



January 20, 2026

Mayor Joshua A. Garcia  
City of Holyoke  
536 Dwight Street  
Holyoke, MA 01040

Dear Mayor Garcia:

The purpose of this letter is to inform the City of Holyoke that the Division of Local Services (DLS) has completed the procurement process for a vendor to assist with cash reconciliation services on the City's behalf. It also outlines the DLS role in supporting and guiding the City's municipal finance operations as they relate to regulatory reporting requirements and management practices.

The Division of Local Services has historically worked closely with the City, performing reviews at its request and issuing reports with comprehensive recommendations, as noted below:

[Holyoke Financial Management Review](#) – December 2007  
[Holyoke Review of Financial Management Structure](#) – March 2015  
[Holyoke Financial Management Update](#) – February 2020  
[Holyoke Financial Policy Manual](#) – June 2023

Our involvement with the City escalated due to multiple, ongoing financial issues related to incomplete cash reconciliations for FY2023 through the current period, as follows:

- The free cash certification for the period ending June 30, 2023, was reduced by almost \$931,000 due to an unreconciled cash variance and an adjustment required as the proof did not support the free cash amount calculated.
- The City was unable to have free cash certified for the period ending June 30, 2024, due to incomplete cash reconciliations.
- No FY2024 Schedule A was submitted by the City, resulting in a delay in the City's local aid payments.
- The City's audit firm issued a draft audit for FY2023 with a disclaimer of opinion related to their inability to determine the City's FY2023 cash balances, because of unreconciled cash. The FY2023 audit remains unissued.
- In October 2025, Holyoke nearly defaulted on more than \$30M in short-term borrowing due to incomplete cash reconciliations that prevented the issuance of audited financial statements for FY2023 and FY2024. As a result, the City's bond rating agency pulled its rating thereby denying access to bond markets. Had this debt not been approved through the state's qualified bond program, reliant on the credit of the Commonwealth, it would have defaulted. To date, it is our understanding that the City's rating has yet to be restored.

On September 22, 2025, in my role as Director of Accounts, I issued a letter to the City outlining the above issues and informing the City of several requirements for the FY2026 tax rate and the FY2025 free cash certification, including monthly status updates and the receipt of audited

financial statements for the previous fiscal year in advance of free cash certification for the period ended 6/30/2025.

On October 1, 2025, I issued another letter requiring the City to produce within 60 days of the date of the letter all outstanding cash reconciliations, as allowed pursuant to G.L. c. 44, § 38. Under this statute the Director of Accounts (the Director) “may require of city, town, or district officials such action as will tend to produce uniformity of accounting systems and standards through the commonwealth.” One such standard is cash reconciliation. To date, the City has indicated these reconciliations of cash accounts remain outstanding.

I further informed the City that if they were unable to comply with the request I would take action permitted in [G.L. c. 44, § 41](#) to ensure compliance, including by contracting for any services necessary or appropriate to do so, including contracting on behalf of the City for any professional or technical services necessary to perform said reconciliations. Further, the costs of the services shall be incurred by the Commonwealth, but payment shall be deducted by the State Treasurer, pursuant to section 20A of chapter 58, from any amount distributable or payable by the Commonwealth to the City.

Also, pursuant to G.L. c. 44, § 43, the Director “shall collect from the proper local authorities such other information pertaining to municipal affairs as in the director's judgment may be of public interest. All auditors, accounting officers and other officials and custodians of public money of cities and towns shall properly complete and promptly return all schedules required of them to the director.”

As the City was unable to comply with my request, I have exercised the Director’s authority permitted in G.L. c. 44, § 41 and initiated a procurement process for a vendor to perform cash reconciliation services on the City’s behalf. That procurement process has recently concluded.

A contract with CliftonLarsonAllen, LLP (CLA) has been executed for cash reconciliation services for FY2023 and FY2024 and possibly FY2025 should the parameters of the contract allow. The contract period begins February 2, 2026, and ends June 30, 2026. The contract amount is not to exceed \$200,000. This amount will be withheld from the City’s local aid payment and remitted to the contractor directly by the Commonwealth. We will contact the City to arrange an initial meeting between DLS, the City, and CLA likely onsite in the City.

DLS, the City, and CLA will meet weekly to review work status. Additionally, DLS will continue to meet monthly with the City after this contract concludes to review cash reconciliations to ensure they continue to be completed in a timely manner. This is in addition to the requirements for audited financial statements for free cash certification noted previously above. It is our hope that working collaboratively, we will address and remediate certain systemic fiscal challenges that have prevented the City from fulfilling its regulatory reporting requirements and enacting successful financial management practices.

Please feel free to reach out to me with any questions at [wagnerd@dor.state.ma.us](mailto:wagnerd@dor.state.ma.us)

Sincerely,



Deborah A. Wagner  
Director of Accounts

Cc: Sharon Bittner-Willis, Professional Accountant  
Rory Casey, City Treasurer  
Tessa R. Murphy-Romboletti, City Council President  
Devin Sheehan, Vice Chair, School Committee  
Anthony Rassias, Deputy Director of Accounts  
Jared Curtis, Western Regional Supervisor  
Matthew Andre, Field Representative