

A Publication of the Massachusetts Department of Revenue's Division of Local Services



May 16th, 2024

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**Important Dates & Information****DLS Spring Update**

Given the seasonal nature of certain reporting requirements, municipal responsibilities, billing processes and regulatory functions, we are utilizing seasonal pages on our website that provide helpful resources, tools and guidance you might find useful for the time of year. In Spring, local finance officials are continuing to prepare the FY2025 budget in addition to working on other important spring priorities highlighted below. Bookmark our Spring resources [here](#).

**DLS Training & Resource Survey**

DLS is requesting your feedback in a short survey to help us learn about your experience using our online [Municipal Finance Training & Resource Center](#). Your response will assist us in prioritizing and publishing future trainings, guides, and webinars. The survey is anonymous and takes around three

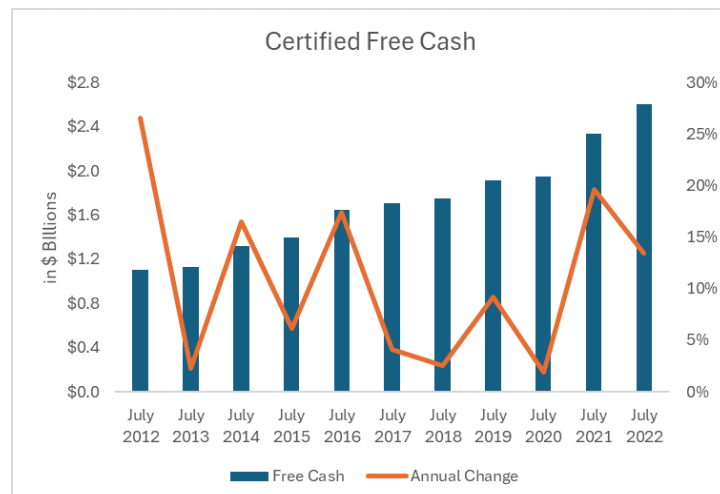
**Another Free Cash Update**

Tony Rassias - Deputy Director of Accounts

Our April 6th, 2023 *City & Town* article entitled [“Free Cash Update”](#) provided early indications of July 1, 2022 free cash certifications showing more increases than decreases and the continued growth of free cash as a percentage of the operating budget. The following piece expands our scope to include what we saw when certifications were completed for this certification period as well as a preliminary overview of certified free cash as of July 1, 2023. For an informational overview of free cash, please see our [“Introduction the Free Cash” video](#).

**As of July 1, 2022 Certifications (approved during FY2023)**

Free cash certifications totaled \$2.65 billion, increasing \$313.7 million (13.4%) over the previous year.



minutes to complete. To complete the survey, please click [here](#). Thank you!

**FY2025 Preliminary Cherry Sheet Estimates**

The Division of Local Services (DLS) has posted on its website preliminary cherry sheet estimates based on the Senate Ways and Means' (SWM) FY2025 budget recommendation.

[Municipal estimates receipts and charges](#)  
[Regional school estimated receipts and charges](#)

The SWM budget recommends funding Chapter 70 at \$6.9 billion, or \$316 million (4.8%) higher than the FY2024 GAA, and increases Unrestricted General Government Aid (UGGA) by \$38.1 million (3%) to \$1.309 billion. More detailed information regarding Chapter 70 and other school finance related initiatives contained in the HWM budget can be found on the Department of Elementary and Secondary Education (DESE) website at <http://www.doe.mass.edu/finance/chapter70>. Information includes the Chapter 70 aid calculations, minimum contributions and net school spending requirements.

Cherry sheet estimates for charter school tuition and reimbursements are based on estimated tuition rates and projected enrollments under charters previously issued by the Board of Elementary and Secondary Education. Please be advised that charter school assessments and reimbursements will change as updated tuition rates and enrollments become available. Estimates for the school choice assessments may also change significantly when updated to reflect final tuition rates and enrollments.

It is important for local officials to remember that these estimates are preliminary and are subject to change as the legislative process unfolds.

Please contact [localaid@dor.state.ma.us](mailto:localaid@dor.state.ma.us) with any questions.

**Reimbursement for Certain Transportation Costs Available to Municipalities**

Under the *Every Student Succeeds Act* (ESSA), children in foster care are required to remain in their "School of Origin" as long as it is

Municipal accounting officials reported to the Bureau of Accounts (BOA) that \$821.1 million of free cash came from FY2022 estimated receipts above budget, \$647.2 million from budgeted but unspent FY2022 appropriations and \$1.1 billion from unobligated free cash of the prior year (i.e. certified free cash as of July 1, 2021).

In this certification period, 348 communities were certified with positive free cash, one negative and two had no submission. The greatest free cash increase was in Boston at \$74.7 million and the greatest decrease in Cambridge at \$15.2 million. For communities that had free cash certified for both fiscal years, we saw a median increase of \$704,970 and median decrease of \$487,445.

Certifications for Boston and Cambridge of \$440.7 million and \$199.3 million respectively had a considerable effect on the total statewide July 1, 2022 certification. Their total represented about 24% of the state total and if their certifications are removed from the last two fiscal periods, the statewide total increase for the remaining certified communities in both years reveals a net 14.2% increase rather than a net 13.4% total increase as noted above.

The following table categorizes free cash certifications.

	Free Cash Certifications (greater than \$0)							Total Certified > \$0
	< \$1 million	\$1 million to \$2 million	\$2 million to \$3 million	\$3 million to \$4 million	\$4 million to \$5 million	\$5 million to \$10 million	> \$10 million	
7/1/2020	110	64	38	30	21	41	40	344
7/1/2021	86	48	45	30	27	56	55	347
7/1/2022	82	48	44	34	23	60	57	348

Despite the rise in the statewide total, not every community experienced an increase from the previous period as shown in the graph below. Note that in only one fiscal period shown did the number of decreases exceed increases.

deemed to be in the best interest of the child. The School of Origin is responsible for funding the cost of this transportation.

The Executive Office of Health and Human Services (EOHHS), in a partnership with Department of Children and Families (DCF) and Department of Elementary and Secondary Education (DESE), has developed a methodology that can reimburse a share of these transportation costs through Title IV-E (a section of the Social Security Act that provides federal reimbursement to states for services provided to children in foster care).

This voluntary program allows Local Education Agencies (LEAs) to report their eligible transportation expenditures for children in foster care to the state to be claimed for federal reimbursement. LEAs typically receive around 18% of total reported costs.

In FY23, 59 LEAs received a total of \$1.4M in reimbursement. Three items are required to claim reimbursement:

- 1) a Memorandum of Understanding between the City/Town/Regional School District, EOHHS, DESE, and DCF
- 2) Annual cost report
- 3) Annual cost report attestation.

For more information, contact [ESSAClaiming@pcgus.com](mailto:ESSAClaiming@pcgus.com) or [click here](#).

**BULLETIN-2024-3: G.L. c. 44, § 53 Clause 4 - Connect America Fund Phase II (CAF II) Auction Proceeds Received Pursuant to the Westfield Gas And Electric Winning Bid**

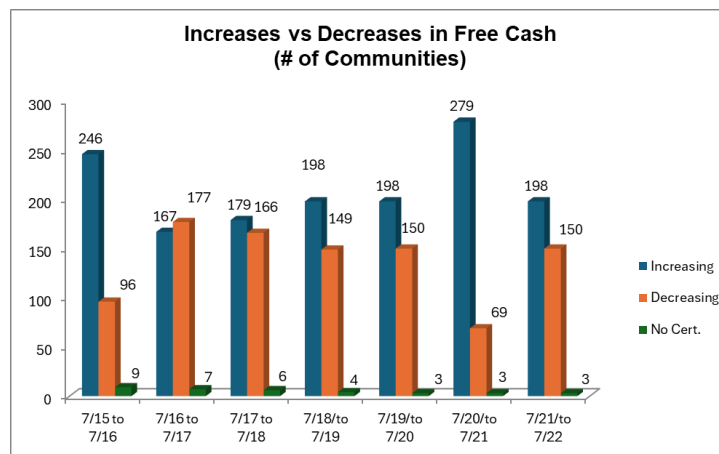
The DLS Director of Accounts has issued [Bulletin 2024-3](#).

On December 4, 2023, Governor Healey signed [Chapter 77 of the Acts of 2023](#). Section 9 of the law provides, in part, for an exception to the legal requirement that all receipts are to be recorded as general fund revenue per [G.L. c. 44, § 53](#).

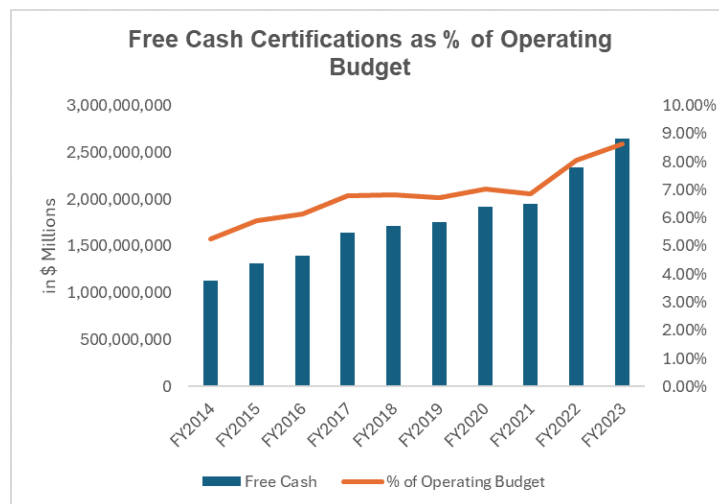
Municipalities now have the option to account for CAF II Auction Proceeds in a special revenue fund.

[BUL-2024-3 – G.L. c. 44, § 53 Clause 4: Connect America Fund Phase II \(CAF II\) Auction Proceeds Received Pursuant to the Westfield Gas And Electric Winning Bid](#)

To access IGRs, LFOs and Bulletins,



It is helpful to measure free cash as a percentage of the general fund operating budget. As shown in the following graph, statewide free cash as a percentage of budget has increased to 8.6% from 5.3% in FY2014.



The following table categorizes free cash certifications where the increases occurred. It shows a significant decrease in the number below 5% of budget, which is an indicator of increased balance sheet strength.

Free Cash Certifications (greater than \$0) as % of Budget						
	<5%	5% to 7.5%	>7.5% to 10%	>10% to 15%	>15% to 20%	>20%
7/1/2020	151	82	42	44	10	15
7/1/2021	84	88	77	56	21	21
7/1/2022	81	95	67	61	24	20

#### Appropriations

BOA does not receive information regarding purpose of each

please visit this [webpage](#).

### FY2025 Budget Issues and Other Related Matters

The Division of Local Services (DLS) Bureau of Accounts (BOA) has issued and posted Bulletin (BUL) 2024-2. This Bulletin addresses several topics that cities, towns, regional school and other districts should consider for FY2025 budgeting and other related matters.

[BUL-2024-2](#): FY2024 Budget Issues and Other Related Matters

To view the bulletin, [click here](#). To access IGRs, LFOs and Bulletins, please visit this [webpage](#).

### Funding Available for Municipal Accessibility Improvements

The FY25 Application for the [Municipal Americans with Disabilities Act \(ADA\) Improvement Grant](#) from the Massachusetts Office on Disability (MOD) will be open from May 1st, 2024 at 9am through June 15th, 2024 at 5pm. Any Massachusetts city or town is eligible to apply. These grants support capital improvements specifically dedicated to improving programmatic access or removing barriers encountered by persons with disabilities in applicant facilities.

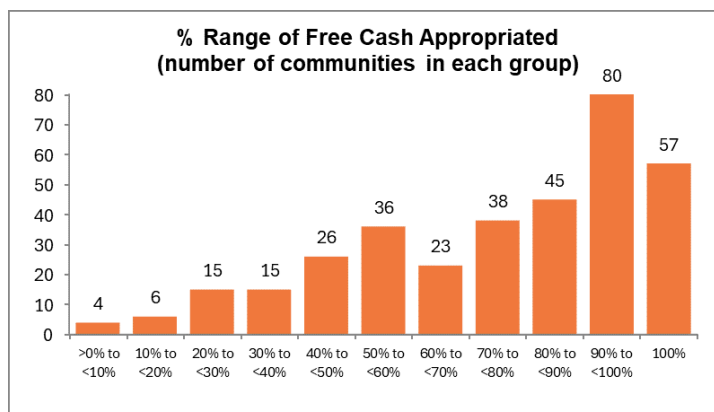
### Municipal Vulnerability Preparedness (MVP) Program FY25 Action Grant Funding Round Now Open

The Executive Office of Energy and Environmental Affairs is seeking proposals for MVP Action Grants, which provide eligible communities funding to implement priority climate adaptation actions. Projects are required to use climate data and projections. Projects that propose nature-based solutions, advance equity, and that have robust community engagement plans are preferred.

Applicants can request up to \$3 million in funding (regional proposals may request up to \$5 million), and a 10% match of the total project cost is required (see RFR for exceptions). Significant changes to the RFR from the last funding round are outlined on page 1. The link to the RFR and required forms can be accessed through the [MVP program website](#) or directly on [COMMBUYS](#). Action Grant proposals are due by 2pm ET on Wednesday, April 24, 2024 (via online form, see RFR for details) for project proposals that complete by June 30, 2025, or June 30, 2026.

appropriation. However, we can determine whether the appropriation was made in total for a particular purpose, to reduce the tax rate, or a combination of both.

Included in the 348 communities with positive free cash during the July 1, 2022 certification period were three that appropriated \$0 from their certification, 57 that appropriated their entire certification and eight that left unappropriated an amount under \$100. The following table shows the range of free cash appropriated and the number of communities in that range.



For the 345 communities that appropriated free cash, 288 voted for particular purposes only, while 57 voted a combination of particular purposes and to reduce the FY2023 and/or FY2024 tax rate. None voted to reduce the FY2023 tax rate only and six voted to reduce the FY2024 tax rate only. The total amount appropriated was \$1.5 billion or 56% of the total statewide July 1, 2022 certification.

The previous graph represented the amount of free cash appropriated from the July 1, 2022 certification which encompassed both FY2023 and FY2024. The following image represents a sample of the color-coded visualizations [available on our website](#) of the amount of free cash being appropriated against each fiscal year's budget.

The MVP team hosted a recent webinar about this FY25 funding round. The recording can be accessed [here](#).

## MassGIS' Statewide Geospatial Strategic Planning Initiative

MassGIS is undertaking an update of the state's geospatial strategy, last updated in 2007. MassGIS would like all geospatial data and technology users in municipal and regional government, state government, federal agencies, non-profit organizations, higher education, utilities, and the private sector to participate in the development of the strategy.

The strategy will lay out the strategic direction for all geospatial activities in the Commonwealth. MassGIS will lead the strategy development. Applied Geographics (AppGeo), a national company that has done such work for dozens of states, is under contract to assist with this update. The work will begin with distribution of a [survey](#) to capture initial input and feedback. The survey is intended for anyone who uses geospatial data or technology.

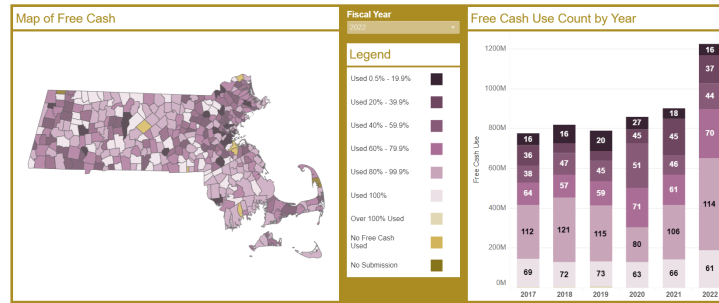
[Click here to take the survey](#)

## Informational Resource Page for City/Town Clerks

The Division of Local Services is pleased to announce the availability of materials on the Municipal Finance Training & Resource Center under [resources by position](#) to assist city or town clerks. A city or town clerk is an integral member of the municipal management team and a central information point for residents. While the job responsibilities may vary from community to community in Massachusetts, the clerk is a bonded official who is the municipality's record keeper and often the chief election officer. The new page is one stop shopping for the following topics important to clerks:

- Overview of responsibilities
- Adopting local option excise
- Local elections and town meeting
- Local Officials Directory
- Municipal debt and borrowing
- Proposition 2 ½ votes
- Record legislative action
- Tax rate setting process

Be sure to bookmark the [Municipal Finance Training and Resource](#)



## Preliminary Indications for July 1, 2023 Certifications (approved in FY2024)

At the time of this writing, 335 cities and towns have free cash certified as of July 1, 2023 with 181 showing increases and 154 showing decreases from their prior certification. The statewide total increase for these 335 is \$106.4 million or 4.1% over their previous certification supported in large part by Boston's \$73.8 million or 16.7% increase. Without Boston's certification in the calculation, the increase thus far is \$32.6 million or 1.5%. Data for the same 335 communities indicates that free cash as a percent of budget continues to be strong at about 8.5% of FY2023 general fund operating budgets statewide.

The data reveals that four communities (Springfield, Chicopee, Swansea, Brockton) had a decrease in July 1, 2023 certified free cash of greater than \$10 million from their previous July certification and three (Boston, Lee, Fall River) had an increase of greater than \$10 million. This and more data can be found in the DLS Municipal Finance Trend Dashboard, Operating Position report [here](#). Final results will be reported in our next update.

To review color-coded maps of free cash and other statewide statistics, visit our [Municipal Finance Visualizations](#). Utilize the Municipal Financial Self-Assessment and the Municipal Finance Trend Dashboard tools for community-specific data trended over a multi-year period. Also, please review our *City & Town* article on "[Fiscal Stress – A Diminishing Level of Reserves](#)" for a refresher on how to improve free cash position and for policies on generating and using free cash. For FAQs on free cash, see our "[Counting Free Cash](#)" article from 2017.



[Center](#) page and subscribe to our [YouTube channel](#).

### Latest Issue of *Buy the Way* Now Available

Don't miss [Issue #26 of Buy the Way](#), the official magazine of the Operational Services Division (OSD).

[Click here](#) to get news and updates from OSD delivered to your inbox.

## DLS Links:

[Events & Training Calendar](#)

[Municipal Finance Training and Resource Center](#)

[Local Officials Directory](#)

[Municipal Databank](#)

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

[Bulletins](#)

[Tools and Financial Calculators](#)



# CPA Webinar Recording Now Available, Registration Open for *Gateway for Assessors* Webinar

The Division of Local Services is pleased to announce the availability of its *Community Preservation Act (CPA)* webinar recording and highlight next week's webinar *Gateway for Assessors*.

## Community Preservation Act Webinar Recording Available Now

Our *Community Preservation Act* webinar [recording](#) is now available on the [DLS YouTube Channel](#). During the webinar, DLS staff introduced participants to the Community Preservation Fund. The webinar touched on the community preservation committee responsibilities, discussed eligible expenditures, and talked about the revocation process. The presentation wrapped up with an overview of the fund through the operation of a fiscal cycle and discussed the Community Preservation reporting requirements.

The [recorded version](#) of the webinar is available on the DLS YouTube channel, along with the [presentation slides](#). Additionally, the following resources were highlighted during the webinar [Community Preservation Act](#) webpage, [IGR-2019-14 - Community Preservation Act](#), [Community Preservation Coalition's](#) webpage and the [BOA Field Staff](#) municipal assignment list.

## Register Now for the *Gateway for Assessors* Webinar

Are you new to assessing or would you like to better understand assessment trends in your community? If so, the Division of Local Services' *Gateway for Assessors* webinar on May 23rd at 10am is for you!

We'll review some of the common assessment forms in Gateway and teach you how to extract and review assessment data. Learn how to build a better understanding of market conditions in your community by viewing historical trends and peer communities.

Bureau of Local Assessment staff will answer questions following the presentation and a recording of the webinar will be available on the DLS YouTube channel for those unable to attend the live presentation.

Click [here](#) to register. If you have any questions about this webinar, please email us at [dlstraining@dor.state.ma.us](mailto:dlstraining@dor.state.ma.us). A confirmation with login details for the webinar will be shared once you have registered.

Be sure to bookmark the [Municipal Finance Training and Resource Center](#) page and subscribe to our [YouTube channel](#) to stay updated on new items added.

## **DLS Hosts Financial Forecasting Training Workshop for Western MA Local Officials**

DLS is pleased to announce that the inaugural financial training program attended by several western Massachusetts towns was a great success. Based on responses to the DLS financial forecast survey last summer, we piloted an all-day in-person training program this past February. The goal of the hands-on program was for participants to leave with the beginning of a multiyear forecast for their community. To further support the workshop, we offered a virtual help session and a brief in-person wrap-up meeting. We would like to thank the communities of Belchertown, Charlton, East Longmeadow, Holland, Lunenburg, Monson, Palmer and Southampton for participating in this program.

We are happy to report that these communities finished the day with a significant foundation to their forecasts, while acquiring a broad understanding of how to complete and maintain the tool. Follow-up conversations confirm the majority of the communities have completed their forecasts and are using them as a vital part of their financial planning process.

The workshop materials are available on the [DLS website](#) for those communities ready to develop a forecast on their own. There are two forecast templates - one with a 10-year lookback and one with a five-year lookback, allowing a community to choose the amount of historical information that is relevant to their planning process. Also posted is a manual that provides step-by-step instructions for completing all sections of the template.

For communities needing additional support, and based on the success of the first workshop, we are planning on offering additional trainings across the Commonwealth. These trainings will be offered as two half-day sessions (one for revenues, one for expenditures), with the option of a third working wrap-up session. **We are currently looking for communities interested in attending, but also hosting the event.** Please email the [Financial Management Resource Bureau](#) to indicate your interest along with the best time of the fiscal year for you to attend.

We also want to extend a thank you to the Palmer Police Department for hosting the forecast workshop and associated meetings.

**Editor:** Dan Bertrand

**Editorial Board:** Kasey Bik, Sean Cronin, Emily Izzo, Paula King, Jennifer McAllister and Tony Rassias

Contact *City & Town* with questions, comments and feedback by emailing us at [cityandtown@dor.state.ma.us](mailto:cityandtown@dor.state.ma.us). To view previous editions, please [click here](#).

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