



## TOWN OF CANTON, MASSACHUSETTS DEPARTMENT OF FINANCE

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### MEMORANDUM

TO: Select Board  
FROM: Randy Scollins, Finance Director *WRS*  
DATE: September 13, 2022  
SUBJECT: **Enterprise Funds' Fiscal 2022 Operating Results**

The attached report contains the enterprise funds' operating results for fiscal 2022 compared to fiscal 2021. 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, 2022.

The water enterprise's budgeted deficit of \$72,000 was due to retained earnings appropriated for capital projects. The actual fiscal 2022 operating surplus was \$173,336. Despite revenue coming in \$772K less than budget, the MWRA assessment was \$619K less than budget and all other expenses came in \$398K less than budget, yielding the positive result of beating budget by \$245K.

Water consumption was down 8.6%, or \$673K, from prior year primarily due to a wet 2021 summer, resulting in less irrigation revenue.

Fiscal 2022's results have the water enterprise fund ending the year with an estimated cash reserve of \$1.14 million which is 15% of expenses. The current target is 50% of expenses.

The sewer enterprise's budgeted deficit of \$382,000 was due to retained earnings earmarked for cash capital. The actual fiscal 2022 operating deficit was \$180,385 as a result of revenue coming in higher than budget by \$203K, although \$576K less than the prior year, and expenses coming in slightly more than budget by \$1.8K. The net result being \$201.6K favorable to budget. Sewer's end of year cash reserve is estimated to be \$2.9 million which is 44% 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 \$24K less than budget, the rink enterprise was still able to come in \$32K ahead of plan as a result of solid expense management. The rink's end of year cash reserve amounted to an estimated \$136K.

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

#### Attachments

cc: Charles Aspinwall, Town Administrator

Kathy Butters, Town Accountant  
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 2022	FISCAL 2022	Actuals VS.	FISCAL 2021	FISCAL 2021	Actuals VS.
	BUDGET	ACTUALS	Budget	BUDGET	ACTUALS	Budget
<b>WATER REVENUE</b>	7,886,905	7,114,979	(771,926)	7,386,658	7,787,484	400,826
SALARIES & WAGES	981,429	1,058,378	(76,949)	1,005,746	1,102,934	(97,188)
MWRA ASSESSMENT	2,137,222	1,518,359	618,863	2,137,222	1,637,287	499,935
DEBT SERVICE	2,734,995	2,582,297	152,698	2,361,866	2,356,899	4,967
CHARGES FROM GENERAL FUND	660,999	660,999	0	632,564	632,564	0
OTHER EXPENSES	1,372,260	1,049,610	322,650	1,249,260	1,021,963	227,297
<b>TOTAL WATER OPERATING EXPENSES</b>	7,886,905	6,869,644	1,017,261	7,386,658	6,751,647	635,011
CASH CAPITAL	72,000	72,000	0	65,700	65,700	0
<b>TOTAL WATER ENTERPRISE EXPENSES</b>	7,958,905	6,941,644	1,017,261	7,452,358	6,817,347	635,011
<b>WATER SURPLUS/(DEFICIT)</b>	(72,000)	173,336	245,336	(65,700)	970,137	1,035,837
<b>SEWER REVENUE</b>	6,651,873	6,855,278	203,405	6,619,067	7,431,333	812,266
SALARIES & WAGES	558,881	483,078	75,803	500,499	458,076	42,423
MWRA ASSESSMENT	4,661,549	4,804,153	(142,604)	4,661,549	4,629,513	32,036
DEBT SERVICE	599,131	598,150	981	663,465	663,465	0
CHARGES FROM GENERAL FUND	402,613	402,613	0	378,855	378,855	0
OTHER EXPENSES	429,699	365,669	64,030	414,699	335,490	79,209
<b>TOTAL SEWER OPERATING EXPENSES</b>	6,651,873	6,653,663	(1,790)	6,619,067	6,465,399	153,668
CASH CAPITAL	382,000	382,000	0	13,500	13,500	0
<b>TOTAL SEWER ENTERPRISE EXPENSES</b>	7,033,873	7,035,663	(1,790)	6,632,567	6,478,899	153,668
<b>SEWER SURPLUS/(DEFICIT)</b>	(382,000)	(180,385)	201,615	(13,500)	952,434	965,934
<b>RINK REVENUE</b>	390,620	366,359	(24,261)	238,660	169,736	(68,924)
SALARIES & WAGES	121,400	35,947	85,453	64,300	37,590	26,710
DEBT SERVICE	108,851	108,851	0	110,499	110,499	0
CHARGES FROM GENERAL FUND	14,829	14,829	0	5,460	5,460	0
OTHER EXPENSES	145,540	174,724	(29,185)	118,900	73,964	44,936
<b>TOTAL RINK OPERATING EXPENSES</b>	390,620	334,351	56,269	299,159	227,514	71,645
CASH CAPITAL	0	0	0	17,000	17,000	0
<b>TOTAL RINK ENTERPRISE EXPENSES</b>	390,620	334,351	56,269	316,159	244,514	71,645
<b>RINK SURPLUS/(DEFICIT)</b>	0	32,008	32,008	(77,499)	(74,778)	2,721

**CANTON**  
**Combining Balance Sheet - Enterprise Funds**  
**as of June 30, 2022**  
**(Unaudited)**

	WATER Enterprise Fund	SEWER Enterprise Fund	RINK Enterprise Fund	Totals (Memorandum Only)
<b><u>ASSETS</u></b>				
Cash and cash equivalents	2,097,460.21	3,719,762.41	136,758.27	5,953,980.89
Receivables:				
User Fees	751,091.07	780,375.99		1,531,467.06
Special assessments	303,522.27	256,233.58		559,755.85
Utility liens added to taxes	54,219.22	56,680.79		110,900.01
Amounts to be provided - payment of bonds	24,598,400.00	3,417,922.50		28,016,322.50
Total Assets	<u>27,804,692.77</u>	<u>8,230,975.27</u>	<u>136,758.27</u>	<u>36,172,426.31</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
Liabilities:				
Accounts payable	45,447.83	30,013.25	242.93	75,704.01
Accrued payroll and withholdings	32,961.02	17,271.27	312.31	50,544.60
Other liabilities			(7.56)	(7.56)
Deferred revenue:				
User Charges	761,668.89	780,375.99		1,542,044.88
Special assessments	303,541.27	256,233.58		559,774.85
Utility liens added to taxes	54,219.22	56,680.79		110,900.01
Bonds payable	24,598,400.00	3,417,922.50		28,016,322.50
Total Liabilities	<u>25,796,238.23</u>	<u>4,558,497.38</u>	<u>547.68</u>	<u>30,355,283.29</u>
Fund Equity:				
Reserved for encumbrances		300,000.00		300,000.00
Reserved for expenditures	80,000.00			80,000.00
Reserved for continuing appropriations	914,282.03	464,289.93		1,378,571.96
Reserved for petty cash	25.00	25.00		50.00
Unreserved retained earnings	1,014,147.51	2,908,162.96	136,210.59	4,058,521.06
Total Fund Equity	<u>2,008,454.54</u>	<u>3,672,477.89</u>	<u>136,210.59</u>	<u>5,817,143.02</u>
Total Liabilities and Fund Equity	<u>27,804,692.77</u>	<u>8,230,975.27</u>	<u>136,758.27</u>	<u>36,172,426.31</u>