

SUBJECT: Override Discussion 9/25 & 10/4

The Finance Committee will be hosting two meetings to discuss the override vote scheduled for November 8, how it might impact taxation and the town budget in general. We look forward to your questions and thoughts.

The Worthington Select Board has voted to hold an election on November 8, asking the town to consider an override of the property tax growth restrictions of Proposition 2 ½. The November 8 ballot will include two questions, one with an override amount of \$195,000 and a second with an override amount of \$290,000. To pass, a question must be approved by a majority of the voters. If both questions pass, the one with the higher dollar value will prevail.

If an override is approved by the voters, the FY2026 operating budgets, as approved by Annual Town Meeting in June 2025, will utilize approximately \$145,000 of either override. This would leave \$45,000 or \$145,000 in untaxed excess levy capacity for potential future use, subject to appropriation by Town Meeting.

September 25, 6:30 PM

RH Conwell School

Pizza Provided

October 4, 9:00 AM

RH Conwell School

PTO Bake Sale

Childcare will be available at both meeting. Please contact Gretchen Morse-Dobosz, gmorsedobosz@rhconwell.org / 413 238 5856



TOWN OF WORTHINGTON MEMORANDUM

To: Department Heads

From: Selectboard/Worthington Finance Committee

Date: September 2025

Re: Ways to balance the FY26 budget

Now that the Annual Town Meeting has taken place and the final Cherry Sheets have been posted the current budget deficit is 145,527.70. As all communities in the state need to have a balanced budget that is governed by Prop 2 1/2 this deficit needs to be cured before the town can submit its tax rate to DOR for approval.

To be balanced revenues must equal or exceed expenses. While state aid (Cherry Sheets) are now known there are two revenues yet to be finalized.....New Growth and the Override. ***New Growth needs to be calculated by the Board of Assessors and submitted to DOR for approval.*** The override has been scheduled for November 8 and when those revenues are final if the budget is still not balanced the town will need to call a Special Town Meeting to balance it.

Ways to balance would be to apply available funds and possibly increase local estimated receipts as well as reducing expense.

Please be advised that an article might be placed on the STM warrant to allow town meeting to reduce operating appropriations that were previously approved at the ATM. If the override fails having this knowledge might play a role in deciding to reduce appropriations.

We will keep you informed as things happen.

DATE: November 8

Questions 1A and 1B are separate questions. You may vote for or against each question independently. Each question requires a majority of those voting on that question to pass. If more than one question Passes, the question with the highest dollar amount will prevail.

1A Shall the Town of Worthington be allowed to assess an additional 195,000.00 in real estate and personal property taxes for the purposes of operating the Municipal Government and Public Schools for the fiscal year beginning July 1, 2025?

1B Shall the Town of Worthington be allowed to assess an additional 290,000.00 in real estate and personal property taxes for the purposes of operating the Municipal Government and Public Schools for the fiscal year beginning July 1, 2025?

Additional comments not on the ballot:

"PYRAMID" OR "TIER" OVERRIDE

The "pyramid" or "tier" approach provides voters with a choice of two or more different funding levels for general spending purposes or for specific services or programs. A separate question is presented for each funding level. The funding levels are presented as alternative, not independent, proposals, which means a higher funding level proposed in a question also includes all lower ones. Therefore, if the voters approve more than one question, the approved question stating the highest dollar amount prevails and the community's levy limit is increased by that amount.

	FY2024	FY2025	FY2026	DOLLAR	PERCENT	
	TOTAL	TOTAL		CHANGE	CHANGE	
	APPROPRIATED	APPROPRIATED	ATM ADOPTED			
	Thru STM 12/5/23	Thru STM 12/9/24				
Garage Maintenance	14,000.00	15,000.00	15,000.00	0.00	0.00	
Extraordinary Garage Maintenance	6,000.00	0.00	0.00	0.00		
General Highway Maintenance	50,000.00	40,000.00	40,000.00	0.00	0.00	
Machinery Maintenance	40,000.00	30,000.00	30,000.00	0.00	0.00	
Extraordinary Machinery Maintenance	5,000.00	0.00	0.00	0.00		
Road Sweeping	6,500.00	6,500.00	6,500.00	0.00	0.00	
Town Mowing	12,000.00	12,000.00	12,000.00	0.00	0.00	
FRCOG Group Purchasing	3,250.00	3,250.00	3,415.00	165.00	5.08	
Highway / Police Fuel	33,500.00	33,500.00	33,500.00	0.00	0.00	
Superintendent's Expense	1,500.00	600.00	600.00	0.00	0.00	
Secondary Road Improvements	60,000.00	50,000.00	50,000.00	0.00	0.00	
Reserve Fund	10,000.00	10,000.00	10,000.00	0.00	0.00	
Interest on Loans	0.00	0.00		0.00		
Prior Year Bills	115.00	0.00	363.00	363.00		
Sub Total Town Operating:	2,520,609.37	2,665,000.00	2,554,183.15	(82,968.85)	(4.16)	
Bonded Capital Projects	55,206.00	54,528.00	0.00	(54,528.00)	(100.00)	
MSBA Payback	21,288.00			0.00		
Sub Total Gateway District:	76,494.00	54,528.00	0.00	(54,528.00)	(100.00)	
Town Elementary School	1,020,634.65	1,154,491.46	1,185,990.14	31,498.68	2.73	
Out of District Tuition & Transportation	71,000.00	0.00	145,000.00	145,000.00		
SPED Summer School	4,200.00	0.00	16,500.00	16,500.00		
Town Secondary	275,829.00	342,901.03	368,130.37	25,229.34	7.36	
Pre School Revolving	0.00	0.00		0.00		
Sub Total Town School:	1,371,663.65	1,497,392.49	1,715,620.51	218,228.02	14.57	
Vocational Education	226,323.00	286,826.00	366,217.10	79,391.10	27.68	
Sub Total All Schools:	1,674,480.65	1,838,746.49	2,081,837.61	243,091.12	11.70	
TOTAL TOWN OPERATING:	4,195,090.02	4,503,746.49	4,636,020.76	160,122.27	7.93	
Stabilization Fund from Free Cash	355,252.00	162,805.00	223,525.00			
Chapter "90"	232,578.81	395,383.81	422,654.27			
Fire Dept. Capital:						
Repair Ladder Truck standpipe etc.			58,274.00			
Parking lot paving etc			0.00			
New chief command vehicle			0.00			
Radios	0.00					
KME Pump Repairs		15,000.00				
Federal FF Grant Match		3,600.00				
Ladder Truck Insp		1,500.00				
Sub Total Fire Dept. Capital:	0.00	20,100.00	58,274.00			
Highway Dept. Capital:						
One Time Additional Secondary Rd Maint.			10,000.00			
New Ford F600 Truck w/Interchangeable bodies			154,285.00			
New Waste Oil Furnance		14,458.00				
Backhoe						
10 Wheel Dump Truck	378,000.00					
Loader						
Over GuardRail Mower						
New Pick-Up Truck						
Sub Total Highway Capital:	378,000.00	14,458.00	164,285.00			

	FY2024	FY2025	FY2026	DOLLAR	PERCENT	
	TOTAL	TOTAL		CHANGE	CHANGE	
	APPROPRIATED	APPROPRIATED	ATM ADOPTED			
	Thru STM 12/5/23	Thru STM 12/9/24				
Police Dept. Capital						
New Cruiser F150 with cab and slide out						
Protective Vests (2)						
Speed Signs W/Solar Mounts (2)						
Seat & Cage						
PC for new cruiser						
Workstation Chief's Desk						
Two Radar Gun						
Sub Total Police Dept. Capital	0.00	0.00	0.00	0.00		
Replace section of pipe in Conwell gym			3,976.15			
Round Folding Tables			2,100.00			
Town Hall Gable Crnice Strip Replacement			5,800.00			
AP Warrant Mis-Posting			5,663.50			
Ballfield		5,000.00				
Ringville Cemetery Driveway		3,000.00				
Conwell Water Tank Insp		5,460.00				
Conwell AHERA Insp		3,250.00				
Rte 143 ROW						
Audit Expense Adjustment	1,500.00					
ARPA Grant Adjustment	4,240.07					
Septic Systems Repairs	100,000.00					
New Trash Compactor	23,444.00					
Conwell Shed Repair						
Live Tree						
Grill						
Bench						
ADA Table						
RH Conwell Renovations						
RH Conwell Roof Repairs						
Town Hall Painting Front						
Town Hall Repairs						
Transfer Station Platform						
Collins Employee Handbook/ Comp Study						
Town Hall Painting South Side						
UMAS Conversion SoftRight						
UMAS Conversion Kinsherf						
Conwell Bldg Vacumm Cleaner						
Conwell Bldg Wet/Dry Vac & Supplies						
Conwell Bldg Floor Scrubber						
Conwell Bldg Floor Machine & Supplies						
Conwell Stabilization From VOCED						
SUB TOTAL MISC NON-OPERATING:	129,184.07	16,710.00	17,539.65			
SUB TOTAL NON-OPERATING:	1,095,014.88	609,456.81	886,277.92			
TOTAL APPROPRIATIONS:	5,290,104.90	5,113,203.30	5,522,298.68			

HISTORY OF THE USE OF THE STABILIZATION FUND

For many years the stabilization fund has been used to fund non-operating expenses, whether capital or other one-time expenses. As a result, the funding of these expenses did not impact the tax rate.

The operating budget is composed of recurring expenses that are offset by various non-tax recurring revenues and the remaining amount is raised through taxation. Current expenses are paid for by current revenues. The policy of using the stabilization fund this way ensures that the tax rate reflects the cost of the recurring operating expenses.

Over the years it has been said that the town should have a plan or replacement schedule for various town vehicles and equipment. A few years ago the Finance Committee looked into creating a capital improvement plan. It was determined that because of the relatively small size of the town and the sporadic nature of when equipment needs replacement, it would be hard to project years into the future when to make the replacement.

One obvious reason for such a plan would be to smooth out the tax impact, by scheduling the timing of replacements to allow time in between each replacement. While in theory that made sense, we discovered that implementing that timing was problematic. In a lot of cases the need for replacement was dictated by the age of the current piece or something unforeseen happened. One example would be the replacement of the town's fire trucks. It was determined years ago that the town should replace the two pumper trucks every 20 years and schedule the replacement 10 years apart. When it became time for the replacement of the oldest truck, it was determined the newest truck, which had numerous problems, had to be replaced first and the nice, neat schedule was scrapped.

At that time most equipment was funded through borrowing, and the annual debt service was in the operating budget- so a planned replacement schedule would smooth out the tax impact. An easier way was not to have to schedule the replacement and not to borrow but to fund the replacements with cash. This not only solved the scheduling problem, it also reduced the expense by eliminating interest cost. As a result, the town began the policy of building up the balance in the stabilization fund by annually voting into the fund the total free cash that was certified for the year. This also created a reserve for unexpected expenses and emergencies (i.e. bridge replacements and Rte. 143 costs).

Following, please see a list of the various votes from the stabilization fund that covers the last seventeen years, subtotaled by year.

**TOWN OF WORTHINGTON
FINANCE COMMITTEE
STABILIZATION APPROPRIATIONS**

Appropriations From General Stabilization Fund

FY26		
Repair Ladder Truck	58,274.00	
Secondary Road Maintenance	10,000.00	
Ford F600 Highway Truck	154,285.00	
Round Folding Chairs	2,100.00	
Town Hall Gable Cornice Repair	5,800.00	
Mis-posting AP Warrant	5,663.50	236,122.50
FY25		
KME Pump Repairs	15,000.00	
Federal FF Grant Match	3,600.00	
Ladder Truck Inspection	1,500.00	
Waste Oil Furnance	14,458.00	
To Reduce Tax Rate	112,606.00	147,164.00
FY24		
Ten Wheel Plow Truck	378,000.00	378,000.00
FY23		
Backhoe	120,000.00	
New Cruiser F150 with cab and slide out	47,243.00	
Grill	200.00	
2 Benches	1,285.00	
ADA Table	1,273.00	
Winter Highway Maintenance	18,952.19	
Winter Highway OT	5,543.35	
Highway Super Addl Comp	4,151.93	198,648.47
FY22		
Loader	135,350.00	
Over GuardRail Mower	60,000.00	
Protective Vests (2)	2,200.00	
Speed Signs W/Solar Mounts (2)	5,819.00	
Town Hall Painting Front	3,500.00	
Town Hall Repairs	1,140.00	
Transfer Station Platform	1,710.00	
Collins Employee Handbook/ Comp Study	9,500.00	219,219.00
FY21		
New Hwy Dept Pick-Up Truck	57,546.00	
Seat & Cage for new cruiser	1,348.00	
PC for new cruiser	6,330.00	
Workstation Chief's Desk	1,600.00	
Two Radar Guns	2,577.00	
Town Hall Painting South Side	4,700.00	
UMAS Conversion SoftRight	2,336.00	
UMAS Conversion Kinsherf	2,500.00	78,937.00
FY20		
Comcast Unserved Premises	179,015.63	
New Highway F350 Truck	44,000.00	
Rte 143 ROW Easements	5,000.00	
New Tahoe Police Vehicle	40,223.00	
Paint East Side of Town Hall	3,500.00	
Two AEDs	2,740.00	274,478.63
FY19		
Equip Two Police Officers	2,000.00	
Freightliner Ten Wheel Plow Truck	210,000.00	
Paint N. Exterior Town Hall	4,000.00	
Moran Demo	43,050.00	
Compactor Container	8,000.00	
Adams Rd Bridge	172,325.00	
Compactor site work	4,000.00	
Rte 143 Addl Design	76,500.00	
Rte 143 Easements	40,000.00	
Winter Hwy Deficit	33,591.63	593,466.63
FY18		
Compactor	25,000.00	
250th Anniversary	20,000.00	
New Plow Truck	222,350.00	
Compensation Study	7,800.00	
Conwell Litigation	4,000.00	
Winter Hwy Deficit	13,008.00	292,158.00
FY17		
Accounting Remediation	22,502.00	
Treasury Remediation	25,000.00	
Thermal Imaging Camera	12,180.00	
Vacuum Tanker Truck	80,000.00	
Prior Year Bills	650.00	
Winter Hwy Deficit	25,041.00	
Vet Aid	6,473.00	171,846.00
FY16		
New "Used" Grader	150,000.00	
Park Benches	1,000.00	
CEC FF & E Purchase	30,000.00	
Town Hall Septic System	40,000.00	

**TOWN OF WORTHINGTON
FINANCE COMMITTEE
STABILIZATION APPROPRIATIONS**

Sam Hill Bridge	10,000.00		
Treasurer's software applications Tax Title	2,750.00		
Treasurer's software applications Cash Book	4,250.00		
Prior Year Bill Computer Maint.	125.00		
EMT Training	1,441.95	239,566.95	
FY15			
Town Hall Roof Repairs	2,000.00		
Town Hall Structural Analysis	1,975.00		
Conwell Litigation Defense	25,000.00		
Town Hall Repairs	25,000.00		
Conwel School Consultant	10,000.00		
Fire House Overhead Door	2,000.00		
Ballistic Vests	1,200.00		
Vetrans Aid	6,000.00		
Group Insurance	5,715.00		
Winter Hwy Deficit	10,400.00		
Winter Hwy OT Deficit	3,803.00		
FY15 Hwy Super Add'l Winter Comp	1,458.00		
FY14 Disposal Attendant Wages	850.00		
FY14 Vetrans Aid	5,500.00		
FY14 Group Insurance	4,524.00		
Kinne Brook Road Bridge	96,919.00		
General Higway Maintenance	14,400.00		
Conwell Litigation Defense	10,000.00	226,744.00	
FY14			
Town Hall Kitchen Fire Suppression System Upg	5,000.00		
Moran Property Preliminary Design	25,000.00		
New Police Vehicle	39,603.00		
IT Replacement	4,000.00		
Defibrillator Batteries	908.00		
Albert Barn Demo	89,700.00		
Albert Barn Demo Addl	18,425.00		
Treasurer Tax Title Foreclosurer	5,500.00	188,136.00	
FY13			
R.H Conwell Paving	19,000.00		
Laptop Computer BOS	1,000.00		
3 New radios	26,000.00		
Repairs to Thermal Imager	6,000.00		
Hwy Garage Building Improvements	5,000.00		
Compensation Consultant	7,500.00		
Election Expense	2,000.00		
Albert Barn Demo Scope of Work	12,000.00		
Moran Property Expense	2,000.00		
Conwell Building Expense	3,000.00		
Law Expense	5,000.00		
Winter Hwy OT Deficit	1,623.00		
Storm Irene	27,585.00	117,708.00	
FY12			
Conwell Chairs and Tables	1,500.00		
Solar Panel Fencing	3,500.00		
Federal Grant Town Share	40,000.00		
Repairs to E-1	31,000.00		
Loader	60,000.00		
Town Web Site Design	6,000.00		
Town Hall Roof Repairs	5,000.00		
Town Bldgs Lighting	3,347.00		
WiredWest	1,000.00		
Assessors Maps	2,200.00	153,547.00	
FY11			
New PU Truck	33,500.00		
Computer Hwy Dept	1,100.00		
Conwell Building Expense	10,000.00		
Police Training and Equipment	12,711.00		
Police Computer Software	12,605.00		
Fuel Tank Fire Dept	5,600.00		
Conwell Generator Transfer Station	5,000.00		
Town Hall Parking Lot	2,000.00		
Computer Accountant	1,100.00		
Computer Tax Collector	1,200.00		
Conwell security Doors	3,500.00		
Conwell Snow Blower	1,200.00		
Conwell Burnisher	3,700.00		
Computer COA	1,600.00		
Winter Hwy Deficit	16,054.00		
Timber Consultant	1,500.00		
Conwell Auto HVAC System	7,400.00	119,770.00	
FY10			
Emergency Vehicle	75,000.00		
One new garage door and repairs to others	6,206.00		
Gate for town garage fence	1,000.00		
New Cruiser	32,990.00		
Telephone System	4,000.00		
Library Additional	8,053.00	127,249.00	3,762,761.18

Using the Stabilization Fund to balance the budget takes a 2/3rds vote at town meeting. Unlike an override it does not impact taxes. However, it does create a dependency on its' continued use in subsequent years. Because it funds the operation budget, the use of that same amount will be needed to fund the next year's operating budget if that budget is the same as the current year's. But most likely the total will increase, so the amount used from the Stabilization Fund will need to increase accordingly. A hallmark of good budgeting is "only current revenues should be used to fund current expenses" . The Stabilization Fund is not a current revenue. It will be only a matter of time before the Stabilization Fund is depleted.

The following are excerpts from various publications that speak to that issue.

"Use Reserves and Non-recurring revenue to purchase capital items or make one-time expenditures. Appropriations from reserves should be made for unanticipated or capital costs, not regular operating expenses" From: DLS New Officials Finance Forum

"We recommend that Becket establish policies defining adequate reserve levels based on the community's needs and the circumstances under which reserves will be spent. The combination of competing spending priorities and limited revenue options make building reserves a challenging task. Often depending on the culture of town meeting, it can be difficult to justify a budget that requires a Proposition 2 ½ override while the town is sitting on any sizable reserve balance. However, communities in Massachusetts have been able to build and maintain reserves through a combination of exercising fiscal restraint, conservative revenue estimates, and current year cost containment.

As a best practice, reserve policies should focus on two key elements (free cash and stabilization). The free cash portion of the reserves should be in the 3-5% range on an annual basis. Free cash in excess of this amount should be treated as one-time revenue and, therefore, only be put toward one-time expenses"...From TOWN OF BECKET RECOMMENDATIONS DIVISION OF LOCAL SERVICES FINANCIAL MANAGEMENT REVIEW

"Phase Out the Use of Free Cash as a Funding Source for the Operational Budget To ultimately establish a consistent, long-term budget model designed to mitigate the risk of fiscal instability, we recommend Cheshire phase out the use of free cash as a funding source for the annual budget. Similar to advice provided by the Collins Center in its draft policy on financial reserves, we suggest the town set a goal of doing this as a gradual series of reductions over the next four to six years. With discipline and commitment, this

strategy will help the town achieve a more sustainable budgeting model while also avoiding major cuts to the budget or services along the way.

As the table below illustrates, Cheshire's current reserve levels are slightly above the averages for its peer group. Cheshire's higher average level of free cash is not surprising given the town's ingrained habit of relying on it as a direct funding source for the annual operating budget. None of Cheshire's peer towns appropriate free cash in this manner. As Cheshire gradually moves away from this approach, we advise appropriating any certified free cash amounts above the upper six percent target to build up any below-target **stabilization funds, pay for capital projects or other one-time costs**

On the other hand, the town has also been in the habit of drawing on reserves to fund ongoing operating costs. To help support the general fund budget, the town has annually been appropriating portions of its certified free cash "to reduce the tax rate," as reported on the tax recapitulation sheet. As the table below shows, on average each year for this past decade, the town has used \$211,000 in free cash for this purpose, representing 3.61 percent of the total general fund operating budget. **Free Cash Used to Support the General Fund Budget, FY2013 to FY2022 *Cheshire applies a single tax rate to all property classes. While this use of free cash as a revenue source for the ongoing budget slightly decreases the proportion of the budget funded by tax levy revenue, this is a hollow achievement given the inherent risks associated with a budget that is not structurally balanced. In a structurally balanced budget, all recurring (or "current") expenditures are supported only by recurring (or "current") revenues. Recurring revenues are those that can be reliably expected to occur again each year, and they never include reserve funds,** which are sums set aside to mitigate risk.

Conversely, any significant use of reserves like free cash², or other nonrecurring revenue source, to fund ongoing services in a given year increases the risk of fiscal instability for the community. In a future year when an unreliable revenue source is unavailable to the town to draw on, budget leaders will be forced to make painful budget cuts. ² Free cash is a reserve that represents the remaining, unrestricted funds from the previous year's fiscal operations based on the June 30 balance sheet. In any fiscal year, the town may only appropriate free cash after the amount has been certified by DLS. Included in the free cash calculation are unspent budget line items and the excess of actual receipts versus estimates, which are added to the unexpended free cash balance from the prior certification. DLS deducts outstanding receivables and certain deficits from this total to arrive at the new certified amount"... **Source FINANCIAL MANAGEMENT REVIEW TOWN OF CHESHIRE SEPTEMBER 2022 PREPARED BY: DLS**

"Over the last several years, a portion of free cash has also been appropriated to reduce the tax rate, including \$100,000 in FY2022. We generally discourage towns from

this practice, since it is equivalent to using free cash to fund the operating budget, and thus represents using a one-time revenue source to fund recurring expenses. If a one-time revenue source becomes unavailable in a subsequent year it may result in difficult budget decisions, including cuts and reductions to service"...Source:TOWN OF WESTHAMPTON FINANCIAL MANAGEMENT REVIEW MARCH 2022 PREPARED BY DLS

As was stated in the first paragraph, It will be only a matter of time before the Stabilization Fund is depleted. That time easily would be shortened if large one-time items are charged that exceed the deposits into the fund.

One example is the need to replace the Fire Department's oldest pump truck and the ladder truck. It was suggested that one new truck could take the place of both trucks. An estimate has not yet been provided but based on the insurance company's current estimate for both trucks the replacement could easily exceed 800,000.00 dollars.

When it is decided that the time has come to replace and there is not enough in the Stabilization Fund the only alternative would be to borrow. Borrowing adds another component.....the cost of money or interest. Hence the truck will cost more if it is not funded from the Stabilization Fund. A borrowing will most likely require a Proposition 2½ ballot vote to increase taxes each year to pay back the annual principle and interest payment.

Hopefully this document provides additional information on the impacts of using the Stabilization Fund to balance the operating budget.

