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MAYOR JOSHUA A. GARCIA

CITY OF HOLYOKE

April 15, 2022

Holyoke City Councilors
Re: Free Cash Calculation – Fiscal Year 2022

Dear Honorable City Councilors,

Attached is our Free Cash Certification for the City. For the first time in years, the City produced a positive Free Cash Balance of \$2,382,813 and retained earnings of our Sewer Enterprise Fund of \$593,032. Although this is good news and a sign that the City is heading in a positive direction, we have a lot more work to do to ensure we have a strong fiscal foundation and direction.

In the Free Cash Certification recap sheet attached, you'll notice \$1,681,553 worth of deficits that are subtracted from our Free Cash potential. These deficits are a combination of different revenue accounts from previous fiscal years, some going way back. My goal is to build an internal control system that ensures when we transition from one fiscal year to the next, any special revenue accounts that are in deficit within an existing fiscal year are balanced.

As for those deficits that have been on the books for a very long time, currently our City Auditor has been aggressive with getting those balanced and we look forward to continuing to collaborate with the Council with supporting transfer strategies to close those deficits.

As for the \$2,382,813 available Free Cash Certification, upon presenting my proposed FY23 budget to the City Council, I will also be presenting a plan on how we can make one-time investments using free cash. My plan will include a percentage to go into Emergency Stabilization, an amount to invest in ongoing catch-up work in the Treasurer's office, an amount to invest in capital needs, and an amount to start a Capital Stabilization Account.

An important note: Of the available \$2,382,813 of free cash, \$1,591,290.58 of it will need to be transferred to the Marijuana Impact Fee Stabilization Account. When the City collected its first round of impact fee money before the special revenue account was created, the funds went into the general fund which is now reflected in the free cash balance. We have host community agreements with marijuana companies that commit the city to spend the money on eligible projects that mitigate community impact. For that reason, I also look forward to signing off on a transfer request to move those funds where they belong.

Thank you, Councilors, for your attention to this. I look forward to presenting to you a proposal soon. Feel free to reach out if you have any questions, comments, and suggestions.

Sincerely,

Joshua A. Garcia, Mayor
City of Holyoke

Cc: City Auditor

CITY OF HOLYOKE
BY CITY COUNCIL

DATE April 19, 22
REFERRED TO COMMITTEE ON
Finance
BRENNAMURPHY MCGEE, CLERK