



## TOWN OF CANTON, MASSACHUSETTS DEPARTMENT OF FINANCE

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### MEMORANDUM

TO: Select Board  
FROM: Randy Scollins, Finance Director *WRS*  
DATE: September 5, 2023  
SUBJECT: **Enterprise Funds' Fiscal 2023 Operating Results**

The attached report contains the enterprise funds' operating results for fiscal 2023 compared to fiscal 2022. Also attached is a balance sheet report which was prepared for the Department of Revenue to certify the enterprise funds' "free cash reserve / retained earnings" balances as of June 30, 2023.

The water enterprise's budgeted deficit of \$80,000 was due to retained earnings appropriated for capital projects. The actual fiscal 2023 operating deficit was \$37,559. Revenue came in \$358.7K more than budget and total expenses came in \$316.4K more than budget, yielding the result of beating budget by \$42.4K.

Water revenues were up 26.5%, or \$1.88MM, from prior year with increases in every category. This was due to a combination of the 6% increase in rates, the impact of new residential and commercial development, and a dryer Summer in 2022 resulting in increased irrigation usage.

Fiscal 2023's results have the water enterprise fund ending the year with an estimated cash reserve of \$1.2 million which is 13% of expenses. The current target is 50% of expenses.

The sewer enterprise's budgeted deficit of \$415,000 was due to retained earnings earmarked for cash capital. The actual fiscal 2023 operating surplus was \$614,957, therefore beating plan by \$1.03MM. This was a result of revenue coming in higher than budget by \$941K, and \$911K higher than the prior year, and expenses coming in slightly less than budget by \$89K. Sewer's end of year cash reserve is estimated to be \$3.9 million which is 58% of expenses. The current target is 50% of expenses.

The rink enterprise had a balanced budget with no planned use of retained earnings. Despite revenue coming in \$40.7K more than budget, the rink enterprise ended with a \$63.3K deficit, due primarily to electricity and heating fuel costs coming in \$58.9K more than budget. The rink's end of year cash reserve amounted to an estimated \$72.9K.

Please advise if you have any questions or comments concerning this information.

#### Attachments

cc: Kathy Butters, Town Accountant

Charles Doody, Town Administrator  
Tyler Radicioni, Parks & Recreation Director  
Cindy Thomas, Chair, Finance Committee  
Mike Trotta, DPW Superintendent

## ENTERPRISE FUNDS' OPERATING BUDGET

DESCRIPTION	CURRENT FISCAL YEAR			PRIOR FISCAL YEAR		
	FISCAL 2023 BUDGET	FISCAL 2023 ACTUALS	Actuals VS. Budget	FISCAL 2022 BUDGET	FISCAL 2022 ACTUALS	Actuals VS. Budget
	<b>WATER REVENUE</b>	8,639,021	8,997,709	358,688	7,886,905	7,114,979
SALARIES & WAGES	1,072,796	1,186,071	(113,275)	981,429	1,058,378	(76,949)
MWRA ASSESSMENT	2,022,211	2,033,521	(11,310)	2,137,222	1,518,359	618,863
DEBT SERVICE	3,329,299	3,429,358	(100,059)	2,734,995	2,582,297	152,698
CHARGES FROM GENERAL FUND	742,455	742,455	0	660,999	660,999	0
OTHER EXPENSES	1,472,260	1,564,063	(91,803)	1,372,260	1,049,610	322,650
<b>TOTAL WATER OPERATING EXPENSES</b>	8,639,021	8,955,467	(316,446)	7,886,905	6,869,644	1,017,261
CASH CAPITAL	80,000	79,800	200	72,000	72,000	0
<b>TOTAL WATER ENTERPRISE EXPENSES</b>	8,719,021	9,035,267	(316,246)	7,958,905	6,941,644	1,017,261
<b>WATER SURPLUS/(DEFICIT)</b>	(80,000)	(37,559)	42,441	(72,000)	173,336	245,336
<b>SEWER REVENUE</b>	6,825,939	7,766,973	941,034	6,651,873	6,855,278	203,405
SALARIES & WAGES	515,502	526,199	(10,697)	558,881	483,078	75,803
MWRA ASSESSMENT	4,901,007	4,905,331	(4,324)	4,661,549	4,804,153	(142,604)
DEBT SERVICE	559,590	563,636	(4,046)	599,131	598,150	981
CHARGES FROM GENERAL FUND	429,495	429,495	0	402,613	402,613	0
OTHER EXPENSES	420,345	312,355	107,990	429,699	365,669	64,030
<b>TOTAL SEWER OPERATING EXPENSES</b>	6,825,939	6,737,016	88,923	6,651,873	6,653,663	(1,790)
CASH CAPITAL	415,000	415,000	0	382,000	382,000	0
<b>TOTAL SEWER ENTERPRISE EXPENSES</b>	7,240,939	7,152,016	88,923	7,033,873	7,035,663	(1,790)
<b>SEWER SURPLUS/(DEFICIT)</b>	(415,000)	614,957	1,029,957	(382,000)	(180,385)	201,615
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<b>RINK REVENUE</b>	404,462	445,225	40,763	390,620	366,359	(24,261)
SALARIES & WAGES	121,400	162,216	(40,816)	121,400	35,947	85,453
DEBT SERVICE	109,351	109,351	(0)	108,851	108,851	0
CHARGES FROM GENERAL FUND	28,171	28,171	0	14,829	14,829	0
OTHER EXPENSES	145,540	208,797	(63,257)	145,540	174,724	(29,185)
<b>TOTAL RINK OPERATING EXPENSES</b>	404,462	508,535	(104,073)	390,620	334,351	56,269
CASH CAPITAL	0	0	0	0	0	0
<b>TOTAL RINK ENTERPRISE EXPENSES</b>	404,462	508,535	(104,073)	390,620	334,351	56,269
<b>RINK SURPLUS/(DEFICIT)</b>	0	(63,310)	(63,310)	0	32,008	32,008

**CANTON**  
**Combining Balance Sheet - Enterprise Funds**  
**as of June 30, 2023**  
**(Unaudited)**

	SEWER Enterprise Fund 640-642	WATER Enterprise Fund 600-602	ICE RINK Enterprise Fund 700	Totals (Memorandum Only)
<b><u>ASSETS</u></b>				
Cash and cash equivalents	4,572,726.81	2,024,189.69	81,926.34	6,678,842.84
Receivables:				
User Fees	393,110.09	400,166.01		793,276.10
Special assessments	275,334.79	334,212.39		609,547.18
Utility liens added to taxes	48,641.58	46,814.23		95,455.81
Departmental				0.00
Due from other governments				0.00
Due to/from other funds				0.00
Prepays				0.00
Amounts to be provided - payment of bonds	2,939,437.75	25,548,700.00	1,754,000.00	30,242,137.75
Total Assets	<u>8,229,251.02</u>	<u>28,354,082.32</u>	<u>1,835,926.34</u>	<u>38,419,259.68</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
Liabilities:				
Accounts payable	8,246.43	49,635.21	1,580.49	59,462.13
Warrants payable				0.00
Accrued payroll and withholdings	11,144.71	22,461.08	4,398.05	38,003.84
Other liabilities		10,596.82	(10.64)	10,586.18
Deferred revenue:				
User Charges	393,110.09	400,147.01		793,257.10
Special assessments	275,334.79	334,231.39		609,566.18
Utility liens added to taxes	48,641.58	46,814.23		95,455.81
Tax foreclosures				0.00
Departmental				0.00
Due from other governments				0.00
Bonds payable	2,939,437.75	25,548,700.00	1,754,000.00	30,242,137.75
Vacation and sick leave liability				0.00
Total Liabilities	<u>3,675,915.35</u>	<u>26,412,585.74</u>	<u>1,759,967.90</u>	<u>31,848,468.99</u>
Fund Equity:				
Reserved for encumbrances				0.00
Reserved for expenditures		83,000.00		83,000.00
Reserved for continuing appropriations	633,190.78	654,102.37	3,058.00	1,290,351.15
Reserved for petty cash	25.00	25.00		50.00
Reserved for appropriation deficit				0.00
Unreserved retained earnings	3,920,119.89	1,204,369.21	72,900.44	5,197,389.54
Total Fund Equity	<u>4,553,335.67</u>	<u>1,941,496.58</u>	<u>75,958.44</u>	<u>6,570,790.69</u>
Total Liabilities and Fund Equity	<u>8,229,251.02</u>	<u>28,354,082.32</u>	<u>1,835,926.34</u>	<u>38,419,259.68</u>