



City of Everett
Office of the Mayor
Carlo DeMaria, Jr.
484 Broadway
EVERETT, MASSACHUSETTS 02149

PRESS RELEASE

Monday, October 31, 2016

MAYOR DEMARIA ANNOUNCES CITY CERTIFIED FOR \$6.7 MILLION GENERAL FREE CASH AND 1.6 MILLION WATER SEWER ENTERPRISE FUND

Mayor Carlo DeMaria is pleased to report that the Department of Revenue recently certified the City's free cash in the amount of \$6,705,227. Free cash is a revenue source which results from the calculation, as of July 1, of a community's remaining, unrestricted funds from operation of the previous fiscal year. It includes actual receipts in excess of revenue estimates and unspent amounts in department budget line items, plus unexpended free cash from the previous year. For the last several years, the City has retained well over \$5 million in free cash, showing that the City is proactive in its fiscal management, something that bond rating agencies, bond buyers, and the DOR all look favorably upon.

"I am pleased to report that free cash is well over the \$6 million mark," states Mayor DeMaria, "Our diligent and conservative approach to revenue forecasting, our sound fiscal management of expenditures, and our financial reserve policies have served us well and have allowed us to retain our secure financial position and a AA bond rating with Standard and Poor."

This year the impressive amount of certified free cash was a result of conservative budgeting by Mayor DeMaria and his administrations as well as appropriation turn backs by City departments. Diligent collection of tax titles also helped to boost the amount of certified free cash. One aspect of free cash comes from higher than anticipated revenue collections in such accounts as motor vehicle excise taxes, license and permit fees, and meals taxes. In addition, the water and sewer enterprise account has a certified free cash amount of \$1.6 million and has seen its lowest rate increase in years. These positive results are an outcome of Mayor DeMaria's efforts to reduce water usage and invest in new infrastructure, specifically due to the installation of new high-tech water meters.

The new water meters have eliminated the need for the city to estimate water bills. All bills are now based on actual readings, providing more accurate readings and allowing residents to track their water use, making it easier to plan and budget. In addition, the City is able to better detect leaks within the municipal water system and residential properties. The Water Department can now also advise property owners of pipe leaks or inefficient fixtures on their property. Identifying and repairing leaks quickly saves everyone money and allows the city to more accurately assess water usage. Finally,

the new meters can be used to document water usage in the collection of funds from municipal lien certificates for real estate transactions.

In addition to contributing to free cash, these increased revenue streams are also a good indication that the City is moving forward with new development and that the local economy is picking up. Licenses and permits, which were estimated at \$700,000, came in over one million dollars- a clear indication that developments are thriving in Everett. Meals taxes were more than \$100,000 higher than anticipated, showing that local restaurants and shops are benefiting from an increase in business.

As part of the FY2017 budget process, Mayor DeMaria continued abiding by his prudent Financial Reserve Policies, which sets forth specific use of free cash as a funding source for the City's reserve accounts. These policies state that 50% of the certified free cash can be appropriated to various reserve accounts, including the Stabilization Fund, the City's Other Post-Employment Benefits Liability (OPEB) Trust Fund, and the Capital Improvement account. Fifteen percent (15%) will go into Stabilization, fifteen percent (15%) into the OPEB Fund, and twenty percent (20%) will go toward Capital Improvement.

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For additional press information please contact:

Tom Philbin

Director of Communications

City of Everett

484 Broadway

Everett, MA 02149

617-309-8038

Tom.Philbin@ci.everett.ma.us