

**REPORT OF THE FINANCE COMMITTEE
FOR THE
TOWN OF WORTHINGTON
2011 ANNUAL REPORT**

The intent of this report is to provide information on the results of operations on the most recently ended fiscal year, [Fiscal Year 2011], which closed June 30, 2011 and a status report on the current Fiscal Year 2012 budget.

FISCAL YEAR 2011

The tax levy for Fiscal Year 2011 was 2,235,091.21 with a resulting tax rate of 12.42. The town taxed under its levy limit (unused taxing capacity) by 77,047.79. The average single family residential value was 225,070.00 and the average single family tax bill was 3,193.00.

At year end, 88,294.00 of unspent appropriations were closed, actual local receipts exceeded estimates by 90,528.00 and actual receipts not estimated totaled 22,193. As a result of operations the 7/1/2011 Free Cash was certified at 175,964.00. Included in the receipts above was 29,102.00 in rental income received from the Conwell building.

The Reserve Fund is created by an appropriation at Annual Town Meeting pursuant to M.G.L. Ch.40, s.6. . Its purpose is to provide funding for extraordinary or unforeseen expenditures. Transfers by formal requests are approved or disapproved by the Finance Committee. To approve a transfer from the fund to another appropriation, the Finance Committee must find that the request is for either an extraordinary or unforeseen purpose and not just because the appropriation is depleted or overspent. In Fiscal Year 2011, 10,000 was budgeted in the Reserve Fund and ten transfers were approved that totaled 8,726.90. The following is a list of the approved Fiscal Year 2011 Reserve Fund Transfers:

No. 1	Police Vests	2,400.00
No. 2	Computer Maint. & Supplies	1,600.00
No. 3	E-1 Fire Truck Loan Payment	19.00
No. 4	Fire Dept. Expense	1,550.00
No. 5	Town Office Maint. & Supplies	450.00
No. 6	Animal Control Officer Expense	44.30
No. 7	Law Expense	1,000.00
No. 8	Computer Maint. & Supplies	750.00
No. 9	Highway Machinery Fuel	827.57
No. 10	Town Hall/Hwy Phone Expense	86.03
	Total:	8,726.90

FISCAL YEAR 2012

The Fiscal-Year 2012 Annual Town Meeting and the Special Town Meeting held in October approved a total of 3,120,144.55 in appropriations. The town operating budget totaled 1,121,696.55, the Gateway school budget totaled 1,202,369.00 and vocational education totaled 212,730.00. This resulted in a grand total operating budget of 2,536,795.55. This was a (70,995.03) dollar decrease and a (2.72) percent decrease from the prior year. Gateway's budget represents 47.40 percent of the total town operating budget. If we add the vocational education amount to Gateway's total, the total education budget represents 55.78 percent of the total town operating budget.

In addition to the operating budget, the Town appropriated 31,000.00 for estimated repairs to the E-1 fire truck and appropriated the sum of 40,000.00 for the Town's share of a Federal fire grant. The Town also approved the purchase of a new loader in the amount of 60,000.00 plus the trade-in on the old for the Highway Department. The Town approved the purchase of new tables and chairs for the Conwell Building and Town Hall in the amount of 1,500.00 as well as 6,000.00 for the design of a new Town website. Also approved was 3,500.00 for fencing to be erected around proposed solar arrays at the town hall and fire department and 5,000.00 for additional roof repairs at the town hall. Funding for these capital items came from the Stabilization Fund. The Town also voted 128,324.00 from Free Cash into the Stabilization Fund.

The Town also approved the creation of a Conwell Stabilization Fund pursuant to M.G.L. Chapter 40, Section 5B. Appropriations from the fund must be for extraordinary maintenance, repairs, and improvements to the Conwell building and grounds. The Town also voted 65,991.00 into the fund, 35,991.00 from a balance in the FY2011 Gateway appropriation and 30,000.00 from the tax levy.

The revenue budget projected 367,594.00 in estimated receipts from state and local sources, 2,218,356.85 from property tax revenue, 128,324.00 from Free Cash and 147,000.00 from the Stabilization Fund and 283,127.00 in other available funds. This gave a total projected revenue budget of 3,144,401.85.

The tax levy for Fiscal Year 2012 was 2,218,356.85 with a resulting tax rate of 13.69. The town taxed under its levy limit (unused taxing capacity) by 117,631.15. The average single family residential value was 229,007.00 and the average single family tax bill was 3,135.00.

As in last year's report we included again this year a chart which we hope helps to explain the cost per student relative to the Gateway school assessment. Block number one in the chart shows the cost per student for the Gateway proposed FY13 budget version 2.1. The first line shows a cost per student of 14,645 which is based on the gross or total proposed budget. The calculation is simply dividing the total district gross budget of 16,475,963 by the total student population of 1,125. The second line calculates the cost per student using the total net assessment amount which represents the amount that is assessed to the member towns.

A regional school net assessment usually consists of three components. The minimum contribution, the above minimum contribution and the non-foundation contribution. The method of allocation of these amounts assessed to the member towns is different. The minimum or some times referred to as the statutory method is calculated by a complex state formula that was implemented by the adoption of Education Reform some 20 years ago. The formula calculates the amount that each town must pay based on the town's ability to pay and its "perceived wealth" determined by the formula. The other two components are based on the regional agreement method and in Gateway's case this is based on the percent of students each town has to the total student population. This method was used for the whole assessment prior to the adoption of the Ed Reform law. The second block shows the cost per student using the state formula. In this case there is a great disparity in the cost per student. Worthington per the formula pays 9,080 per student with only 8.445 percent of the students and as a contrast Russell pays 3,744 per student with 23.378 percent of the student population.

The third block shows what the allocation of the minimum amount would be if the regional agreement method was used instead of the state formula. In this case Worthington with a student population of 95 would pay 508,731 and Russell with a student population of 263 would pay 1,408,302. The cost per student would be the same for all towns at 5,355.

The fourth block shows the impact to the average single family tax bill based on the additional 353,828 the Town has to pay because of the minimum formula (see block 5 FY2013). In this case the average single family parcel with a value of 229,007 pays an additional 499.00 in taxes. This calculation uses FY2012 values as the FY2013 values are not known at this time.

The fifth block compares the minimum assessment per the state formula against the amount that would have been assessed if the regional agreement student percent was used. A positive dollar change represents that the town paid more under the state formula and a negative amount shows that the town paid less than

what it would have under the regional agreement method. In Worthington's case in FY2013 the Town will pay 353,828 more under the state formula method. The chart only displays the proposed FY2013 assessment and the prior two years. Block six on the far right shows the total for the 20 years that the state formula has been used. In Worthington's case the cumulative result is that the Town over the 20 years of Ed. Reform has paid 5,590,961 more than it would have paid if school costs were based on the regional agreement method. In contrast, Huntington on the other hand has paid 6,119,909 less.

In closing, we would also like to thank all town departments for their help in the budget process and hope to see you all at the Fiscal Year 2013 Annual Town Meeting.

Respectfully submitted:

Joe Boudreau (Chair)
Grant Bowman
Alex Lak
Tom Wisnauckas