



October 21st, 2021

An Update on Free Cash

Deborah Wagner – Bureau of Accounts Director



In our January 7th, 2021 article entitled "[Counting Free Cash – Another Update](#)," we noted yet another new record in total statewide certifications of \$1.915 billion as of 7/1/2019. This was a 9.2% increase over the amount certified as of July 1, 2018, and well above the 2.5% increase that July 1, 2018 totaled over July 1, 2017.

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In that same article, we questioned whether the legislation that extended appropriation of July 1, 2019 free cash beyond June 30, 2020, plus the general economic slowdown due to the pandemic would lead to a significant reduction in total free cash certified as of July 1, 2020. The crystal ball foreseeing local government's fiscal future was not completely clear at that time. With all the data now in, we'll determine if the trend of a consistent annual increase in total certified free cash continued.

July 1, 2020 Certifications

The streak continues. July 1, 2020 certified free cash totaled \$1,950,974,770. The \$35.8 million increase, however, was only 1.9% over free cash certified as of July 1, 2019. This total did continue a trend in total free cash over \$1 billion that began as of July 1, 2012 as shown in the graph below. Certifications have increased from July 1, 2009 to July 1,

Accounts

- **Spread the Word: Connector Offers Help Paying for Health Insurance**

By the Numbers

City & Town provides updates on the progress of the tax rate and certification season while also allowing you to follow the tax rate setting process in real time. Thanks to our Municipal Databank staff, this public information is available 24/7 by [clicking here](#).

Preliminary Certifications

Approved: 34

Final Certification: 24 (of 74 total)

LA4 (Assessed Values)

Approved:
101 (122 submitted)

LA13 (New Growth)

Approved:
100 (121 submitted)

Tax Rates Approved: 26

Balance Sheets Approved:
124

2020 by about \$1.3 billion.



In this certification period, 349 communities were certified. Of these, five were certified in the negative ranging from \$104,193 to \$2,402,830. The greatest increase in free cash was Boston at \$13.9 million, while Cambridge had the greatest decrease at \$36.8 million. Across the board, we saw a median increase of \$432,477 and median decrease of \$409,413.

Free Cash Certifications

	Less than \$1 Million	Between \$1 Million and \$2 Million	Between \$2 Million and \$3 Million	Between \$3 Million and \$4 Million	Between \$4 Million and \$5 Million	Between \$5 Million and \$10 Million	Greater than \$10 Million
7/1/2016	121	69	46	24	17	39	30
7/1/2017	116	76	42	21	19	41	32
7/1/2018	112	80	41	25	14	42	34
7/1/2019	118	68	38	26	20	40	39
7/1/2020	115	64	38	30	21	41	40

Did outliers have any effect on the statewide total? July 1, 2020 certifications for Boston and Cambridge were \$428 million and \$210 million, respectively, or about one-third of the total. The same can be said for their certifications as of July 1, 2019. If their certifications are removed from the last two fiscal periods, the statewide total for the remaining communities reveals a 4.7% increase compared with the 1.9% noted in the above Free Cash Certification chart.

Despite the rise seen in the statewide total, not every community experiences an increase from the previous period, as shown in the graph below. Note that in only one

Total Aggregate Free Cash
Approved: \$880,197,881

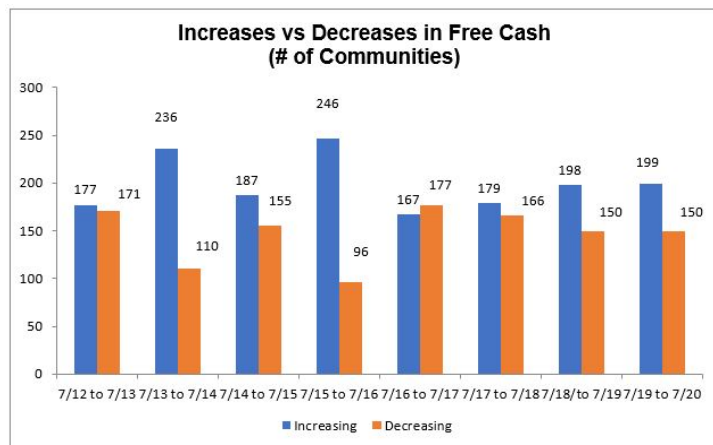
Important Dates & Information

8 of 58 Abatement Applications Now Submitted Via DLS Gateway

Starting Wednesday October 6, 2021, applications to abate a locally assessed tax or charge pursuant to G.L. c. 58, § 8 should be submitted through DLS Gateway. Upload of a completed [Schedule 58.8](#) is required for submission. Visit [the Municipal Finance Law Bureau's 8 of 58 webpage](#) for more information on the application process. Step-by-step instructions for submitting 8 of 58 applications using Gateway can be found on the Gateway landing page.

For general guidance on the standards and policies governing applications for authority to abate local taxes and charges under G.L. c. 58,

fiscal period shown (7/1/17 vs 7/1/16) did the number of communities with a decrease in certified free cash exceed those with an increase in certified free cash.



The Effect of the Pandemic on July 1, 2019 Certifications

Normally, free cash cannot be appropriated until it has been certified by the Director of Accounts; any unappropriated balance expires after the next June 30 and is unavailable for appropriation after June 30 and must then be recertified after a new balance sheet has been submitted and reviewed as of July 1.

However, [Section 6 of Chapter 53 of the Acts of 2020, "An Act to Address Challenges Faced by Municipalities and State Authorities Resulting From COVID-19,"](#) extended the free cash certification time period beyond June 30 as a funding source for the FY2021 expenditures of a city, town or district if its annual budget was delayed beyond June 30, 2020 due to the COVID-19 emergency.

This extension authorized an appropriation of the July 1, 2019 free cash certification until the earlier of the setting of the FY2021 tax rate or a new certification is approved as of July 1, 2020. This extension had to be first granted by the Director of Accounts. Extensions were granted for 123 towns; no special purpose districts applied. A review of the Tax Rate Recaps approved for these 123 towns revealed that 61 took advantage of their extension. Therefore, although

§ 8, please refer to Informational Guideline Release ([IGR 2020-10](#)).

Sewer Rate Relief Fund - FY2022

The Division of Local Services has issued [Bulletin 2021-10](#) containing application instructions for Sewer Rate Relief in FY2022.

For FY2022, \$1.5 million has been appropriated. Applications must be returned by Friday, October 29, 2021 as noted in the Bulletin.

To review other recent DLS Bulletins and Informational Guideline Releases, please see [this page](#) on the DLS website.

Municipal Vulnerability Preparedness (MVP) Planning 2.0 Request for Responses

The [Massachusetts Municipal Vulnerability Preparedness \(MVP\) program](#), created in 2017, provides support for cities and towns in Massachusetts to identify climate hazards, assess vulnerabilities, and develop

62 others were prepared, their extension proved unnecessary. For the 61 towns, an additional \$61.1 million was appropriated from July 1, 2019 certified free cash after July 1, 2020.

Very Early Indications

As of this writing, almost 100 cities and towns have free cash certified as of July 1, 2021 and many results show a significant increase over their amount certified as of July 1, 2020. We remain cautiously optimistic that this good financial news will continue and prove initial thoughts of a significant free cash reduction in this new certification period false. Emergency federal and state financial assistance to local governments in response to the pandemic continues to provide a measure of financial support, which has been a factor in the increases in free cash realized to date.

In January, we will have an article on free cash certifications for the as of 7/1/21 period, as we will have more data available then. For all cities, towns and special purpose districts, please re-read our *City & Town* article on [Fiscal Stress – A Diminishing Level of Reserves](#), December 6, 2018 on how to improve free cash position and for policies on generating and using free cash.

Data Highlight: Free Cash Data Analytics and Research Bureau

The Data Analytics and Research Bureau (DARB) offers a wide variety of municipal, financial and socioeconomic information. This month's data highlight focuses on free cash.

Free cash is a revenue source that results from the calculation, as of July 1, of a community's remaining, unrestricted funds from its operations of the previous fiscal year based on the balance sheet as of June 30. It typically

and implement action plans to improve resilience to climate change. As the program reaches its 5-year anniversary, the Commonwealth of Massachusetts' Executive Office of Energy and Environmental Affairs (EEA) is looking to work with a partner team to formulate a planning process, trainings, and resources for updating the MVP plans and the priority actions identified within them.

We are looking to formulate an update process (nicknamed MVP Planning 2.0) that is accessible, inclusive, engaging, equitable, collaborative, and actionable. Project tasks include stakeholder engagement, developing step-by-step guidance of the update process, and creating tools and trainings to go along with the refreshed approach.

The MVP program is committed to centering environmental justice and equity in MVP Planning 2.0 and is seeking to engage with a partner(s) that has expertise in this area as well as with climate resilience planning, creating engaging

includes actual receipts in excess of revenue estimates and unspent amounts in departmental budget line items for the year just ending, plus unexpended free cash from the previous year. Free cash is offset by property tax receivables and certain deficits, and as a result, can be a negative number. To see free cash certified for all cities and towns since FY2003, click [here](#).

Remember to visit the [Municipal Finance Trend Dashboard](#) which includes trends in certified free cash data under [Category One](#) - Operating Position. Please be sure to also visit our City and Town Municipal Finance Snapshot [page](#). Choose a Dashboard subject to open the corresponding map and hover over a community to see snapshots of key municipal data elements across several categories for each municipality.

Please reach out if you need help navigating the data or with any questions databank@dor.state.ma.us.

2021 "What's New in Municipal Law" Seminar Materials and Discussion Summaries Now Available Online Municipal Finance Law Bureau

We are pleased to announce that the 2021 "What's New in Municipal Law" court decisions video, workshop materials, and discussion summaries are now available online. The presentation consists of narrated videos discussing recent cases related to municipal finance and municipal law. Workshop materials and discussion summaries can be found below.

["What's New in Municipal Law" 2021](#) (video)

["What's New" PowerPoint presentations](#) (pdf)

["What's New in Municipal Law" 2021 Alphabetical Listing of ATB and Court Decisions](#) (pdf)

and accessible content, and working with local MA governments.

[The Request for Responses \(RFR\) can be found here](#) and **closes at 5pm on November 22, 2021**. Questions can be submitted through the Commbuys "Bid Q&A" or at the Bidders' Conference (see the Procurement Calendar within the RFR).

Responses to questions are estimated to be posted to Commbuys on November 2, 2021.

OSD Spotlight Campaign: Episode #3

The OSD Local Government Enablement (LGE) Team is hosting the third episode of the Spotlight Campaign which aims to connect municipal audiences with OSD's Statewide Contracts and COMMBUYS.

Join us on Wednesday, November 3rd, 10-11am, for **FAQs from Municipal Buyers: Your Questions Answered**. This virtual event will feature a representative from the OSD Help Desk, who will discuss solutions to municipal buyers' most common

[Department of Elementary and Secondary Education: Transportation payments during the COVID pandemic, RSD stabilization funds, special education funds and the regional transportation reimbursement fund](#) (pdf)

[Workshop A](#) - Solar/Windpower Exemptions and PILOTS ([Discussion Summary](#))

[Workshop B](#) - Proper Municipal Expenditures and Special Funds ([Discussion Summary](#))

[Workshop C](#) - Tax Collection ([Discussion Summary](#))

To view the seminar's website, please [click here](#).

Highly Recommended: Reconciliation of Accounts Financial Management Resources Bureau

The DLS [Financial Management Resources Bureau](#) has been offering financial management advice to municipalities across the state for over 30 years. To share this guidance more broadly, we thought it would be helpful to highlight some of our more useful, timely, or interesting recommendations for the benefit of *City & Town* readers. In this edition, we focus on reconciliation of accounts.

Regular reconciliation of the accountant or auditor's general ledger to the treasurer's cash and the collector's accounts receivable is the basis of strong internal controls and good cash management practices. A lack of prompt and frequent reconciliations undermines the credibility and integrity of the community's financial position by putting it at risk for fraud or undetected errors. Reconciling cash is needed to provide certainty of the community's ability to meet ongoing obligations, whereas receivables reconciliations confirm the status of revenue collected. Despite the importance of this internal control, incomplete or absent reconciliations are a common finding by external auditors, which might indicate larger, systemic management issues. Unreconciled accounts

questions, followed by a member of the OSD Training team who will share resources to assist COMMBUYS users in building confidence in the system.

To learn more, [click here](#).

To register, [click here](#).

Attend OSD's Upcoming Buyer Kickoff Event in October

We hope you will join us! OSD's Buyer Kickoff event, held virtually, provide the opportunity to learn more about the contracts and how to use them. Plus, you'll also hear from the awarded vendors.

ITS77 Buyer Kickoff Event (IT Staff Augmentation)

Friday, October 22, 10:00 – Noon

[Click here for the event link](#).

Contact Susan Aalpoel with questions at

susan.aalpoel@mass.gov.

Departmental Revolving Funds IGR

The Division of Local Services (DLS) has issued and posted

often delay closing the books, reduce free cash, and may require costly outside help to rectify the community's records after the fact.

The treasurer, as the community's custodian of revenues, tax titles and tax possessions, is required to maintain a cashbook to record the flow of cash into and out of all municipal bank accounts. These accounts must be reconciled to the cashbook to verify that deposit, withdrawal, and transfer activity is properly recorded. The collector maintains a control book for each receivable type (i.e., real estate, personal property, excise taxes, liens, and special assessments) that records commitments, refunds, collections, abatements, returned checks, and tax title transfers. The collector must independently verify that the total of all activity agrees to the listing of individual outstanding balances. Other departments may be responsible for receivables such as utility, light, and recreation that also require a control book and similar reconciliations. The results of the treasurer, collector, and departmental internal reconciliations are forwarded to the accountant or auditor to be compared to the general ledger. When variances are identified between these sets of records, the responsible financial officers should meet to determine the causes (e.g., missing information, input errors, timing differences) and agree on a resolution.

For all communities, reconciliation to the general ledger should occur monthly. However, using online banking, the treasurer should be regularly monitoring and reconciling ongoing activity and balances so the month-end reconciliations can be completed immediately after the bank statements are available. Likewise, the collector may find reconciling the control book more frequently saves time in researching discrepancies at month-end. To prioritize reconciliations, every community should establish a formal policy with procedures to assign dates, responsibilities, and resolution and reporting requirements. All reconciliations should be formally documented, attested to by the appropriate personnel, maintained on file, and available for either internal or external audit and review. Ongoing

Informational Guideline Release (IGR) 2021-23 informing local officials about the procedures and requirements of departmental revolving funds.

[IGR-2021-23](#)
[– DEPARTMENTAL REVOLVING FUNDS](#)

To access additional IGRs and Bulletins, please visit this [webpage](#).

Webinar on Yarmouth's Streamlined Tax Rate Recap Process

On August 4th, local officials from Yarmouth joined DLS in hosting a webinar to walk through how their financial management team completes prepares the tax rate recap. In their presentation, the team in Yarmouth highlighted not only the technical aspects that streamlines this process, but also how collaboration amongst the financial management team leads to success.

The town is routinely amongst the first communities to submit its tax rate recap to DLS for review

financial team meetings can be helpful to establishing protocols, holding parties accountable, and fostering continuity when vacancies occur in the financial offices. The community's management and executive body should be kept informed of reconciliation status and any outstanding issues.

FMRB considers reconciliation to be a core policy every community should adopt, a sample of which can be found on our website [here](#).

Spread the Word: Connector Offers Help Paying for Health Insurance Massachusetts Health Connector

Help us encourage members in your community who need health insurance to take action. Starting November 1st, Massachusetts residents who need health insurance or who may be eligible for lower-cost coverage through new premium help can apply for 2022 coverage through the Massachusetts Health Connector. Please share this information with residents and local organizations working with your community to help individuals and families access affordable health coverage.

As the state's official health insurance exchange, the Health Connector provides exclusive access to help paying for health insurance premiums. Many people who apply for coverage through the Health Connector can get help paying for their insurance, and with new federal subsidies created by the American Rescue Plan, some people making over \$80,000 are now eligible for help paying for their insurance.

The Health Connector provides two different programs for help paying for coverage. ConnectorCare plans, for people earning up to about \$38,000 a year or about \$78,600 for a family for four, provides zero and low-cost premiums, very low co-pays, and no deductibles. For those earning more money, help is available through federal advance premium

each year. The [recorded version](#) of the webinar is now available online. In addition, the slides from their presentation are available for reference [here](#). You can also find [DLS' Budget and Tax Rate Planning Tool](#), which the team Yarmouth uses as part of their automated process, on our website, along with other helpful [tools and templates](#).

Municipal Audits Webinar and Training Materials

Thank you to all who joined our *Overview of Municipal Audits* webinar hosted by the Office of the Inspector General and the Division of Local Services. The [recorded webinar](#) is now available on [the DLS Municipal Finance Training & Resource Center](#). The training provides information on the different components of the audit, the benefits of having an audit completed, the best practices for procuring a local audit, and how often a community is required to have an external audit completed. DLS and OIG staff also answered other questions from attendees. The [slides](#) from the presentation are also available online.

tax credits, which can help people save hundreds of dollars a month on their health insurance premiums. To find out what kind of savings are available in two minutes or less, Massachusetts residents can use the [Health Connector's "Get an Estimate" tool](#).

For those who need health insurance in 2022, informational webinars with the Health Connector are scheduled for Wednesday, Nov. 17, and Tuesday, Dec. 14. Please check the Health Connector's [events page](#) for updates and more details about upcoming webinars. All webinar recordings are saved [here](#).

Residents who want to apply can go online any time at www.MAhealthconnector.org to complete an application and find out what help is available. Also, local help is available from [Navigators throughout the state](#) for people who have questions or need support with an application.

In addition, you can review the [Municipal Audits: FAQs](#) document that provides answers to common questions regarding municipal audits, including procurement and preparing for audits.

We look forward to offering training opportunities on this and other municipal finance topics in the future! Be sure to bookmark the [Municipal Finance Training & Resource Center](#) and subscribe to our [YouTube channel](#) to stay updated on new items added.

**Land of Low Value Post
Affidavit Process and Deeds
in Lieu of Foreclosure IGR**

The Division of Local Services (DLS) has issued and posted Informational Guideline Release (IGR) 2021-22 informing local officials of the administrative foreclosure process following the receipt of a Commissioner of Revenue's affidavit pursuant to a Land of Low Value tax title foreclosure application and how communities may accept title from the owners of properties on which there are municipal liens as an

alternative to tax taking and foreclosure proceedings.

IGR-2021-22 – [LAND OF LOW VALUE POST AFFIDAVIT PROCESS AND DEEDS IN LIEU OF FORECLOSURE](#)

To access additional IGRs and Bulletins, please visit this [webpage](#).

Tax Agreements for Affordable Housing Developers & "Brownfields" IGR

The Division of Local Services (DLS) has issued and posted Informational Guideline Release (IGR) 2021-21 informing local officials about tax collection and tax abatement agreements with developers of affordable housing, including changes made by the Municipal Modernization Act in 2016. It also includes standards and procedures for tax agreements and accepting and implementing a local option law that permits tax agreements in connection with the cleanup of contaminated sites or "Brownfields."

IGR-2021-21 – [Tax Agreements for Affordable](#)

[Housing Developers &
"Brownfields"](#)

To access additional IGRs and Bulletins, please visit this [webpage](#).

**Senior Citizen and Veteran
Property Tax Work-off
Abatement Program IGR**

The Division of Local Services has issued and posted Informational Guideline Release (IGR) 2021-20 informing local officials about two local acceptance statutes that that allow cities and towns to establish property tax work-off programs for senior citizens and veterans.

IGR-2021-20 – [SENIOR
CITIZEN AND VETERAN
PROPERTY TAX WORK-OFF
ABATEMENT PROGRAMS](#)

To access additional IGRs and Bulletins, please visit this [webpage](#).

**Accelerating Clean
Transportation for All**

Please view the following announcement from the Massachusetts Clean Energy Center regarding funding opportunities for

Accelerating Clean
Transportation for All. Please
[click here](#).

Assessment IGRs

The Division of Local Services (DLS) has issued and posted Informational Guideline Releases (IGR) 2021-18 and 2021-19 informing local officials that assessors no longer are required to obtain prior written approval from the Commissioner of Revenue to assess taxes on commonland in cluster developments or planned unit developments to owners of individual lots in the development and about the requirements for local assessors to assess partially completed construction improvements in common areas of phased unit condominium developments.”

IGR-2021-18: [ASSESSMENT OF CLUSTER DEVELOPMENT COMMONLAND](#)

IGR-2021-19: [ASSESSMENT OF PRESENT INTERESTS IN PARTIALLY-COMPLETED CONDOMINIUM CONSTRUCTION](#)

Special Injury Leave Indemnity Fund IGR

The Division of Local Services (DLS) has issued and posted Informational Guideline Release (IGR) 2021-16 informing local officials about a local option provision allowing the establishment of a Special Injury Leave Indemnity Fund for the payment of injury leave compensation and medical bills of police officers and firefighters injured on duty.”

[IGR-2021-16: Special Injury Leave Indemnity Fund](#)

To access additional IGRs and Bulletins, please visit this [webpage](#).

Cybersecurity Health Check Program

The Office of Municipal and School Technology provides the following program available to Massachusetts municipalities and schools. If you have any questions, please contact Catherine.Marques@mass.gov

[Cybersecurity Health Check](#)

The Cybersecurity Health

Check Program provides opportunities for local government to access basic cyber security services at no cost.

These services can be a good first step in discovering, assessing and identifying cybersecurity gaps that could impact IT systems that support essential business functions. This is a rolling application.

DLS Links:

[COVID-19 Resources and Guidance for Municipal Officials](#)

[Events & Training Calendar](#)

[Municipal Finance Training and Resource Center](#)

[Local Officials Directory](#)

[Municipal Databank](#)

[Informational Guideline Releases \(IGRs\)](#)

[Bulletins](#)

[Tools and Financial Calculators](#)



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