

Finance Committee Members Present: Christos Arsondiadis, David Clough, Dan Cole, Emilio Mauro, Tim McKenna, Barbara Saint André, Cindy Thomas and Wai Wong.

Finance Committee Members Absent: Rob Barker.

Guests Present:

Kristen Mirliani, Chair, Canton School Committee
Jennifer Fischer-Mueller, Superintendent, Canton Public Schools
Barry Nectow, Business Administrator, Canton Public Schools
Randy Scollins, Finance Director
Ellen Jones, Finance Committee Secretary

Opening: Mr. McKenna called the meeting to order at 7:00 p.m. in the Salah Meeting Room of Town Hall.

- A. **Approval of Agenda** - Mr. McKenna reviewed the agenda.
- B. **Announcements** - There were no announcements.
- C. **New Business**

Discussion with School Committee – FY21 School Operating Budget and various ATM Articles

School Committee Chair, Kristen Mirliani, introduced Mr. Nectow and Ms. Fischer-Mueller as well as fellow School Committee members Kristian Merenda, Nichola Gallagher and Maureen Moran. The School Committee has been using the Strategic Framework to guide them in their budget decisions.

Ms. Fischer-Mueller thanked the members of the Finance Committee for their years of service. Some of the highlights from the Superintendent's presentation included the following:

- Canton's per pupil expenditure for FY18 and FY17 is \$16,861 (according to the most recently audited data from the state). Canton is the fifth lowest in comparison to 12 other communities and the state's average per pupil expenditure of \$16,465. Wellesley has the highest per pupil spending at \$20,365 as compared to Milton with the lowest per pupil spending of \$15,469.
- Canton is approximately 10 FTEs (or approximately \$1 million) short by what the state average per pupil spending is for administration and instructional leadership positions. The only administrator position request in the FY21 budget request is for a Humanities Coordinator with a requested salary of \$102,000.
- The Superintendent's budget request includes contractual obligations of \$1,761,488, a reduction of \$73,561 (1.0 FTE JFK 2nd Grade Teacher) and an increase of 14.4 FTE's totaling \$917,739 plus \$193,107 for supplies and services. The Superintendent's budget request for FY21 is \$2,798,773 or a 6.34% increase for a total school budget request of \$46,913,135.

Mr. Nectow reviewed the FY21 school budget request summary.

In response to questions from the Finance Committee the Superintendent offered the following comments:

- MCAS scores can correlate directly to average housing or a mother's educational level, however, Ms. Fischer-Mueller would not state that high MCAS scores are directly related to higher per pupil spending. There are communities that have MCAS scores that are not aligned with the per pupil expenditure. In response to a member's question about the correlation of increasing the per pupil expenditure with an

increase to the MCAS scores, Ms. Fischer-Mueller stated that her staff refers to their Strategic Framework with areas of focus identified which result in a district action plan and a school improvement plan.

- With regards to a question about fulfilling administrator positions, a Pre-K to 12 STEM Coordinator was added. Also, because an out-of-district coordinator position could not be filled for six months, the FTE and salary for that position were used to create a position of an Assistant Director of Student Services.
- Mr. Scollins confirmed that municipalities are generally similar in their budget sharing/split arrangement of 2/3 for school departments and 1/3 for town departments.
- The School Department's FY21 budget request of \$46,913,135 is approximately \$500,000 higher than the recently revised Summary of Revenue and Expenditures school target number of \$46,419,604.
- Mr. Nectow stated that they have been following special education costs closely, no spike has been identified thus far and levels are rising as expected. Current projection is that the FY20 special education reserves (\$700,000 voted at last year's ATM) will be used and drawn down to zero. The number of out-of-district student placements is currently in the mid-50s.

Article 39 – Reimbursement of Transportation Costs for Students in Foster Care – Mr. Nectow gave a summary of this article. There is a small population of students for which the Town receives no reimbursements for. There is a group of students that are in a Department of Children and Families (DCF) program and that are not necessarily on an Individual Education Plan (IEP) or considered homeless. In order for the Town to participate in this federal program the Town needs Town Meeting authorization to apply for and receive these funds.

A motion made by Ms. Saint André to recommend Article 39 to Annual Town Meeting 2020 was seconded by Mr. Wong. Vote: 8-0-0.

Discussion of Free Cash Certification as of July 1, 2019 and Cash Reserve Balances

Mr. Scollins presented a slide presentation of the Town's cash reserve balances as of July 1, 2019:

- Water Enterprise (retained earnings) - \$1,357,137. Sewer Enterprise (retained earnings) - \$2,239,897. Rink Enterprise (retained earnings) - \$76,980. General Fund - \$5,731,060 (an increase of \$1.4 million since July 1, 2018).
- Stabilization Fund - \$8,490,281 (includes core Stabilization Fund and Solar Stabilization Fund). This fund requires a 2/3 vote at Annual Town Meeting to withdraw from this fund.
- Overlay Reserve - \$2,459,492. The Overlay Reserve decreased \$1.3 million since Fiscal 2018 because the Board of Assessors released \$1.5 million for the Rink project.
- Total General Fund Reserves: \$16,680,833 which is 16.64% of budgeted general fund expenditures above the Town's target of 15%.
- The maximum use of the reserves at the upcoming Annual Town Meeting should be \$1,646,903 to maintain the 15% target.

Discussion of Revenues and Expenditures for FY21

Mr. Scollins presented the updated revenue estimates for FY21 as of February 9, 2020. He reviewed property tax revenue, property taxes from debt exclusions, state aid, local receipts, transfers from other funds and fixed costs (see meeting documents).

- Total revenues for FY21 are estimated at \$103,500,786 which is a 4.5% increase over the current year. This is also a \$296,950 net increase from the total revenues for FY21 voted by the Revenue Forecasting Committee (RFC) on January 30th. The \$296,950 net increase represents the removal of \$571,950 TIF (Spear Street Capital) and the reduction of the new growth estimates by \$275,000.
- Real Estate new growth for FY21 is estimated to be \$600,000 (originally voted by the RFC at \$700,000).
- Personal Property new growth for FY21 is estimated to be \$200,000 (originally voted by the RFC at \$375,000).

- Unused Levy Capacity – Mr. Scollins stated that the FY21 estimate of zero was a decision recommended by the Board of Assessors. At the time of the classification hearing for setting the tax rate, the state within a day of this hearing finally certified the Town’s new growth. There was debate over new growth associated with a very large property in Town given the purchase price of the property. Ultimately the state decided that the new value associated with that property was indeed new growth, which added approximately \$900,000 to what could have been taxed in this fiscal year. The Board of Assessors recommended not to tax the property in this year but in FY21. Mr. Scollins’ recommendation would have been to collect the \$900,000 from the taxpayer because the Town has the need for these taxes to help fund some one-time capital projects. As a result the tax bills will be artificially low for this year.
- The Town of Canton has historically spent \$1.9 million less in local receipts than what the Town generates with the intention of recharging its free cash reserves.
- Transfers from Other Funds – The new ambulance for next year will not be able to be funded out of ambulance receipts. The Town will have to borrow for the ambulance purchase.
- Fixed Costs – Since the RFC meeting, the Blue Hills Regional School (BHRS) Assessment estimate for FY21 has been reduced by \$71,097 to reflect the final budget number provided by the BHRS Business Manager. The Town Insurance estimate for FY21 has been increased by \$46,204 to reflect a net increase of \$100,000 over the current fiscal year as per information from the Town’s insurance carrier.

Mr. Scollins reviewed the spreadsheet that described the process used to establish operating budget targets.

A motion made by Ms. Saint André to recommend \$46,419,604 as the FY21 School operating budget target number was seconded by Mr. Mauro. Vote: 8-0-0. This represents a 5.2% increase over the prior year budget.

A motion made by Ms. Saint André to recommend \$22,862,135 as the FY21 Municipal operating budget target number was seconded by Mr. Mauro. Vote: 8-0-0. This represents a 5.0% increase over the prior year budget.

The FY21 estimated total deficit of \$2,071,429 for the General Fund is comprised of various articles and capital projects that will be utilizing free cash reserves and reserve funds at Annual Town Meeting 2020.

Vote - Article 18 – Increase the Special Education Reserve Account

A motion made by Ms. Saint André to recommend that \$500,000 be transferred from free cash to the Special Education Reserve Account at the Annual Town Meeting was seconded by Ms. Thomas. Vote: 8-0-0. This is a \$200,000 decrease from last year’s ATM recommendation of a \$700,000 transfer.

The Committee was in agreement to post the annual salary report without names to the Committee’s website. No vote was taken. The mitigation accounts would be discussed with the Town Accountant at the next meeting.

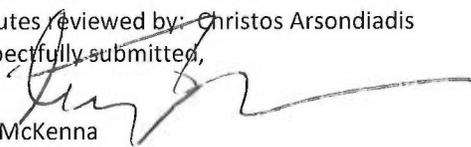
D. Old Business - There was no comment from the public at the meeting.

E. Approval of Minutes - There were no minutes approved at the meeting.

F. Next Meeting Date: The next Finance Committee meeting would take place on February 12, 2020 at 7:00 p.m. in the Salah Meeting Room.

Adjournment: A motion made by Ms. Saint André to adjourn the meeting at 9:22 p.m. was seconded by Mr. Clough. Vote: 8-0-0.

Minutes reviewed by: Christos Arsondiadis
Respectfully submitted,


Tim McKenna
Chair, Canton Finance Committee

**Canton Finance Committee Meeting
February 10, 2020
Meeting Documents**

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

Agenda for February 10, 2020 (1 page).

Canton Public Schools – FY21 Operating Budget dated February 10, 2020 (17 pages).

Canton Public Schools – FY21 Budget Request – Summary (4 pages).

Superintendent's Budget Message for FY21 (6 pages).

Strategic Framework 2019-2024 (2 pages).

Revenue Estimates for FY 2021 General Fund Operating Budgets, prepared by Randy Scollins, Finance Director for the Finance Committee, dated 2/9/20 (11 pages).

ATM Warrant (45 pages).

Active Employees – FY2020 Annual Base Salary and CY 2019 Gross Pay Salary (25 pages).