

Town of Canton Finance Committee
Meeting Minutes
Wednesday, February 8, 2017

Minutes Voted on: 2/13/17
Vote: 6-0-2

Members Present:

Jerry Dorman, Nichola Gallagher, Dianne Gustafson, Stephanie Leach, Tim McKenna, Barbara Saint André and Cindy Thomas.

Members Absent:

Rob Barker and Cynthia Holcombe.

Guests Present:

Jim Murgia, Finance Director
Ellen Jones, Finance Committee Secretary

Opening: A meeting of the Canton Finance Committee was called to order by Chair Saint André at 7:03 p.m. on Wednesday, February 8, 2017 in the Upper Meeting Room of the William Armando Recreation Center.

A. Approval of Agenda

Chair Saint André reviewed the items on the agenda – Revenue Forecast for FY18, Overall Budget Increase, Warrant Articles and ongoing review of FY18 budgets.

B. Announcements

There were no announcements made at the meeting.

C. New Business

Revenue Forecast for FY18 and Consideration of Overall FY18 Budget Increase Targets (see meeting handout) Mr. Murgia reviewed the Revenue Forecasting Policy stating to the members that it was the goal of the Revenue Forecasting Committee to continue to develop revenue estimates that have a high probability of being met and that revenue amounts estimated for the ensuing fiscal year would be less than the actual revenues. If revenues were set too high, the impact would be felt in the fall of a given year when the tax rates are set.

Ms. Saint André and Mr. Murgia reviewed for the members the revenue and budget scenario from last year's budget process as follows:

- Last year the Revenue Forecasting Committee voted to set the unused levy capacity at zero.
- The budgets originally requested were for a 6% increase.
- Subsequently the Finance Committee agreed to not "tax to the max" by setting the unused levy capacity at \$535,955 and provided to the School Committee and BOS available spending amounts to be used for budget increases.
- The Finance Committee met and decided that a more reasonable budget increase for FY17 was 4%.
- The School Committee and BOS agreed on a 5% budget increase as a compromise. The Finance Committee agreed with the 5% budget increase for FY17.

Mr. Murgia explained to the Committee that for FY18 there was a difference in how revenues were being allocated between the School Department and Municipal Departments as follows:

- At last year's Town Meeting the School Department used \$495,000 of free cash to supplement their FY17 school budget for the free full day kindergarten program. Because of this the additional Ch. 70 state aid of approximately \$560,000 for FY18 would be allocated 100% to the School Department. Ch. 70 aid for FY17 is estimated to be \$5.3 million and for FY18 to be \$5.9 million.
- The approximately \$80,000 increase to Unrestricted General Government Aid will be allocated 100% to the Municipal Departments.

- The increased revenues that will be collected through ambulance fees of \$100,000 will be allocated 100% to the Municipal Departments primarily due to the regional dispatch fee being \$225,000 for FY18. Chief Doody is estimating that \$1.2 million will be collected in ambulance fees for FY18 but Mr. Murgia is estimating \$1.0 million in fees. These fees are used to replace an ambulance every 4-5 years.
- The \$250,000 increase in other revenues will be split 2/3 to the School Department and 1/3 to the Municipal Departments.
- The revenue model voted by the Revenue Forecasting Committee on January 26th estimates a \$4.0 million increase from \$86.8 million for FY17 to \$90.7 million for FY18. Mr. Murgia stated that this increase in revenue would not support a 7% increase to budgets. The current revenue model is figured to result in a zero operating surplus/deficit for the general fund.
- Mr. Murgia further stated that with every budget year, before the revenues are allocated to the School Department and Municipal Departments, revenue must be earmarked for Fixed Costs budgets such as Debt Service, Pensions, Health Insurance, etc.
- The revenue model estimates an FY18 School Department budget of \$40.2 million and \$19.9 million for Municipal Departments. The School Department is requesting a 7% increase for FY18. Ms. Gustafson commended the School Committee for identifying their FY18 budget request early in the budget process.
- Mr. Murgia stated that if a department requests at Town Meeting a budget supplement with a source such as free cash, if approved, the amount is deducted from their budget at the start of next year estimate.
- The \$1.4 million being earmarked for cash capital expenditures is being allocated at 50% or \$700,000 to the School Department and 50% or \$700,000 to Municipal Departments.
- Ms. Gustafson commented that the bulk of revenue allocation for the School Department goes to meeting salary obligations including steps, lanes and COLAs. While this is true for the revenue allocation for the Municipal Departments it is to a lesser degree.
- Chair Saint André stated that she would be comfortable recommending a 4% budget increase.

With regard to School and Municipal employee costs, members of the Finance Committee requested information regarding the following:

- The number of new employees to be hired and that have been hired since the last fiscal year.
- The number of employees that retired and left employment since the last fiscal year.
- A current headcount of employees.
- Number of benefits-eligible employees.
- Ms. Gustafson stated that this information should be available to the Finance Committee on a routine basis.

Warrant Articles – 2017 Annual Town Meeting – The Finance Committee members were provided with a copy of the Town Meeting warrant articles. Chair Saint André commented that this was a very lengthy document with 59 articles and that the deadline for providing motions to Town Counsel is March 17th. The Finance Committee will begin voting on Articles at their next meeting on Monday, February 13.

Assignment of Discussions for Warrant Articles – 2017 Annual Town Meeting – Chair Saint André and the Finance Committee members reviewed the Voting Checklist and assigned the articles for the purpose of writing the discussions that would appear in the Final Recommendations of the Finance Committee to the Voters of Canton. The Finance Committee secretary would send an updated Voting Checklist to the members.

D. Other Business/Open Issues

Chair Saint André asked the Finance Committee secretary to amend the agenda for the meeting on Monday February 13th by adding Article 7 (Set Salaries of Elected Officials) and Article 27 (Recommendations of the Community Preservation Committee) for voting. Draft motions will be sent to the Committee members prior to the Monday meeting.

E. Approval of Minutes

A motion made by Ms. Gustafson to approve the minutes as written for January 25, 2017 was seconded by Ms. Leach. Vote: 5-0-2. Mr. Dorfman and Ms. Thomas abstained.

F. Next Meeting Date: The next meeting would take place on Monday, February 13 at 7:00 p.m. in the Salah Meeting Room of Town Hall.

Budget Target Numbers – Mr. Murgia asked if the Finance Committee could readdress and take a position/vote on the FY18 Budget Increase Targets at their next meeting on Monday, February 13. Mr. Murgia stated that if a vote were taken this would give the School Committee and the BOS a target for setting the school and municipal budgets.

Adjournment: A motion made by Ms. Gallagher to adjourn the meeting at 8:07 p.m. was seconded by Mr. McKenna. Vote: 7-0-0.

Minutes reviewed by: Stephanie Leach

Respectfully submitted,



Barbara Saint André
Chair, Canton Finance Committee

**Town of Canton
Finance Committee Meeting – Wednesday, February 8, 2017**

List of Meeting Handouts

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

Agenda (1 page).

Revenue Forecast Information for FY18, provided by Jim Murgia, dated 1/26/17 (8 pages).

January 25, 2017 draft minutes (5 pages).