



Town of Canton, Massachusetts

DEPARTMENT OF FINANCE

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MEMORANDUM

TO: Board of Selectmen
FROM: James Murgia, Finance Director 
DATE: August 14, 2018
SUBJECT: **Enterprise Funds' Fiscal 2018 Operating Results**

LOUIS M. JUTRAS
INFORMATION
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The attached report shows the enterprise funds' operating results for fiscal 2018 compared to fiscal 2017. 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, 2018.

The water enterprise's budgeted deficit of \$1,385,000 was due to cash reserves earmarked for cash capital (\$655,000), easements (\$80,000), MWRA assessment (\$400,000) and a budget supplement (\$250,000). The actual fiscal 2018 operating deficit was \$931,531 which is less than budgeted primarily due to higher revenues received. After considering the fiscal 2018's results, the water enterprise fund ended the year with an estimated cash reserve of \$1.6 million which is a healthy 19% of expenses.

The sewer enterprise's budgeted deficit of \$404,000 was due to cash reserves earmarked for cash capital. The actual fiscal 2018 operating surplus was \$511,750 primarily due to higher revenues. Sewer's end of year cash reserve is estimated to be \$2.0 million which is a healthy 29% of expenses.

The rink enterprise's budgeted deficit of \$19,910 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 \$17,192 during fiscal 2018 primarily due to interest income earned on the insurance proceeds received. The rink's end of year cash reserve amounted to an estimated \$73,000.

The rink enterprise has received approximately \$2.7 million from the Town's insurance company due to the 2015 roof collapse. These insurance funds have been set aside while the Town investigates the costs to build a new rink or repair the existing one.

Please let me know if you have any questions or comments concerning this information.

JRM/ej
Attachment

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

ENTERPRISE FUNDS' OPERATING RESULTS

DESCRIPTION	CURRENT FISCAL YEAR			PRIOR FISCAL YEAR		
	FY 2018 BUDGET	FY 2018 ACTUALS	ACTUALS VS. BUDGET	FY 2017 BUDGET	FY 2017 ACTUALS	ACTUALS VS. BUDGET
WATER REVENUE	6,957,882	7,365,806	407,924	6,396,172	7,026,536	630,364
SALARIES & WAGES	948,271	874,844	73,427	911,854	801,199	110,655
MWRA ASSESSMENT	2,548,346	2,551,203	(2,857)	1,680,349	1,731,331	(50,982)
DEBT SERVICE	2,358,680	2,352,219	6,461	2,305,670	2,301,260	4,410
CHARGES FROM GENERAL FUND	514,825	514,825	0	510,539	510,539	(0)
CASH CAPITAL/SPECIAL APPROPRIATIONS	735,000	732,332	2,668	804,500	801,143	3,357
OTHER EXPENSES	1,237,760	1,271,914	(34,154)	987,760	908,741	79,019
TOTAL WATER OPERATING EXPENSES	8,342,882	8,297,337	45,545	7,200,672	7,054,213	146,459
WATER SURPLUS/(DEFICIT)	(1,385,000)	(931,531)	453,469	(804,500)	(27,677)	776,823
SEWER REVENUE	6,536,733	7,423,938	887,205	6,496,640	6,408,747	(87,893)
SALARIES & WAGES	459,130	304,448	154,682	427,412	286,500	140,912
MWRA ASSESSMENT	4,244,707	4,252,646	(7,939)	4,178,270	4,137,162	41,108
DEBT SERVICE	1,126,032	1,126,658	(626)	1,186,517	1,163,732	22,785
CHARGES FROM GENERAL FUND	358,865	358,865	0	356,442	356,442	0
CASH CAPITAL	404,000	403,380	620	207,500	207,331	169
OTHER EXPENSES	347,999	466,191	(118,192)	347,999	342,884	5,115
TOTAL SEWER OPERATING EXPENSES	6,940,733	6,912,188	28,545	6,704,140	6,494,052	210,088
SEWER SURPLUS/(DEFICIT)	(404,000)	511,750	915,750	(207,500)	(85,306)	122,195
RINK REVENUE	0	29,351	29,351	113,444	70,555	(42,889)
SALARIES & WAGES	0	0	(0)	29,324	5,488	23,836
CHARGES FROM GENERAL FUND	0	0	0	0	0	0
DEBT SERVICE	6,360	7,289	(929)	6,540	6,540	0
CASH CAPITAL	0	0	0	0	0	0
OTHER EXPENSES	13,550	4,870	8,680	77,580	5,123	72,457
TOTAL RINK OPERATING EXPENSES	19,910	12,159	7,751	113,444	17,151	96,293
RINK SURPLUS/(DEFICIT)	(19,910)	17,192	37,102	0	53,404	53,404

TOWN OF CANTON, MASSACHUSETTS
Combining Balance Sheet - Enterprise Funds
as of June 30, 2018 (Unaudited)

	Water Operations	Water Capital Projects	Total Water	Sewer Operations	Sewer Capital Projects	Total Sewer	Rink Operations	Rink Capital Projects	Total Rink	Total Enterprises
ASSETS										
Cash and cash equivalents	2,842,791.89	321,597.48	3,164,389.37	2,513,046.41	1,062,582.03	3,575,628.44	95,514.27	2,622,402.30	2,717,916.57	9,457,934.38
Receivables:										
Special assessments	269,002.21	-	269,002.21	253,272.55	-	253,272.55	-	-	-	522,274.76
Tax liens	25,077.85	-	25,077.85	26,298.54	-	26,298.54	-	-	-	51,376.39
Utility Charges	234,949.28	-	234,949.28	213,268.48	-	213,268.48	-	-	-	448,217.76
Departmental	-	-	-	-	-	-	19,710.00	-	19,710.00	19,710.00
Amounts to be provided - payment of bonds	18,286,100.00	-	18,286,100.00	6,123,026.00	-	6,123,026.00	-	6,000.00	6,000.00	24,415,126.00
Total Assets	<u>21,657,921.23</u>	<u>321,597.48</u>	<u>21,979,518.71</u>	<u>9,128,911.98</u>	<u>1,062,582.03</u>	<u>10,191,494.01</u>	<u>115,224.27</u>	<u>2,628,402.30</u>	<u>2,743,626.57</u>	<u>34,914,639.29</u>
LIABILITIES AND FUND EQUITY										
Liabilities:										
Deferred revenue										
Special assessments	269,002.69	-	269,002.69	253,272.55	-	253,272.55	-	-	-	522,275.24
Tax liens	25,077.85	-	25,077.85	26,298.54	-	26,298.54	-	-	-	51,376.39
Utility Charges	234,949.28	-	234,949.28	213,268.48	-	213,268.48	-	-	-	448,217.76
Departmental	-	-	-	-	-	-	19,710.00	-	19,710.00	19,710.00
Accounts payable	44,357.26	7,620.29	51,977.55	3,985.13	-	3,985.13	1,062.43	55,327.20	56,389.63	112,352.31
Accrued payroll and withholdings	14,343.14	-	14,343.14	5,421.41	-	5,421.41	-	-	-	19,764.55
Other liabilities	8,596.82	-	8,596.82	-	-	-	-	-	-	8,596.82
Bonds payable	18,286,100.00	-	18,286,100.00	6,123,026.00	-	6,123,026.00	-	6,000.00	6,000.00	24,415,126.00
Total Liabilities	<u>18,882,427.04</u>	<u>7,620.29</u>	<u>18,890,047.33</u>	<u>6,625,272.11</u>	<u>-</u>	<u>6,625,272.11</u>	<u>20,772.43</u>	<u>61,327.20</u>	<u>82,099.63</u>	<u>25,597,419.07</u>
Fund Equity:										
Reserved for encumbrances	796,415.30	-	796,415.30	275,529.30	-	275,529.30	-	-	-	1,071,944.60
Reserved for expenditures	364,000.00	-	364,000.00	200,000.00	-	200,000.00	21,430.00	-	21,430.00	585,430.00
Reserved for continuing appropriations	-	313,977.19	313,977.19	-	1,062,582.03	1,062,582.03	-	2,567,075.10	2,567,075.10	3,943,634.32
Reserved for petty cash	25.00	-	25.00	25.00	-	25.00	-	-	-	50.00
Unreserved retained earnings	1,615,053.89	-	1,615,053.89	2,028,085.57	-	2,028,085.57	73,021.84	-	73,021.84	3,716,161.30
Total Fund Equity	<u>2,775,494.19</u>	<u>313,977.19</u>	<u>3,089,471.38</u>	<u>2,503,639.87</u>	<u>1,062,582.03</u>	<u>3,566,221.90</u>	<u>94,451.84</u>	<u>2,567,075.10</u>	<u>2,661,526.94</u>	<u>9,317,220.22</u>
Total Liabilities and Fund Equity	<u>21,657,921.23</u>	<u>321,597.48</u>	<u>21,979,518.71</u>	<u>9,128,911.98</u>	<u>1,062,582.03</u>	<u>10,191,494.01</u>	<u>115,224.27</u>	<u>2,628,402.30</u>	<u>2,743,626.57</u>	<u>34,914,639.29</u>