

Members Present:

Rob Barker, Nichola Gallagher, Cynthia Holcombe, Tim McKenna, Barbara Saint André and Cindy Thomas.

Members Absent: All members were present.

Guests Present:

Jennifer Fischer-Mueller, Superintendent, Canton Public Schools
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 7:03 p.m. on Monday, April 2, 2018 in the Salah Meeting Room of Town Hall.

A. Approval of Agenda

Chairman Barker reviewed the items on the agenda which included reviewing a revised motion for Article 19 Motion 10, voting on transfers from the general fund and voting on Article 64 - the operating budget.

B. Announcements

Chairman Barker announced that there would be four vacancies on the Finance Committee and that interested residents should contact the Town Moderator.

C. New Business

Chairman Barker thanked Canton Community Cable for their coverage of the Finance Committee meetings.

Chairman Barker decided to proceed with the meeting out of order from the agenda and start with Article 64, the budget article, since Dr. Fischer-Mueller was in attendance.

Vote – Article 64 Motion 1 – Vote to Transfer Available Funds

Mr. Murgia explained the purpose of Article 64 Motion 1. He referred the Committee to an exhibit in the beginning of the Recommendations entitled Summary of Revenue and Expenditures. Specifically, he called their attention to the “transfers from other funds” line item in the general fund revenue section of the exhibit. Transfers from other funds for FY19 is \$2,626,374. He stated that there is money in other funds that is needed in the general fund in order to make the budget balance out. Mr. Murgia referred the Committee to Article 64 Motion 1 for the detail behind the \$2,626,374 transfers. He read the list of transfers.

Vote to Transfer Available Funds		
WITH A VOTE THAT \$2,626,374 BE TRANSFERRED AS FOLLOWS:		
<u>TRANSFER FROM</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
AMBULANCE SERVICE	\$950,000	FIRE DEPARTMENT
WATER ENTERPRISE FUND	584,844	FIXED COSTS
SOLAR FACILITY	339,422	TOWN-WIDE ELECTRICITY
SEWER ENTERPRISE FUND	326,670	FIXED COSTS
AMBULANCE SERVICE	169,560	DEBT SERVICE
SCHOOL FOOD SERVICE	160,500	HEALTH INSURANCE
GREENLODGE STREET PARKING FEES	70,000	EXECUTIVE OFFICE
BOND PREMIUM FUND	10,378	DEBT SERVICE
SALE OF LOTS/GRAVES	10,000	CEMETERY MAINTENANCE
CEMETERY PERPETUAL CARE (EXPENDABLE)	5,000	CEMETERY MAINTENANCE
TOTAL	\$2,626,374	

Mr. Murgia explained that these transfers consist of revenues received by various departments that help balance the budget. Ms. Saint André recused herself. Mr. Murgia has a formula that he uses in order to determine the enterprise fund transfer amounts. This formula contains many different things in order to come up with items such as the Water Enterprise Fund Transfers and the Sewer Enterprise Fund Transfers (health insurance costs, other post-employment benefits costs).

He further stated that many individuals become confused with the “purpose” column of this chart and he suggested to the Committee that the “purpose” column could be removed from the exhibit. He confirmed that these transfers are not unexpected and something the Town does every year in order to balance the budget. Mr. Murgia explained that the Department of Revenue provides to cities and towns a checklist of items for a purpose that the enterprise fund transfers could be used for. The Committee discussed it and agreed that the “purpose” column should remain in the exhibit.

A motion made by Ms. Gallagher to transfer \$2,626,374 as printed in the “Vote to Transfer Available Funds” exhibit in the warrant was seconded by Mr. McKenna. Vote: 5-0-0.

Ms. Saint André returned to the meeting.

Vote – Article 64 Motion 2 – Transfer \$700,000 from Free Cash to Special Education Reserve Account for FY19

Mr. Murgia provided a recap to the Committee regarding the \$700,000 transfer. He explained that the School Committee had recently attended a Finance Committee meeting stating that they had a \$2 million gap in the School Department budget due to unexpected out of district special education costs. Of the \$2 million gap, the School Department will be reallocating \$800,000 from the operating budget to the out of district special education budget leaving a gap of \$1.2 million. The only way money can be spent from the Special Education Reserve Account is by a vote of both the School Committee and the Board of Selectmen. Article 64 Motion 2, if approved at Town Meeting, will transfer \$700,000 from free cash to the Special Education Reserve Account for FY19.

A motion made by Ms. Gallagher to recommend that \$700,000 be appropriated to the Special Education Reserve Account (#250) by transfer from Free Cash (Undesignated Fund Balance) in the Treasury of the Town was seconded by Ms. Holcombe. Vote: 6-0-0.

Mr. Murgia stated that most likely sometime in July the School Committee will meet to vote to release the \$600,000 for the FY18 budget and then the Board of Selectmen will be asked to approve that transfer as well.

Vote – Article 64 Motion 3 – School Department Operating Budget for FY19

Mr. Murgia referred the Committee to their handouts which contained a 2-page “Operating Budget by Voting Category” summary. The School Department budget amount listed for FY19 is \$42,396,405. This amount is the Finance Committee’s target budget number of \$41,896,405 based on the revenue projections plus \$500,000 of excess (or unused) levy capacity. He further stated that there had been discussion that the School Department’s special education FY19 budget had a \$2 million gap and that \$800,000 would be reallocated from the School’s operating budget to the special education out of district budget reducing the gap to \$1.2 million. The Committee also voted to recommend to Town meeting a transfer of \$700,000 from free cash to the Special Education Reserve Account leaving a remaining gap of \$500,000. It was recommended to the School Committee that \$500,000 of excess levy capacity could be added to the three main accounts in the special education out of district budget.

Ms. Saint André inquired if the Board of Selectmen had voted on the School Department budget and the use of the \$500,000 unused levy capacity for the School Department’s budget. Mr. Murgia stated that the BOS does not usually take a position on the School Department’s budget. He further stated that the Finance Committee has the jurisdiction over the revenue and unused levy capacity, therefore, he felt that it was unnecessary for the BOS to take a position on that.

Mr. McKenna inquired if there would be any remaining unused levy capacity after recommending \$500,000 for the School Department Budget. Mr. Murgia stated that there would be approximately \$36,000 of estimated unused levy capacity remaining at this point in time. The actual unused levy capacity would be determined in the fall when the Town sets its tax rate. If new growth and state aid is better than expected this could increase the amount of the unused levy capacity.

Ms. Gallagher inquired as to the history of the unused levy capacity. For several years the Town has had a balances of unused levy capacity available. Mr. Murgia explained that unused levy capacity is recurring revenue and that the \$500,000 will increase the School Department for FY19 and going forward. The School Department base budget for FY20 will start at \$42,396,405. The downside to using unused levy capacity is that taxes will go up next year. Mr. Murgia stated that the bond rating agencies do prefer to see a balance of unused levy capacity because it gives the Town the flexibility to handle emergencies that come up.

A motion made by Ms. Saint André to recommend \$42,396,405 for the School Department operating budget for FY19 was seconded by Ms. Gallagher. Vote: 6-0-0.

Vote – Article 64 Motion 3 (continued) – Municipal Departments Operating Budgets for FY19

Chairman Barker inquired if the Finance Committee could vote the bottom line for each of the categories: municipal, fixed costs, water enterprise, sewer enterprise and rink. Mr. Murgia stated that Town Meeting votes each of the department budgets separately and that the Finance Committee should do the same.

A motion made by Mr. McKenna to recommend \$362,876 for the Assessors operating budget for FY19 was seconded by Ms. Thomas. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$375,217 for the Building and Zoning operating budget for FY19 was seconded by Ms. Thomas. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$35,203 for the Committee and Commissions operating budgets for FY19 was seconded by Ms. Holcombe. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$141,322 for the Conservation Commission operating budget for FY19 was seconded by Ms. Holcombe. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$391,319 for the Council on Aging operating budget for FY19 was seconded by Ms. Thomas. Vote: 6-0-0.

Ms. Saint André recused herself from discussing and voting the Executive Area operating budget.

A motion made by Mr. McKenna to recommend \$1,131,250 for the Executive Area operating budget for FY19 was seconded by Ms. Thomas. Vote: 5-0-0. Ms. Saint André rejoined the meeting.

A motion made by Mr. McKenna to recommend \$1,088,745 for the Finance Department operating budget for FY19 was seconded by Ms. Holcombe. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$6,114,373 for the Fire Department operating budget for FY19 was seconded by Ms. Holcombe. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$362,737 for the Health Department operating budget for FY19 was seconded by Ms. Thomas. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$779,515 for the Parks & Recreation operating budget for FY19 was seconded by Ms. Holcombe. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$66,170 for the Planning Board operating budget for FY19 was seconded by Ms. Thomas. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$5,061,662 for the Police Department operating budget for FY19 was seconded by Ms. Thomas. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$1,299,292 for the Public Library operating budget for FY19 was seconded by Ms. Holcombe. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$2,918,371 for the Public Works Department operating budget for FY19 was seconded by Ms. Holcombe. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$263,983 for the Town Clerk and Elections operating budgets for FY19 was seconded by Ms. Thomas. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$293,913 for the Veterans' Services operating budget for FY19 was seconded by Ms. Thomas. Vote: 6-0-0.

The Municipal Departments operating budget requests for FY19 total \$20,685,948. The Finance Committee does not vote the total budget request number.

Vote – Article 64 Motion 3 (continued) – Fixed Costs Operating Budgets for FY19

A motion made by Mr. McKenna to recommend \$1,214,066 for the Blue Hills Regional fixed costs budget for FY19 was seconded by Ms. Holcombe. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$4,639,138 for the Debt Service fixed costs budget for FY19 was seconded by Ms. Holcombe. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$12,658,908 for the Employer Share-Health/Life fixed costs budget for FY19 was seconded by Ms. Holcombe. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$20,000 for the Norfolk County Agricultural High School fixed costs budget for FY19 was seconded by Ms. Thomas. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$800,000 for the OPEB (Other Post-Employment Benefits) fixed costs budget for FY19 was seconded by Ms. Thomas. Vote: 6-0-0. Last year the Finance Committee recommended and Town Meeting approved an additional \$200,000 of free cash for the OPEB Trust fund for FY18. The Finance Committee did not make a recommendation this year for any additional funds for the OPEB fund for FY19.

A motion made by Mr. McKenna to recommend \$500,000 for the Reserve Fund fixed costs budget for FY19 was seconded by Ms. Thomas. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$5,249,494 for the Retirement Benefits fixed costs budget for FY19 was seconded by Ms. Gallagher. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$600,500 for the Snow & Ice fixed costs budget for FY19 was seconded by Ms. Gallagher. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$85,000 for the Street Lighting fixed costs budget for FY19 was seconded by Ms. Holcombe. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$1,205,700 for the Town Insurance fixed costs budget for FY19 was seconded by Ms. Holcombe. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$1,961,119 for the Trash Collection fixed costs budget for FY19 was seconded by Ms. Gallagher. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$100,000 for the Unemployment Compensation fixed costs budget for FY19 was seconded by Ms. Thomas. Vote: 6-0-0.

The Fixed Costs budget requests for FY19 total \$29,033,925. The Finance Committee does not vote the total fixed costs budget request number.

The combined total of School Department budget, Municipal Department budget and Fixed Costs budget for FY19 is \$92,116,278.

Vote – Article 64 Motion 3 (continued) – Enterprise Funds’ Operating Budgets for FY19

A motion made by Mr. McKenna to recommend \$15,430 for the Rink Enterprise Fund budget for FY19 to be funded by using retained earnings was seconded by Ms. Gallagher. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$6,645,497 for the Sewer Enterprise Fund budget for FY19 was seconded by Ms. Thomas. Vote: 6-0-0.

A motion made by Mr. McKenna to recommend \$6,666,674 for the Water Enterprise Fund budget for FY19 was seconded by Ms. Holcombe. Vote: 6-0-0.

Vote - Article 19 Motion 10 – Community Preservation Committee

A motion made by Ms. Saint André to recommend that the Board of Selectmen, with the approval of the Community Preservation Committee be hereby authorized in connection with Motions 2 through 9 above to acquire such real property and property interest in the name of, or enforceable by the Town, including conservation restrictions and to dispose of town property or portions thereof or interests therein as may be necessary pursuant to the Community Preservation Act or appropriate to carry out the recommendations of the Community Preservation Committee was seconded by Ms. Gallagher.

Chairman Barker stated that Town Counsel had recommended this language as a housekeeping item to make all the preceding motions in Article 19 legal. The Finance Committee would make this motion at Town Meeting.
Vote: 6-0-0.

D. Other Business/Open Issues

Chairman Barker would be circulating the Finance Committee's Report early on Wednesday for the members to review prior to their meeting on Thursday, April 5th.

Chairman Barker asked the Committee members to email the draft discussions to the Chair, Vice Chair and Ellen by Tuesday, April 3rd so that the Committee could review the discussions at their meeting on Thursday, April 5th.

Chairman Barker thanked Ms. Gallagher for serving on the Finance Committee and wished her success in her upcoming election for the School Committee.

Ms. Gallagher thanked the Finance Committee for the knowledge she gained for serving on the Finance Committee.

Chairman Barker announced that there would be a pre-ATM meeting on April 3rd. Members of the Finance Committee, School Committee, Capital Planning Committee, Planning Board and BOS would be attending this meeting. One of the items that will be discussed will be the Consent Agenda.

E. Approval of Minutes

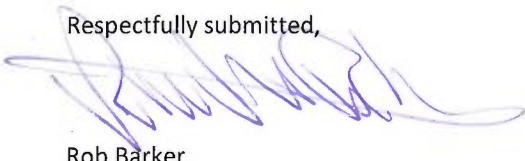
The minutes for March 22, 2018 and March 26, 2018 would be approved at a future meeting.

F. Next Meeting Date: The next meeting date would be Thursday, April 5, 2018 at 7:00 p.m. in the Salah Meeting Room of Town Hall.

Adjournment: A motion made by Ms. Gallagher to adjourn the meeting at 8:11 p.m. was seconded by Mr. McKenna. **Vote: 6-0-0.**

Minutes reviewed by: Cindy Thomas

Respectfully submitted,



Rob Barker
Chairman, Canton Finance Committee

**Canton Finance Committee Meeting
Monday, April 2, 2018
Meeting Documents**

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

Some of the budget or Annual Town Meeting documents referred to in meetings may be found on the Finance Committee page of the Town's website.

Agenda (1 page).

Draft copy of the Recommendations of the Finance Committee to the Voters of Canton, Massachusetts.

Article 64 – Transfers and Operating Budget by Voting Category (2 pages).