

Finance Committee Members Present:

Christos Arsondiadis, Rob Barker, Dan Cole, Cynthia Holcombe, Emilio Mauro, Tim McKenna, Barbara Saint André and Wai Wong.

Finance Committee Members Absent: Cindy Thomas.

Guests Present:

Jim Murgia, Finance Director
Ellen Jones, Finance Committee Secretary

Opening: A meeting of the Canton Finance Committee was called to order by Chairman Barker at 7:02 p.m. on Monday, February 11, 2019 in the Salah Meeting Room of Town Hall.

A. Approval of Agenda

Chairman Barker reviewed the items on the agenda which included discussions of free cash certification, the revenue Forecast for FY20, municipal and school operating budgets and an initial review of Town Meeting warrant articles.

B. Announcements

Chairman Barker reminded the Committee to report any planned absences for upcoming meetings to the Finance Committee secretary.

C. New Business

Free Cash Certification as of July 1, 2018 – Mr. Murgia provided the following information regarding the Town's notification of free cash approval from the Department of Revenue, Division of Local Services:

- General Fund free cash was certified at \$4,383,423 as of July 1, 2018.
- Sewer Enterprise Fund free cash was certified at \$2,028,086 as of July 1, 2018.
- Water Enterprise Fund free cash was certified at \$1,615,054 as of July 1, 2018.
- Rink Enterprise Fund free cash was certified at \$73,022 as of Jul 1, 2018.
- ATM 2019 will be asked to appropriate \$500,000 of free cash for the Washington/Randolph Street Intersection.
- Free cash will also be used to fund various water and sewer projects.
- The Rink free cash of \$73,000 will be a source of funds for small expenses in FY20 for the Rink.
- The cash reserves at the end of FY18 totaled \$15.8 million or 16% of budget.
- The total cash reserves is made up of: \$4.3 million free cash, \$7.7 Stabilization Fund and \$3.8 Assessors Overlay Fund. The Board of Assessors decreased the Assessors Overlay by \$1.5 million which will be used to fund the rink reconstruction.
- The unreserved designated fund balance of \$9.8 million less the Assessors Overlay balance of \$5.2 million at the end of FY18 leaves a balance of \$4.6 million considered as deferred revenue. The \$4.6 is adjusted by personal property taxes, real estate taxes and other deficits for a remaining balance of \$4.3 million of free cash. The state adjusts any free cash balances if it finds any deficit balances in any funds.

Revenue Forecast for FY20 – Mr. Murgia provided a summary of the recent meeting of the Revenue Forecasting Committee as follows:

- The Revenue Forecasting Committee (RFC) voted **\$800,000 in new growth**: \$600,000 in real estate new growth and \$200,000 of personal property new growth.
- With the new growth figured in the estimated FY20 **unused levy capacity** would be \$35,955. One year ago the unused levy capacity was \$595,000 but \$500,000 of that was used to help out the School Department with its SPED budget shortfall.
- The RFC supported a **cherry sheet state aid** FY20 budget of \$8.9 million.
- With regard to **local receipts** the RFC supported \$4.3 million for motor vehicle excise taxes, an increase of \$80,000 from \$200,000 to \$280,000 for interest income and an increase to \$200,000 for reimbursements (School Medicaid).
- **Transfers** from other funds (Ambulance) was increased by \$100,000. The \$100,000 would go directly to the Fire Department. The Water and Sewer Fund transfers are based on Mr. Murgia’s formulas.
- With regard to **Fixed Costs and State and County Charges** the RFC agreed with the Governor’s FY20 estimates on the Cherry Sheet.

In conclusion the RFC recommended a **total expenditure FY20 budget of \$98,541,200**. The breakdown is as follows:

Total Revenues:	\$98,541,200
Less Cash Capital Expenditures:	(1,500,000)
Less State & County Charges:	(1,233,217)
Less Fixed Costs:	<u>(30,066,497)</u>
Amount to be allocated for FY20 operating expenses:	\$65,741,486
67% for FY20 School Expenses:	\$44,014,362
33% for FY20 Municipal Expenses:	\$21,727,124

Mr. Murgia noted that any funds received from the state with regard to Chapter 70 would go directly to the School Department. The budgets would increase by approximately 3.8% for FY20.

Discussion and Votes Taken for the Municipal and School Department FY20 Operating Budget Target Numbers

The Finance Committee did not discuss at length the RFC recommendation. Ms. Saint André was complimentary about the conservative job well done by the RFC.

A motion made by Ms. Saint André to recommend an FY20 operating expenses target number of \$44,014,362 for the School Department was seconded by Mr. Mauro. Vote: 8-0-0.

A motion made by Ms. Saint André to recommend an FY20 operating expenses target number of \$21,727,124 for the School Department was seconded by Mr. Mauro. Vote: 8-0-0.

Mr. Murgia will convey the target numbers to Mr. Aspinwall (Town Administrator) and Mr. Nectow (School Business Administrator). The municipal and school department budget requests for FY20 will have to be cut or an operating override would have to take place.

Warrant Articles for ATM 2019

The Finance Committee received the executed copy of the ATM Warrant that had been voted on by the Board of Selectmen. The Committee spent considerable time deciding on which Committee members would be writing the discussions for the Finance Committee Recommendations to the Voters for Town Meeting. Mr. McKenna volunteered to write the discussions for all of the Planning Board/Zoning Articles. Chairman Barker asked the Finance Committee secretary to email last year’s warrant to the members for use in writing the discussions.

D. Other Business/Open Issues

Posting of the FY2019 Base Annual Salary Report/CY2018 Gross Annual Salary Report to the Finance Committee's Website

Ms. Saint André made a motion to post the salary report to the Finance Committee's website. The Committee discussed it and decided that it did not require an official vote by the Committee but was in agreement about posting the salary report to the Finance Committee website.

Mitigation Accounts Summary – The last Mitigation Accounts Summary report posted to the Finance Committee's website was from 2017. Ms. Saint André requested that an updated Mitigation Accounts Summary be posted to the Finance Committee's website.

E. Approval of Minutes

The minutes for the meeting of December 12, 2018 were still being worked on.

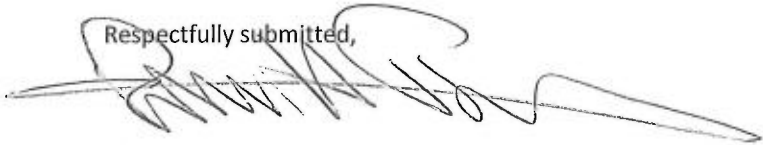
A motion made by Mr. McKenna to approve the minutes of January 17, 2019 as written was seconded by Mr. Mauro. Vote: 6-0-2. Ms. Saint André and Ms. Holcombe abstained.

F. **Next Meeting Date:** The next Finance Committee meeting would take place on February 25, 2019.

Adjournment: A motion made by Ms. Saint André to adjourn the meeting at 8:02 p.m. was seconded by Ms. Holcombe. Vote: 8-0-0.

Minutes reviewed by: Tim McKenna

Respectfully submitted,



Rob Barker
Chairman, Canton Finance Committee

**Canton Finance Committee Meeting
Monday, February 11, 2019
Meeting Documents**

Please note: Some meeting documents may be found on the Town's website under the Posted Minutes section (Laser Fiche).

Some of the Municipal and School Department budgets or Annual Town Meeting documents referred to in Finance Committee meetings may be found on the Finance Committee page of the Town's website.

Agenda for February 11, 2019. (1 page).

Memorandum from Department of Revenue to Jim Murgia regarding Notification of Free Cash Approval, dated 1/18/19 (5 pages).

Balance Sheet as of June 30, 2018, dated 2/7/19 (2 pages).

Summary of General Revenues and Expenditures, dated 2/6/19 (7 pages).

Email from Steven Moore of Blue Hills Regional Technical High School regarding Blue Hills Assessment, dated 1/29/19 (1 page).

Letter from Norfolk County Agricultural High School to Mr. Barker, Chairman, Finance Committee, dated 2/8/19 (1 page).