

**REPORT OF THE FINANCE COMMITTEE  
FOR THE  
TOWN OF WORTHINGTON  
2016 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 2016], which closed June 30, 2016 and a status report on the current Fiscal Year 2017 budget.

**FISCAL YEAR 2016**

The tax levy for Fiscal Year 2016 was 2,677,424.43 with a resulting tax rate of 16.06. The town taxed under its levy limit (unused taxing capacity) by 17,491.57. The average single family residential value was 235,412.00 and the average single family tax bill was 3,781.00. This resulted in a 529.00 dollar increase for the average single family tax bill. For the most part this increase was the result of the town electing to leave the Gateway school district and operate our own elementary school in our town.

This report purposely uses the same format from year to year, in order to make it easy for a reader to compare various years by reading prior reports. At this point in the report we would normally report the results of operations of Fiscal Year 2016. Unfortunately this year we cannot. In order to know the results of operations the town's books need to be closed. This process is normally done in the fall, a couple of months after the fiscal year ends on June 30. As of this writing, March 30 2017 the books are not closed. As some of you may know, the town experienced a number of problems in both the accounting and treasury offices which prevented a timely closing. At a special town meeting in December the town appropriated 47,500.00 to enable the town to contract with a CPA firm to conduct both accounting and treasury remediation. That process is presently on going and we hope to be able to report to you at this year's Annual Town Meeting on May 6 that the process has been completed. We also hope that at that time all year end filings will have been made to the Dept. of Revenue and the town's Free Cash will have been certified and available for your use at the meeting. As part of the remediation the town has a new Treasurer. Kirsten Henshaw the town's Tax Collector has stepped up and will now serve in both positions. The town was not successful in attracting a person to replace the Town Accountant who retired. As a result, the town contracted to outsource its accounting to the firm that was hired to do the remediation.

The above situation was and is a great concern of the Finance Committee. Over the course of time a town can experience issues in either of the two offices and in our case it was almost the "perfect storm" in that it happened in both offices at the same time. To weather the storm town officials need to be able to recognize it and react timely and appropriately. We believe the town needs to improve on this score. The town, a number of years ago, experienced a similar situation in the then treasury office but because most current town officials were not in office at that time the town's institutional memory failed. The Finance Committee would like to work with the Selectboard to install safeguards that will prevent this from happening again. Two such safeguards would be the inclusion of funding for annual audits in the town budget and the adoption of a policy and procedures manual. The manual would outline how various offices should operate and would serve to educate not only new town officials that would occupy the offices but also educate those who are charged with oversight. Various reporting requirements can also be implemented that would help to monitor the condition of various offices during the year and the independent audit would review at year end.

Each year 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 2016, 10,000 was budgeted in the Reserve Fund and eight transfers were approved that totaled 3,203.73. The following is a list of the approved Fiscal Year 2016 Reserve Fund Transfers:

No. 1	Wiring Inspector Expense	10.00
No. 2	Moran Property Expense	40.00
No. 3	Board of Health Agent Comp	700.00
No. 4	Town Reports	23.18
No. 5	ZBA Expense	50.90
No. 6	Board of Health Agent Comp	25.00
No. 7	Conwell Building Expense	2,334.65
No. 8	Board of Health Agent Comp	20.00
	Total:	3,203.73

### FISCAL YEAR 2017

The Fiscal-Year 2017 Annual Town Meeting and two Special Town Meetings held in October and December approved a total of 3,609,054.00 in appropriations. The Town operating budget totaled 1,507,874.08; the Town school budget totaled 1,042,887.00 and vocational education totaled 315,335.00. The Town also appropriated 73,298.00 to Gateway RSD as the Town's share of Gateway debt. This resulted in a grand total operating budget of 2,939,394.08. This was a 64,806.92 dollar increase and a 2.25 percent increase from the prior year. The school budget represents 35.48 percent of the total town operating budget. If we add the vocational education amount to the town school budget total, the total education budget represents 46.21 percent of the total town operating budget. It should also be noted that there are other school related costs that are not appropriated in the above mentioned school budget but are contained in other operating appropriations such as the cost of the Conwell building and fringe benefits for school employees. The Conwell building appropriation totals 98,740.00 and fringe benefits such as health insurance total 79,091.00 which is included in the Group Insurance appropriation. In addition, the Town is charged an assessment from the State for the cost of Worthington students that through the School Choice Program attend schools in other towns. This assessment per the FY17 cherry sheet was 467,624.00 and while it is not appropriated at town meeting, it is added to the Town's budget.

In addition to the operating budget, the Town appropriated a total of 139,682.00 from the General Stabilization Fund. The amount of 80,000.00 was appropriated for the Town's share of a proposed federal grant for a Vacuum Tanker Truck for the Fire Dept. In addition, 12,180.00 was appropriated for the purchase of a thermal image camera also for the Fire Dept. and as mentioned above, 47,502.00 was appropriated for accounting and treasury remediation. The Town voted 50,000.00 from the Conwell Stabilization Fund for a lighting upgrade for the school building. The Town voted the sum of 187,624.00 from Free Cash into the General Stabilization Fund and the sum of 29,700.00 into the Conwell Stabilization Fund. The 29,700.00 amount represents the amount of rental income that was received from the Conwell building during FY2015. The Town also appropriated the sum of 24,746.00 from a balance in the FY16 Voted appropriation into the Conwell Stabilization Fund.

The revenue budget projected 677,801.00 in estimated receipts from state and local sources, 2,772,547.00 from property tax revenue, 217,324.00 from Free Cash, 190,332.00.00 from the Stabilization Funds, 239,266.00 in "Chapter 90" state highway aid and 29,711.00 from other available funds.

The tax levy for Fiscal Year 2017 was 2,772,547.86 with a resulting tax rate of 16.59. The town taxed under its levy limit (unused taxing capacity) by 465.14. The average single family residential value was 237,540.00 and the average single family tax bill was 3,946.00. If you make a comparison to the FY2016 budget above it is easy to see that the FY2017 budget continues to be a challenge. Excess capacity has changed dramatically down to a mere 465.14. It appears that the FY2018 budget might give some relief as initial numbers for school choice and vocational education seem to have lower but it is still too early in the budget process to be certain. We however still feel confident that a viable budget can be presented at the FY18 Annual Town Meeting on May 6.

As always, we would hope that this report will help to inform you of Town budget actions and in closing we also would like to thank all town departments for their help in the budget process and hope to see you all at the Fiscal Year 2018 Annual Town Meeting.

Respectfully submitted:

Joe Boudreau (Chair)  
Paul Dunlevy  
Gretchen Eliason  
Bart Niswonger  
Tom Wisnauckas