

# Town of Middleborough

## Finance Committee

Savings Bank Building  
20 Centre Street  
Middleborough, Massachusetts 02346-2250

### Report of the Middleboro Finance Committee 2012

The 2012 Finance Committee is made up of the following seven elected residents; Mr. Richard Pavadore, Chair, Ms. Leilani Dalpe, Vice Chair, Mr. Donald Baldwin, Secretary, Ms. Suzanne Dube, Mr. Peter LePage, Ms. Diane Stewart and Mr. Tarsi Velantzas.

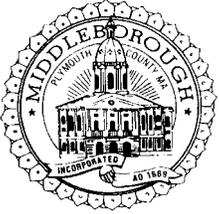
The Mission of the Finance Committee is as follows:

*The Finance Committee shall be concerned with all matters involving the finances and financial procedures of the Town of Middleborough, as required by Massachusetts General Laws and the Town Charter. The Committee makes recommendations to the Board of Selectmen and the residents of Middleborough on all financial matters.*

The Finance Committee met 21 times during this year. Most of the meetings held between January and May were focused on the fiscal year 2013 budget. The annual budget was developed by the Town Manager along with department heads and then brought to the Board of Selectmen for their approval. Following this procedure, the budget was submitted to the Finance Committee at the end of March for our recommendations, printing and delivery to the residents at the Annual Town Meeting for final approval. During the preparation of the budget process, the Town Manager has regular meetings with members of the Finance Committee, Board of Selectmen, School Committee and other financial officers allowing input, recommendations and comments to ensure all parties are in agreement of the process.

Below are some of the highlights, accomplishments and improvements to your town that your Finance Committee has completed, worked on this year, or helped improve the quality of life in Middleboro.

- Supported increasing the Stabilization fund to \$1,349,838.00, its highest value in over 10 years.
- Working with the Town Manager, Board of Selectmen, School Department and other financial officers to have the first April Town Meeting in over 10 years as recommended by the Town Charter.
- New Building/renovations of some large commercial ventures has supported our tax base in Middleboro. These projects include the new Compass Medical building, our brand new grocery store Trucchi's after renovation of the original Stop and Shop building, The Star Mill project, which included a renovation of 69 apartments, Ocean Spray renovation of the processing facility and the new addition on the Hannah B. Shaw home.
- At the October 2012 Special Town Meeting, the Finance Committee supported and recommended transferring \$200,000 into the Other Post Employee Benefits account established this year to begin funding this very large employee expense.



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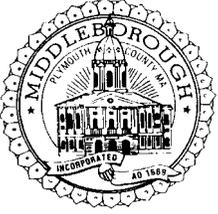
The Town's fiscal year 2013 budget is \$72.5 million dollars, which represents a 2.6% increase from fiscal year 2012 at \$70.6 million dollars. The general government budget was approximately level funded at \$11.7 million dollars and the school budget increased by 3 % to \$29 million dollars.

The continual and largest annual budget increases that plague our town are employee health care plans, and unfunded pension liabilities. Health insurance premiums are roughly \$10 million dollars this fiscal year and are typically increasing by 10% per year unless plan designs or plan changes take effect. Our current unfunded pension and OPEB liability is upwards of \$80 million dollars. Nearly flat state aid, proposition 2 ½ limits, local receipts and new growth cannot keep pace with these annual increases. The Finance Committee believes that these budget items must be adjusted to meet current employee trends and expected annual revenues in order to maintain a balanced budget.

Below are some figures that define how and where Middleborough receives its revenues. As shown, the local real estate taxes support almost half of the town's total budget and are the only area that continually increases year to year.

- Middleborough real estate taxes in FY2013 are \$33.1 million, up from \$31.9 million in FY2012 which represents an increase of 3.7%. FY 2011 to FY2012 increase was 3.9%. This tax increase includes property taxes and new growth which is collected by the town. The total property tax increase for the town is limited to 2 ½ percent of the prior fiscal year by law, with the additional percentage coming from new growth. This percentage is a town wide number and may not represent any individual home owner or business. The Finance Committee is hoping that the town can soon lower the 2 ½% maximum allowable tax increase to provide its citizens with town services.
- The net local Aid from the state increased from \$19.7 million in FY2012 to \$20 million this year. This represents an increase of \$337.4 million or +1.7% and falls within our average increase of 1-3% over the past 5 years.
- The local receipts are estimated to be at or close to level funding in FY2013 at about \$5 million. This revenue comes from various taxes, and fees, including automobile excise taxes and monies collected from the various departments, licenses, permits, etc. The economy over the past three to four years has resulted in lower local receipts indicating the reduced building and automobile purchases. Local receipts are an effective indicator of the local economic trends for the area since increases indicate local spending within the town.

In the coming year, the Finance Committee will be assuming level funding from the state, slightly lower new growth and a property tax increase cap of 2 ½ %. Our stabilization account is currently \$1,349,838.00 which is significantly up from last year's value of \$346,329.00. This now represents almost 2 % of our annual budget.



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Our goal is to increase the stabilization to at least \$3.6M or 5% of the annual budget.

The Finance Committee is always committed to working with the Board of Selectmen, Town Manager, Financial Officers, School Committee, Capital Planning Committee, all town departments and the residents of Middleborough to create a sound fiscal plan that meets our needs and services. We try to be available for open discussions, transparent communication and support for the entire town, to help the citizens better understand Middleborough's budget and how it affects the services. We encourage employees, town officials and citizens to attend our meetings, contact us anytime through emails or phone with any questions, and become part of our budget preparations and financial recommendations.

Respectfully submitted by;  
Richard J. Pavadore, Chairman  
February 26, 2013

### Current Finance Committee Members

Mr. Richard Pavadore, Chairman, Ms. Leilani Dalpe, Vice Chairwoman, Mr. Donald Baldwin, Secretary, Ms. Suzanne Dube, Mr. Peter LePage, Ms. Diane Stewart and Mr. Tarsi Velantzas