

**REPORT OF THE FINANCE COMMITTEE  
FOR THE  
TOWN OF WORTHINGTON  
2010 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 2010], which closed June 30, 2010 and a status report on the current Fiscal Year 2011 budget.

**FISCAL YEAR 2010**

The tax levy for Fiscal Year 2010 was 2,148,026.22 with a resulting tax rate of 12.24. The town taxed under its levy limit (unused taxing capacity) by 80,845.78. The average single family residential value was 255,408.00 and the average single family tax bill was 3,126.00.

At year end, 79,246.00 of unspent appropriations were closed, actual local receipts exceeded estimates by 71,129.00. As a result of operations the 7/1/2010 Free Cash was certified at 128,324.00.

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 2010, 10,000 was budgeted in the Reserve Fund and eight transfers were approved that totaled 2,093.97. The following is a list of the approved Fiscal Year 2010 Reserve Fund Transfers:

No. 1	Finance Committee Expense	50.00
No. 2	Wiring Inspector Expense	12.00
No. 3	Election Expense	1,428.00
No. 4	Worker's Comp.	432.40
No. 5	Veteran's Agent Expense	1.85
No. 6	Veteran's Aid	101.26
No. 7	Building Inspector Alternate	21.00
No. 8	Computer Maint. and Supplies	47.46
	Total:	2,093.97

**FISCAL YEAR 2011**

The Fiscal-Year 2011 Annual Town Meeting and the Special Town Meeting held in October approved a total of 3,051,768.58 in appropriations. The town operating budget totaled 1,113,064.58, the Gateway school budget totaled 1,394,786.00 and vocational education totaled 99,940.00. This resulted in a grand total operating budget of 2,607,790.58. This was a 62,998.51 dollar increase and a 2.48 percent increase from the prior year. Gateway's budget represents 53.49 percent of the total town operating budget. If we add the vocational education amount to Gateway's total, the total education budget represents 57.32 percent of the total town operating budget.

In addition to the operating budget, the Town approved the purchase of a fuel tank in the amount of 5,600.00 for the Fire Department. The Town also approved the purchase of a new pick up truck in the amount of 33,500.00 and computer in the amount of 1,100.00 for the Highway Department. The Town approved training and equipment in the amount of 12,711.00 for the Police Department along with police software and a computer in the amount of 21,105.00. For the Conwell Building, the Town approved the

purchase of a generator transfer station for 5,000.00, a snow blower for 1,200.00, a floor burnisher for 3,700.0 and inside security doors for 3,500.00. The Town also approved 5,000.00 for roof repairs at the town hall and new computers for the Tax Collector and the Town Accountant in the amount of 2,300.00. Funding for these capital items came from the Stabilization Fund. The Town also voted 158,449.00 from Free Cash into the Stabilization Fund.

The revenue budget projected 388,595.00 in estimated receipts from state and local sources, 2,258,041.58 from property tax revenue, 158,449.00 from Free Cash and 63,300.00 from the Stabilization Fund and 193,791.00 in other available funds. This gave a total projected revenue budget of 3,011,132.22.

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 257,070.00 and the average single family tax bill was 3,193.00.

At the past few town meetings there have been some questions relative to school costs and particularly the cost per student. In an attempt to better answer some of those questions we decided to include the following chart in this report. The first block in the chart shows the cost per student for the Gateway proposed FY12 budget version 2.0. The first line shows a cost per student of 14,087 which is based on the gross or total proposed budget. The calculation is simply dividing the total district gross budget of 16,439,043 by the total student population of 1,167. 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 19 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. 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 11,049 per student with only 7.369 percent of the students and as a contrast Russell pays 3,574 per student with 23.622 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 86 would pay 440,468 and Russell with a student population of 264 would pay 1,352,187. The cost per student would be the same for all towns at 5,122.

The fourth block shows the cost per student for vocational education. This is the current tuition rate that is charged from the Smith School in Northampton. In addition to the tuition there is an additional cost of transportation which amounts to 99,940 as budgeted in the FY2011 budget which covered four students that chose vocational education.

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 FY2011 the town paid 390,315 more under the state formula than what it would under the regional agreement method. Or to put it in tax terms the average single family tax billed paid 558 dollars more. If we were to project the impact of the FY2012 amount of 509,728 the average single family tax bill will pay 728 dollars more. This chart only displays the proposed FY2012 assessment and the prior two years. The block on the far right shows the total for the 19 years that the state formula has been used.

We also included a chart that compares various financial data of the seven towns in the Gateway District. The first section provides some general information relative population, per capita income and student population.

The second section gives assessed valuation and tax impact information. It should be noted to make an accurate comparison between towns the tax rate should not be used. It is a function of the tax levy and the total taxable value of a town and is used to generate tax bills but a comparison is meaningless. What should be used is the average single family tax bill.

The third section provides Proposition 2 ½ information. Excess taxing capacity is the amount of tax a town could have used under the tax limiting law but chose not to. The range in this comparison goes from Huntington with 307 dollars to Middlefield with 178,559 dollars. Worthington taxed under by 77,048. The next line shows the excess taxing capacity as a percent of the town's tax levy.

And finally the last section shows the amount of reserves each town has as of 6/30/10. The two reserves listed are Free Cash and the Stabilization Fund. Again to assist in a comparison the last line shows the total reserves as a percent of the particular town's tax levy.

In closing, we hope that this additional information will help you better understand school costs and also help you judge Worthington's position among the six other towns. 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 2012 Annual Town Meeting.

Respectfully submitted:

Joe Boudreau (Chair)  
Alex Lak  
John Novo  
Tom Wisnauckas