

**REPORT OF THE FINANCE COMMITTEE
FOR THE
TOWN OF WORTHINGTON
2013 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 2013], which closed June 30, 2013 and a status report on the current Fiscal Year 2014 budget.

FISCAL YEAR 2013

The tax levy for Fiscal Year 2013 was 2,173,405.98 with a resulting tax rate of 13.36. The town taxed under its levy limit (unused taxing capacity) by 247,019.02. The average single family residential value was 229,725.00 and the average single family tax bill was 3,069.00. Actual local receipts exceeded estimates by 124,691.00 and actual receipts not estimated totaled 10,153.00.

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 2013, 10,000 was budgeted in the Reserve Fund and ten transfers were approved that totaled 6,538.77. The following is a list of the approved Fiscal Year 2013 Reserve Fund Transfers:

No. 1	Animal Control Officer Expense	37.18
No. 2	Animal Control Officer Expense	59.98
No. 3	Recording Secretary	700.00
No. 4	Law Expense	1,700.00
No. 5	Veteran's Benefits	771.98
No. 6	Health Insurance	494.47
No. 7	Treasurer Expense	287.49
No. 8	Law Expense	1,500.00
No. 9	Recording Secretary	118.73
No.10	Law Expense	868.94
	Total:	6,538.77

FISCAL YEAR 2014

The Fiscal-Year 2014 Annual Town Meeting and two Special Town Meetings held in November approved a total of 3,460,908.71 in appropriations. The town operating budget totaled 1,247,429.71, the Gateway school budget totaled 1,117,047.00 and vocational education totaled 295,033.00. This resulted in a grand total operating budget of 2,659,509.71. This was a 112,289.44 dollar increase and a 4.41 percent increase from the prior year. Gateway's budget represents 42.00 percent of the total town operating budget. If we add the vocational education amount to Gateway's total, the total education budget represents 53.09 percent of the total town operating budget.

Gateway's minimum assessment continues to adversely impact the Town's school costs. As we have noted in the past the minimum component of the school assessment is governed by the state Education Reform Act. The amount each year is determined by a state formula that calculates the amount that each town must pay based on the town's ability to pay and its "perceived wealth" and not by the regional agreement which is based on student population. For Fiscal Year 2014 Worthington's minimum amount is 355,235.00 higher than if it were calculated per the regional agreement method.

It is interesting to note that there has been some movement to “tweak” the formula that would have a positive impact to Worthington. The formula adjustment was scheduled to take place over a five year period. While it has been used in some years it is still not been fully implemented. In Fiscal Year 2014 the Governor’s proposed budget used the new formula which generated a reduction to the Town’s minimum of 162,594. However when the state budget was adopted it overruled the Governor’s budget and the Town’s minimum went up by 140,194 from the proposed reduction of 162,594. We will continue to monitor this situation and hope that someday the Town will get relief from this unfair formula.

To put things into perspective Worthington’s Fiscal Year 2014 net assessment divided by its school population of 88 students generates a cost per student of 12,694 while Russell with a student population of 267 generates a cost per student of 6,931.

In addition to the operating budget, the Town appropriated 39,603.00 from the General Stabilization Fund for the purchase of a new Police patrol vehicle. It authorized 305,000.00 from borrowing to purchase a new pumper fire truck. It also appropriated from the General Stabilization Fund 25,000.00 for a preliminary design study for the Moran property. The results of this should be available for review and possible action to be taken at this year’s upcoming Fiscal Year 2015 Annual Town Meeting. In addition, the Town appropriated from the General Stabilization Fund 89,700.00 for the demolition of buildings on the Albert property, appropriated 5,000.00 for a fire suppression system upgrade for the town hall kitchen, 10,000.00 for continued consultant services for the Adhoc Education Committee and 4,000.00 for a IT replenishment program.

The Town voted 192,161.00 from Free Cash into the General Stabilization Fund. The Town also voted the sum of 52,507.00 into the Conwell Stabilization Fund. The source of funding was 39,907.00 from Free Cash and 12,600.00 from the unspent balance in the FY2013 Vocational Education Account. The 39,907.00 amount represents the amount of rental income that was received from the Conwell building during FY2012.

The revenue budget projected 388,679.00 in estimated receipts from state and local sources, 2,280,928.00 from property tax revenue, 232,068.00 from Free Cash, 173,303.00 from the General Stabilization Fund, 360,928.00 in “Chapter 90” state highway aid and 47,961.00 from other available funds.

The tax levy for Fiscal Year 2014 was 2,280,928.27 with a resulting tax rate of 14.00. The town taxed under its levy limit (unused taxing capacity) by 209,984.73. The average single family residential value was 228,537.00 and the average single family tax bill was 3,200.00.

As always we hope that this report will help to inform you of Town budget actions. We again would like to remind you that in addition to this report the Finance Committee has developed a Finance Committee page on the Town’s new web site. Posted on “our” page are various budget documents both past and present that we hope will provide you with a better knowledge of the Town’s budget and finances. Also, you should find various publications on municipal finance and local government in Massachusetts. We welcome your feedback on “our” page and if you would like to see other information posted please let us know. The Town’s web address is <http://www.worthington-ma.us>

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 2015 Annual Town Meeting.

Respectfully submitted:

Joe Boudreau (Chair)
Grant Bowman
Alex Lak
Tom Wisnackas
Paul Dunlevy

