



# DEPARTMENT OF FINANCE TOWN OF CANTON, MASSACHUSETTS

## Revenue Forecasting Committee

Meeting Minutes  
Tuesday, February 7, 2023

### **Members Present:**

Kathy Butters, Town Accountant  
Charlie Doody, Town Administrator  
Carolyn Floyd, Assessing Director  
Derek Folan, School Superintendent  
Stephen Marshall, School Director of Finance and Operations  
Emilio Mauro, Vice Chair, Finance Committee  
Randy Scollins, Finance Director  
Cindy Thomas, Chair, Finance Committee  
Ed Walsh, Building Commissioner

**Members Absent:** All nine voting members were present.

### **Non-Voting Guests Present:**

Dan Cole, Member of the Finance Committee  
Ellen Jones, Recording Secretary  
Jen Kemalian, Executive Assistant to the Select Board  
Allyson Podgurski, Assistant Town Accountant

### **Opening:**

The Revenue Forecasting Committee (RFC) was called to order at 10:03 a.m. on Tuesday, February 7, 2023.

The purpose of the Revenue Forecasting Committee (RFC) meeting was to discuss and vote the FY24 revenue estimates for the Town of Canton.

**Revenue Forecasting Policy** – Mr. Scollins stated that a goal and intent of the Revenue Forecasting Committee was to not be too conservative or too aggressive with its revenue forecast but to forecast revenue estimates that will be achieved in order to recharge free cash. He further stated that the purpose of the meeting was to not focus on FY24 expenditures estimates but to focus on revenue growth which he is estimating to be a 4.4% increase over FY23. Once Mr. Scollins has received the Governor's proposed budget he will update the revenue budget for FY24.

Mr. Scollins did not read the Revenue Forecasting Policy but the following text was in the Committee's meeting documents:

***The goal of general fund revenue forecasting is to establish a consensus that results in the Town being able to provide desired service levels to the community that are reliably sustainable over the long term. Therefore the forecast will be based on recurring revenue and funding streams that have a high confidence level of being sustained and that will grow to meet the service level needs.***

***In addition, in order to hedge against the inevitable cycle of unfavorable fluctuations in recurring revenues and to avoid service reductions, a further goal is to budget a revenue forecast that will almost always result in using less than 100% of reasonably expected recurring revenues, i.e., "below the Town's means". This annual revenue surplus will accrue to the Town's reserves as a Free Cash "recharge" and can be used to stabilize budgets and service levels when prudent and necessary.***

**Summary of Revenues and Expenditures** – Mr. Scollins reviewed the FY24 estimated revenues and expenditures as follows:

FY24 Total Revenues: \$117,725,985 (a 4.4% increase over the FY23 budgeted amount).

Total FY24 Estimated Operating Expenses for the School and Municipal Departments was not discussed.

FY24 Fixed Costs Estimated Expenses was not discussed.

The levy limit is increasing by 2½ % or \$2,284,092.

**Property Tax Revenue** – Mr. Scollins brought to the attention of the RFC that \$1,697,440 is being deducted from the FY24 sub-total of the levy limit for the TAHMO PILOT (Point 32 Health). This PILOT increases 3% annually for a term of 30 years. The \$1,697,440 is added back into Local Receipts under Payments in Lieu of Taxes. PILOTS (payments in lieu of taxes) are negotiated by the Select Board and STAs (special tax agreements) are negotiated by the Board of Assessors. PILOTS do not have to be approved at an Annual Town Meeting. STAs must be approved by Annual Town Meeting.

Mr. Scollins explained that the \$1,697,440 TAHMO PILOT would be pulled out of the levy. If the tax were left in the levy it would penalize other taxpayers in Town. The mechanics to hold other taxpayers harmless is to remove it from the levy during the tax-rate setting process. To not do so would be a policy decision in the future.

The Town is required to keep funds in the Overlay Reserve Account for abatements and exemptions that might be filed. Mr. Scollins is recommending \$800,000 for FY24, consistent with prior year budgetary plans. This amount could change when tax rates are set based on whether the Town over or under achieves on new growth estimates.

**Property Tax Revenue - New Growth** – Ms. Floyd reported that she believes that new growth from new buildings is starting to slow down. The Audubon was scheduled to build a 50-unit building but is now considering a 30-unit building instead but will have to go before the Zoning Board for approval. Ms. Floyd is predicting that the Top Golf project is scheduled to begin in November 2023 at the earliest. New growth tax for both real estate (\$1,050,000) and personal property (\$225,000) is estimated at \$1,275,000 as per Ms. Floyd and Mr. Walsh. There is no tenant at 30 Dan Road. The building at 100 Energy Drive is 90% completed.

Mr. Scollins stated that the FY24 Net Property Tax Revenue estimate of \$93,691,340 does not reflect taxing to the maximum of the levy as a result of removing the TAHMO PILOT amount from the levy in order to be fair to all taxpayers. From a bond ratings perspective, not taxing to the maximum indicates that the Town still has some flexibility with its revenue. The worst case scenario is if additional funding was needed the unused levy is available, but should only be enacted transparently to taxpayers. However, Canton already has a significant general override to proposition 2 ½. 75% of cities and towns rely on general overrides to balance their budgets.

**Property Taxes from Debt Exclusions – Net of Reimbursements**

Debt exclusion taxes are decreasing to \$1,265,993 due to amortization of existing bond issues. The library will be paid off of in FY23 freeing up approximately \$80,000 and the High School in FY24 freeing up approximately \$300,000. As the Town's excluded debt is paid off more debt capacity becomes available for the contemplated Galvin Middle School Project.

## **State Aid**

The Governor is scheduled to release her proposed budget by March 1. Mr. Scollins has estimated a 2% increase for Chapter 70 aid consistent with prior years, excluding this year. The Chapter 70 estimate of \$8,048,245 for FY24 will be updated when the Governor's proposal is released. Mr. Marshall stated that there are safeguards built into the Ch. 70 formula and that he does not see a decrease in the aid the Town will receive, but the increase will likely not be the 19% increase the Town received in FY23.

There was discussion among the RFC regarding the Millionaire's Tax which becomes effective in January of 2023 and how that tax may affect the MSBA program. The Millionaire's Tax will be used for school aid and transportation. Mr. Marshall and Mr. Folan stated that Canton is grandfathered under the MSBA program and does not expect the Town's Galvin Middle School reimbursement to be affected by this new tax. The MSBA may decide to stop accelerated repairs or reduce the amount covered for reimbursements due to price escalations.

Ms. Thomas inquired about the \$135,425 Charter Tuition Assessment Reimbursement for FY24. Mr. Scollins gave his personal opinion that he finds this Charter Tuition assessment (not the Reimbursement) as unfair since large swings to this number can occur late in the budget process. He does not typically adjust this number if provided a different assessment figure late in the process. Mr. Scollins stated that the funding formula for charter schools is unfair and essentially pulls funding away from the public schools.

There was some concern by Committee members at the decrease for the Veterans' Benefits estimate to \$32,014 for FY23. Mr. Scollins reported that the Veterans' Agent had stated to him that there was an error in the formula that is likely due to a major conversion in the veteran's systems program last year. Mr. Scollins expects the FY23 amount of \$32,014 to be corrected next year. Mr. Scollins estimated \$100,000 for FY24 for Veterans' benefits at this time and is basing this on historical levels, but will use the amount that appears in the Governor's budget on March 1<sup>st</sup>.

The Unrestricted General Government Aid estimate of \$2,533,785 for FY24 is an approximately 2% increase over FY23.

The FY24 Total for State Aid is estimated to be \$10,994,922 which represents a 2.30% increase over FY23.

**Local Receipts** – The FY24 local receipts budget is estimated to increase by \$450,000 or 5.1%. For FY24 gross receipts are estimated to increase by \$220,000 or 2.1%. The goal of the local receipts FY24 budget as compared to estimates is a planned surplus of \$1,513,517 certified as the Town's free cash or "recharge" at the end of the year.

Other Excise (Hotel & Meals) – Mr. Scollins reported that for the first two quarters the Town has received amounts that are on pace to beat last year's receipts of \$700K in meals taxes and he is comfortable with the \$900,000 budget for FY24. With regard to Motor Vehicle Excise Taxes the first commitment for the year is the same as last year, therefore the FY24 budget is \$4,850,000, reflecting the 5 year average. Mr. Scollins is estimating total FY24 Local Receipts of \$10,763,517 which is a 2.1% increase over FY23, and a \$9,250,000 Local Receipts budget, in order to "recharge" Free Cash by ~\$1.5MM.

Mr. Mauro inquired if inflation had any affect on the revenue estimates. Mr. Scollins stated that 60% of all of the Town's expenditures are for salaries and wages and that the Town and School have been prudent to offer contracts that are reasonable.

Because the buying power for Town and School capital items has been reduced due to price escalations, Mr. Scollins and Mr. Doody will be recommending a new contingency motion (\$250,000 approximately) within the Omnibus Capital Budget article for Annual Town Meeting.

**Transfers from Other Funds** – Mr. Scollins explained the various transfers proposed for FY24 as follows:

- **Fund #116 – Plymouth Rubber DIF Fund – Revere Site Debt Service** – The FY24 budget of \$570,908 is a new addition to the Transfers from Other Funds List. This will be a transfer from the DIF fund to pay for the Revere Site annual debt service payment.
- **Fund #170 Ambulance Service – Operating** - The amount estimated for FY24 is \$1,136,000 as compared to \$1,000,000 for FY23. The increase is due to the use of ambulance receipts to fund a Deputy Chief position in FY24.
- **Fund #170 Ambulance Service – Debt Service** – Mr. Scollins is recommending a \$5,900 decrease for the FY24 ambulance debt service budget from \$187,550 to \$181,650.
- **Fund #115 – Bond Premiums & Issuance Costs** – A slight decrease of \$474 is being recommended for the FY24 Bond Premiums and Issuance Costs Budget for a total FY24 budget of \$8,321.
- **Fund #101 – School Food Service** – Historically \$160,500 had been transferred in past years. Due to COVID FY21 and FY22 was budgeted at zero. After consultation with Mr. Marshall, Mr. Scollins is recommending a restorative increase of \$120,000 from \$40,125 for FY23 to \$160,500 for FY24. This will bring the School Food Service transfer back to prior commitment levels.
- **Fund #111 – Solar Facility** – An increase of \$66,000 is being budgeted for solar revenues from \$384,026 for FY23 to \$450,000 for FY24. The PILOT agreement the Town has with Captona (who leases the land from the Town) increases 2½% per year under the agreement. The Net Metering costs per kWh has increased very close to the Net Metering credit rate the Town is required to pay per kWh under the agreement. The KWH electricity rates set by the state Department of Public Utilities is exceeding the 4% annual increase in net metering credit payments the Town is obligated to under the agreement. A Solar Stabilization Fund was established to soften the decline in the credits, if necessary in future years.
- **Fund #135 – Greenlodge Parking Fees** – The estimated amount for FY24 is \$25,000 which is a \$10,000 decrease over the FY23 budgeted amount of \$35,000 due to a significant and sustained decline in use of these parking passes. Ms. Thomas suggested increasing revenues through public relations. Mr. Walsh stated that the bridge that connects the Greenlodge parking area and the commuter rail may be owned by the federal government and has been declining in safety.
- **Fund #812 Cemetary Perpetual Care (Expendable)** – The FY24 budget of \$5,000 represents a zero increase from FY23, however, the Select Board has been in discussion regarding fee increases for cemetary plots.
- **Fund #100 – Overlay Surplus** – The FY21 actual of \$27,500 was for a one-time incremental cost for the revaluation. The budget for FY24 is zero. There was discussion among the RFC regarding the increasing balances in the Assessors Overlay Reserve Fund. Mr. Scollins explained that the Overlay Reserve grows as a function of however much new tax growth increases. If new growth comes in higher than expected the Town has two options: 1) to not tax to the levy (leaving funds “on the table” that the Town is entitled to collect). New growth is associated with specific properties and this option results in providing a subsidy to all other taxpayers; or 2) add the new growth into the Assessors Overlay, which the state allows. A release by the Assessors from the Overlay may be used at a later date for one-time purchases. Ms. Butters spoke against the significant balance of the Assessors Overlay Reserve, stating that the reserves are funds belonging to the taxpayers. She referred to the annual release of approximately

\$500,000 from the Assessors Overlay Reserve that was used for special projects. Mr. Scollins stated that a decision to not tax to the levy or the release of funds is a decision for the policymakers.

Mr. Scollins is recommending a grand total of \$3,789,723 for the FY24 Transfer From Other Funds budget.

**Ambulance (EMS) Receipts Reserved Fund** – Mr. Scollins introduced a new spreadsheet with an analysis of ambulance receipts from FY2018 to FY2028. Ambulance receipts provide a significant contribution to towards the Town’s operating budget. Ambulance receipts appropriations must be available funds at the time of appropriation, i.e., at Town Meeting. Mr. Scollins predicts that as ambulance receipts grow 2.5% per year the Town would still have enough funds available for ambulance purchases as well as funding other Fire Department equipment. Mr. Doody explained that the Town’s healthy ambulance receipts may be attributed to the payor mix, i.e. private insurance and Medicare. Approximately 90% of ambulance services are being reimbursed. He predicts the revenue will continue to come in as well as an increase in the volume of calls.

**Vote on Revenue Estimate for FY24**

**A motion made by Mr. Mauro to recommend a Total General Fund Revenues Budget for FY24 of \$117,725,985 with the condition that when the Governor’s budget is released on or around March 1, 2023 the estimated State Aid and State and County Assessments FY24 budget estimates will be replaced with the Governor’s budget amounts was seconded by Ms. Thomas. The motion passed 9-0-0.**

Mr. Scollins will send the updated spreadsheets to the Revenue Forecasting Committee and the Finance Committee after the release of the Governor’s budget on March 1st.

**A motion made by Mr. Scollins to adjourn the meeting at 11:28 a.m. was seconded by Ms. Thomas. The motion passed 9-0-0.**

Respectfully submitted,

*William R. Scollins, III*

Randy Scollins  
Chair, Revenue Forecasting Committee

Date: February 7, 2023

**Town of Canton - Revenue Forecasting Committee**

Meeting Minutes  
February 7, 2023

**List of Meeting Documents:**

Revenue Estimate for FY 2024 General Fund Operating Budgets, prepared by Randy Scollins, Finance Director, for the Revenue Forecasting Committee for discussion purposes dated February 7, 2023.  
(12 pages).

- Revenue Forecasting Policy
- Summary of Revenues and Expenditures
- Property Tax Revenue
- Property Taxes from Debt Exclusions – Net of Reimbursements
- State Aid
- Local Receipts
- Transfers from Other Funds
- Ambulance (EMS) Receipts Reserved Fund – FY 2018-2028
- Fixed Costs and State and County Assessments
- FY 2024 State Aid Estimates