



**Finance Committee**  
**Municipal Office Building**  
**127 Elm Street, Millbury, MA 01527**

**Michael O'Connor, Chairman**  
**Stephen Hebert, Vice-Chairman**  
**Donald Gauthier, Clerk**  
**Albert Kupcinkas**  
**Daniel Girard, Jr.**  
**John Bartosiewicz**  
**Sandra Gaspie, Secretary**

May 1, 2012

Dear Millbury Residents:

Thank you for taking time to participate in our Annual Town Meeting. In this booklet are your Finance Committee recommendations for the coming Fiscal Year 2013, beginning on July 1, 2012.

The municipal government and school departments develop budgets each year that reflect their monetary needs for municipal services and education. Their respective budgets are bundled together for town meeting purposes, as the combined totals must be in balance and not exceed levels set by law which we refer to as the Proposition 2 ½ Levy Limit. The Fiscal Year 2013 Budget presented to you for your consideration is in balance.

The majority of funding for the budgets comes from Millbury property tax levies (approximately 57.6% for FY2013). The balance of funding comes from Massachusetts State Aid, Local Receipts and Free Cash.

State Aid for next year, FY2013, will be essentially the same as the current year. Local Receipts are projected to increase \$130K. Free Cash available for next year is \$68K lower than that of the current year. This budget includes \$591,802 for capital projects and equipment (refer to Warrant Articles 6 and 19). Millbury received an additional \$108K in State Aid during this current year as a result of a state budget funding sharing mechanism that would “kick in” if the state reached certain levels of unspent funds. Warrant Articles 11, 12 and 13 direct the application of these funds. The Warrant for your consideration does not include any Proposition 2½ override or exclusion requests and citizen’s petitions.

There are two issues that the Finance Committee wishes to highlight in its yearly message, namely public safety facilities and pension liability growth concerns.

Public Safety Facilities: Finance Committee discussions of yearly public safety budgets with the town manager and police and fire chiefs includes the review of manpower, expense and capital related requests for funding. Over the past number of years a significant amount of time has been focused on facility related items, a number of which would clearly be identified as major issues for the safe running of respective departments, including building structural and layout related problems.

The Finance Committee believes that the time has come for the Town of Millbury through the manager and chiefs with the support of the selectmen and residents to engage in the development of a comprehensive public safety facility plan. Clearly, Millbury's excellent bond rating status along with its manageable long term debt picture should not be an impediment to the development of an affordable plan.

Pension Liability Growth: Yearly operating budgets for the Town of Millbury are under a constant squeeze "at the margins" where costs for retirement benefits are accelerating at a much faster pace than that of Millbury's total budget. The percent of the total FY2013 budget for pension related benefits is at 2.95%, which at initial glance might lead one to dismiss the cost as a minor budget item. However, this cost item has increased at an average of 7% per year over the past six year time and is expected to continue to grow at these rates in future years. If pension costs for next year were the same percentage of the total budget as six years ago, Millbury would have over \$240K in additional funds for personnel, etc., and still remain under the levy limit. This trend will continue until pension costs for previous early retirees and long term unfunded liabilities from the pension scheme's initial set-up are dealt with.

The Finance Committee weighed all aspects of budget requests and held a public hearing for your input. We believe that what we are now recommending to be in the best interests of the Town of Millbury.

Respectfully,

Millbury Finance Committee