. This means that should the town decrease the budget appropriation relative to the preceding year, the ability to deficit spend for this purpose will be lost. *This point should be considered during development of the budget.*

It is our understanding that the funding or reimbursement for the deficit can be made up by transfer from existing funds (such as free cash, stabilization fund, reserve funds and the like) or by way of an increase in tax rate for the next fiscal year, or a combination thereof. However, any amount of the deficit to be raised through an increase in the tax rate is limited by the levy limit of the town. That is, we do not understand M.G.L. Chapter 44: Section 31D to put this amount outside of the limitations that Proposition 2-1/2 places on the town's ability to levy taxes.

RECOMMENDED OPERATING PROCEDURES:

- The Highway Surveyor should provide the Town Administrator, BOS and FinCom with monthly reports, on the 1st Monday of each month from December 1st through April 1st, of the current spending for snow & ice removal.
- The Highway Surveyor should alert the Town Administrator, BOS and FinCom when fifty (50) percent and when seventy-five (75) percent of the snow & ice removal budget has been spent or otherwise encumbered.
- Upon or before exhausting the snow & ice removal budget, the Highway Surveyor will submit to the BOS and FinCom (with a copy to the Town Administrator), a request to deficit spend on that account. The request should include a complete analysis of expenses to date.
- Appreciating that winters in New England are unpredictable, in considering the request for deficit spending, the BOS and Highway Surveyor should nevertheless develop a plan that accounts for the likely remaining storms and snow/ice removal needs.
 - In the past, the BOS and FinCom have approved deficit spending without any limits. We encourage future boards to set a dollar limit on any deficit spending, and regularly review spending against that limit with the Highway Surveyor.

- Sample Motions

Motion approving deficit spending in the Snow & Ice Removal Account # _____ in the amount of \$ _____ for the purpose of purchasing salt and sand for snow plowing operations, and for paying independent contractors for snow plowing.