

**REPORT OF THE FINANCE COMMITTEE
FOR THE
TOWN OF WORTHINGTON
2017 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 2017], which closed June 30, 2017 and a status report on the current Fiscal Year 2018 budget.

Before we report on the results of Fiscal Year 2017 we have some unfinished business to report on Fiscal Year 2016. In last year's annual report we could not give you the results of operations because at the time of the writing of the annual report the town's books were not closed. However, they were finally closed just in time for the Fiscal Year 2018 Annual Town Meeting. At the end of Fiscal Year 2016, 232,320.00 in unspent appropriations were closed and actual local receipts exceeded estimates by 109,250.00. As a result of operations the 7/1/16 Free Cash was certified at 348,199.

FISCAL YEAR 2017

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 3,940.79. This resulted in a 160.07 dollar increase for the average single family tax bill. At year end 284,493.67 in unspent appropriations were closed, actual local receipts exceeded estimates by 55,615.82. As a result of operations the 7/1/17 Free Cash was certified at 278,618.00. It should be noted that the 284,493.67 of unspent appropriations above, consisted of 161,160.67 of actual town budgeted appropriations and 123,333.00 in State estimated school choice assessments that were not assessed at year end. This over-estimated assessment was a major cause of the Fiscal Year 2017 budget being so tight that it left only 465.14 in excess capacity. The good news is that at year end the actual assessment left the unspent balance which contributed to the town's free cash. The school choice assessment is a charge to the town for children who live in Worthington but opt to go to another school system for which the town must pay. Hopefully in the future there won't be such a swing in the State's estimate.

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 2017, 10,000.00 was budgeted in the Reserve Fund and three transfers were approved that totaled 2,866.59. The following is a list of the approved Fiscal Year 2017 Reserve Fund Transfers:

No. 1	Tax Title Foreclosure Expense	447.90
No. 2	Veteran's Aid	1,962.72
No. 3	Winter Highway O.T. Wages	455.97
	Total:	2,866.59

FISCAL YEAR 2018

The Fiscal Year 2018 Annual Town Meeting and one Special Town Meeting held in November approved a total of 3,905,646.36 in appropriations. The town operating budget totaled 1,585,055.35; the town school budget totaled 1,096,830.00 and vocational education totaled 213,055.00. The town also appropriated 71,760.00 to Gateway RSD as the town's share of Gateway debt. This resulted in a grand total operating

budget of 2,966,349.35. This was a 26,955.27 dollar increase and a 0.92 percent increase from the prior year. The school budget represents 36.96 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 44.15 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 108,145.00 which is included in the Group Insurance appropriation. In addition, as mentioned above 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 Fiscal Year 2018 cherry sheet was 341,551.00 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 275,150.00 from the General Stabilization Fund. The amount of 222,350.00 was appropriated for a new highway plow truck. In addition, 25,000.00 was appropriated for the purchase of a second compactor at the transfer station to handle paper and cardboard. Also 20,000.00 was appropriated to help fund the town's 250th anniversary and 7,800.00 to fund a compensation study. The town voted 8,500.00 from the Conwell Stabilization Fund for repairs to the building's generator. To replenish those votes, the town voted the sum of 348,199.00 from Free Cash into the General Stabilization Fund and appropriated the sum of 56,491.00 from a balance in the Fiscal Year 2017 Voted appropriation into the Conwell Stabilization Fund.

The revenue budget projected 684,659.00 in estimated receipts from state and local sources, 2,713,451.00 from property tax revenue, 348,199.00 from Free Cash, 283,314.00 from the Stabilization Funds, 236,501.00 in "Chapter 90" state highway aid and 64,655.00 from other available funds.

The tax levy for Fiscal Year 2018 was 2,713,451.37 with a resulting tax rate of 15.82. The town taxed under its levy limit (unused taxing capacity) by 135,183.63. The average single family residential value was 246,404.00 and the average single family tax bill was 3,898.11. If you make a comparison to the Fiscal Year 2017 budget above, there is a marked improvement in the Fiscal Year 2018 budget that was mainly caused by reductions in the school choice assessment and vocational education.

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 2019 Annual Town Meeting.

Respectfully submitted:

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