



TOWN OF CANTON, MASSACHUSETTS

DEPARTMENT OF FINANCE

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INFORMATION
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MEMORANDUM

TO: Board of Selectmen
FROM: Randy Scollins, Finance Director *WRS*
DATE: September 20, 2020
SUBJECT: **Enterprise Funds' Fiscal 2020 Operating Results**

The attached report shows the enterprise funds' operating results for fiscal 2020 compared to fiscal 2019. Also attached is a balance sheet report which was prepared for the Department of Revenue to certify the enterprise funds' "free cash reserve" balances as of June 30, 2020.

The water enterprise's budgeted deficit of \$235,000 was due to retained earnings appropriated for capital projects. The actual fiscal 2020 operating deficit was \$570,240 which is more than budget primarily due to lower revenues received. Collections were negatively impacted primarily by the decision to adopt the unique MGL statute allowed by the legislature and adopted by the Select Board to provide rate payers until June 30 to pay their water bills received during the 4th quarter of the fiscal year, as a form of relief.

Fiscal 2020's results have the water enterprise fund ending the year with an estimated cash reserve of \$1.0 million which is 14% of expenses. The current target is 50% of expenses.

The sewer enterprise's budgeted deficit of \$200,000 was due to retained earnings earmarked for cash capital. The actual fiscal 2020 operating surplus was \$46,932 primarily due to expenses less than budget. Sewer's end of year cash reserve is estimated to be \$2.8 million which is 40% of expenses. The current target is 50% of expenses.

The rink enterprise's budgeted deficit of \$70,000 was due to cash reserves used to fund on-going operating expenses while the rink remained closed from the February 2015 roof collapse. The rink enterprise experienced an operating surplus of \$31,545 during fiscal 2020 primarily due to interest income earned on the insurance, grant and bond proceeds received. The rink's end of year cash reserve amounted to an estimated \$101K.

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

WRS/ej

Attachments

cc: Charles Aspinwall, Town Administrator
Kathy Butters, Town Accountant
Liz Francis, Parks & Recreation Director
Tim McKenna, Chair, Finance Committee
Mike Trotta, DPW Superintendent

ENTERPRISE FUNDS' OPERATING BUDGET

| DESCRIPTION | CURRENT FISCAL YEAR | | | PRIOR FISCAL YEAR | | |
|--|---------------------|-----------|-----------|-------------------|-----------|----------|
| | FISCAL | FISCAL | Actuals | FISCAL | FISCAL | Actuals |
| | 2020 | 2020 | VS. | 2019 | 2019 | VS. |
| | BUDGET | ACTUALS | Budget | BUDGET | ACTUALS | Budget |
| WATER REVENUE | 7,058,470 | 6,601,546 | (456,924) | 6,667,549 | 7,013,139 | 345,590 |
| SALARIES & WAGES | 976,720 | 1,085,909 | (109,189) | 926,018 | 1,010,552 | (84,534) |
| MWRA ASSESSMENT | 2,137,222 | 2,147,100 | (9,878) | 1,887,795 | 1,884,292 | 3,503 |
| DEBT SERVICE | 2,265,970 | 2,198,295 | 67,675 | 2,281,132 | 2,238,918 | 42,214 |
| CHARGES FROM GENERAL FUND | 536,298 | 536,298 | 0 | 584,844 | 584,844 | 0 |
| OTHER EXPENSES | 1,142,260 | 1,093,694 | 48,566 | 1,487,760 | 1,317,761 | 169,999 |
| TOTAL WATER OPERATING EXPENSES | 7,058,470 | 7,061,296 | (2,826) | 7,167,549 | 7,036,368 | 131,181 |
| CASH CAPITAL | 235,000 | 110,490 | 124,510 | 364,000 | 363,688 | 312 |
| TOTAL WATER ENTERPRISE EXPENSES | 7,293,470 | 7,171,786 | 121,684 | 7,531,549 | 7,400,056 | 131,493 |
| WATER SURPLUS/(DEFICIT) | (235,000) | (570,240) | (335,240) | (864,000) | (386,917) | 477,083 |
| SEWER REVENUE | 6,734,962 | 6,717,068 | (17,894) | 6,646,625 | 6,976,818 | 330,193 |
| SALARIES & WAGES | 480,694 | 459,275 | 21,419 | 454,159 | 435,301 | 18,858 |
| MWRA ASSESSMENT | 4,661,549 | 4,633,404 | 28,145 | 4,433,841 | 4,425,854 | 7,987 |
| DEBT SERVICE | 863,566 | 862,506 | 1,060 | 1,083,956 | 1,030,120 | 53,836 |
| CHARGES FROM GENERAL FUND | 329,454 | 329,454 | 0 | 326,670 | 326,670 | 0 |
| OTHER EXPENSES | 399,699 | 185,498 | 214,201 | 347,999 | 347,713 | 286 |
| TOTAL SEWER OPERATING EXPENSES | 6,734,962 | 6,470,137 | 264,826 | 6,646,625 | 6,565,658 | 80,967 |
| CASH CAPITAL | 200,000 | 200,000 | 0 | 200,000 | 199,350 | 650 |
| TOTAL SEWER ENTERPRISE EXPENSES | 6,934,962 | 6,670,137 | 264,826 | 6,846,625 | 6,765,008 | 81,617 |
| SEWER SURPLUS/(DEFICIT) | (200,000) | 46,932 | 246,932 | (200,000) | 211,811 | 411,810 |
| RINK REVENUE | 0 | 40,331 | 40,331 | 0 | 64,871 | 64,871 |
| SALARIES & WAGES | 10,000 | 0 | 10,000 | 0 | 1,331 | (1,331) |
| DEBT SERVICE | 0 | 0 | 0 | 6,180 | 6,120 | 60 |
| CHARGES FROM GENERAL FUND | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER EXPENSES | 60,000 | 8,785 | 51,215 | 9,250 | 4,892 | 4,358 |
| TOTAL RINK OPERATING EXPENSES | 70,000 | 8,785 | 61,215 | 15,430 | 12,343 | 3,087 |
| CASH CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL RINK ENTERPRISE EXPENSES | 70,000 | 8,785 | 61,215 | 15,430 | 12,343 | 3,087 |
| RINK SURPLUS/(DEFICIT) | (70,000) | 31,545 | 101,545 | (15,430) | 52,528 | 67,958 |

| TOWN OF CANTON, MASSACHUSETTS | | | | | | | | | | |
|--|--|--|---------------|--|--|--------------|--|--|------------|---------------|
| Combining Balance Sheet - Enterprise Funds | | | | | | | | | | |
| as of June 30, 2020 (Unaudited) | | | | | | | | | | |
| | | | Water | | | Sewer | | | Rink | Total |
| | | | Operations | | | Operations | | | Operations | Enterprises |
| <u>ASSETS</u> | | | | | | | | | | |
| Cash and cash equivalents | | | 1,751,041.87 | | | 2,921,082.03 | | | 179,505.12 | 4,851,629.02 |
| Receivables: | | | | | | | | | | - |
| Special assessments | | | 37,261.50 | | | 41,058.86 | | | - | 78,320.36 |
| Tax liens | | | 9,748.85 | | | 8,410.32 | | | - | 18,159.17 |
| Utility Charges | | | 407,128.90 | | | 426,723.37 | | | - | 833,852.27 |
| Departmental | | | - | | | - | | | - | - |
| Amounts to be provided - payment of bonds | | | 16,568,200.00 | | | 4,464,509.00 | | | - | 21,032,709.00 |
| Amounts to be provided - vacation and sick leave | | | - | | | - | | | - | - |
| Total Assets | | | 18,773,381.12 | | | 7,861,783.58 | | | 179,505.12 | 26,814,669.82 |
| <u>LIABILITIES AND FUND EQUITY</u> | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Deferred revenue | | | | | | | | | | |
| Special assessments | | | 37,261.50 | | | 41,058.86 | | | - | 78,320.36 |
| Tax liens | | | 9,748.85 | | | 8,410.32 | | | - | 18,159.17 |
| Utility Charges | | | 407,128.90 | | | 426,723.37 | | | - | 833,852.27 |
| Departmental | | | - | | | - | | | - | - |
| Accounts payable | | | 87,943.11 | | | 1,443.04 | | | 524.41 | 89,910.56 |
| Accrued payroll and withholdings | | | 30,168.30 | | | 16,744.71 | | | - | 46,913.01 |
| Other liabilities | | | 10,596.82 | | | - | | | - | 10,596.82 |
| Bonds payable | | | 16,568,200.00 | | | 4,464,509.00 | | | - | 21,032,709.00 |
| Total Liabilities | | | 17,151,047.48 | | | 4,958,889.30 | | | 524.41 | 22,110,461.19 |
| Fund Equity: | | | | | | | | | | |
| Reserved for encumbrances | | | 544,344.85 | | | 94,491.15 | | | 60,499.15 | 699,335.15 |
| Reserved for expenditures | | | 65,700.00 | | | 13,500.00 | | | 17,000.00 | 96,200.00 |
| Reserved for continuing appropriations | | | - | | | - | | | - | - |
| Reserved for petty cash | | | 25.00 | | | 25.00 | | | - | 50.00 |
| Unreserved retained earnings | | | 1,012,263.79 | | | 2,794,878.13 | | | 101,481.56 | 3,908,623.48 |
| Total Fund Equity | | | 1,622,333.64 | | | 2,902,894.28 | | | 178,980.71 | 4,704,208.63 |
| Total Liabilities and Fund Equity | | | 18,773,381.12 | | | 7,861,783.58 | | | 179,505.12 | 26,814,669.82 |