

Town of Middleborough

Finance Committee

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

Middleborough Finance Committee Annual Report 2007

The 2007 Finance Committee is made up of the following elected residents; Richard Pavadore, chairman, Nancy Thomas, vice chairman, Glenn MacPherson, secretary, Peter LePage, Joseph Thomas, Steve Studley and Tarsi Velantzas.

The Mission of the Finance Committee as voted in FY2003 is as follows:

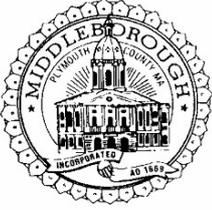
The Finance Committee shall be concerned with all matters involving the finances and financial procedures of the Town of Middleborough, as required by Massachusetts General Laws and the Town Charter. The Committee makes recommendations to the Board of Selectmen and the residents of Middleboro on all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

In the course of providing this service to the town, the Finance Committee met over 20 times during this year. Most of our meetings held between January and June were focused on the 2008 budget with Department heads, Board of Selectmen and the Town Manager. A balanced budget was brought to Town Meeting in May. The Finance Committee meets more sporadically through the remaining part of the year as responsibilities dictate.

In addition to the normal budget related activities happening this year, a historic, outdoor, Special Town Meeting comprising over 2500 members was held in July so that the citizens could voice opinions and vote on a contract negotiated between the Board of Selectmen and the Wampanoag Indian tribe. The contract involved the possible construction of an independently operated casino by the tribe on roughly 500 acres of land. The tribe is attempting to place the land into trust with the Federal Government to allow them to have a sovereign area from which to house their casino. In return for our support, the tribe would pay the town of Middleboro \$7-11M annually as well as infrastructure upgrades necessary to provide access to the casino.

The Finance Committee was the only board or committee in town to vote against this contract and to recommend this opinion to the Town Meeting members. The main reason for our vote was the lack of time we and the citizens were given to review the contract, which was less than 1 week. Although the initial money appeared to be substantial given the size of our ongoing deficit and town budget, our concerns were whether this amount would indeed cover the various increases in services that would be assumed by the town should a casino open. We believe many people were focusing on the revenues and not fully understanding the associated costs to offset them. Below I listed a few possible expense areas which directly impact our largest three departments. If these departments require even relatively small increases in service areas, this money would be quickly absorbed leaving us with a larger budget and deficit. There was just not enough time to review or consider these issues which forced us to recommend unfavorable action. Some of these concerns are listed below.

- The increase in crime rates could result in a much larger police force.
- Increases in medical emergencies could result in a larger fire department.
- Increases in school age population and foreign languages which would translate to a larger school budget.
- Social costs to support local businesses and citizens.
- Reductions in state aid that could offset the tribal revenues. This item alone could negate all of the annual income received by the tribe since the state currently provides us with approximately \$20M in local aid.



Town of Middleborough

Finance Committee

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

The Fall Town Meeting appropriated an additional \$1.2M to the Annual Town Meeting vote. This new figure increased the budget to roughly 9.7% from the previous year reaching a level of \$ 60M. Over the past 5 years, the town's general government and school budgets have grown while services and staff have been reduced or somewhat stagnant. Below is a summary of the budget increase over the last 5 years.

- Fiscal year 2004 from 2003: Increase of 2.6%
- Fiscal year 2005 from 2004: Increase of 7.5%
- Fiscal year 2006 from 2005: Increase of 3.9%
- Fiscal year 2007 from 2006: Increase of 9.7%

Allowing for these budget increases, The Finance Committee continues to receive correspondence from department heads, School Committee and Town Manager that this type of percentage increase is not enough to keep up with the fixed costs of operating the town while maintaining constant services. Since the majority of the operating budget is from personnel related expenses, this is where changes need to be made. It is in this area that causes the annual budget to exceed the revenues which then lead to further service reductions. We believe annual pay scales, health related expenses, and retirement plans should line up more closely to that of the private sector. If this were accomplished, it would make it more amenable to the citizens to support increases in their local tax burden.

Over the years from FY04 – FY07, the personnel average increase was approximately 7% per year. These figures do not include health insurance and retirement which continue to increase approximately 10% per year.

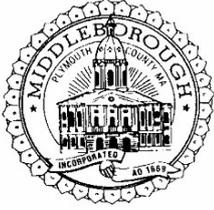
Because of the substantial personnel increases, the increasing budget does not coincide with an increase in local services. For the last 4 years, the departmental budgets have been forced to reduce personnel and/or hours to offset the contractual increases.

To add to the budget problems, the State has not been providing annual percentage increases in local aid as many Town officials may have expected or hoped. The Finance Committee does not believe this lack of funding should be added to the financial burden of the citizens of Middleboro. Town officials should better anticipate all expected revenues and adjust the spending budgets accordingly while providing the best services possible.

The Finance Committee believes that the budget problems in this town (and many others) are a combination of many areas, some of which are listed below.

- Reduced State and Federal aid while sustaining unfunded mandates.
- A political refusal by the Board of Selectmen and School Committee to unite and modify all employee benefit plans and policies. The increase in this area of the budget is one reason for the continued reduction in services.
- The continuation of spending habits and contractual obligations promoted and signed by town officials knowing they will cause additional cutbacks and layoffs.
- These same contractual obligations brought to Town Meeting in the form of secondary budgets or massive amendments to the Finance Committee recommendations causing confusion among Town Meeting voters.

Until more control is brought about with regards to changes in employee benefits and the personnel ledgers to better reflect current and expected policies of the taxpayer who are required to pay for them, an override will not be advocated or supported by this Finance Committee.



Town of Middleborough Finance Committee

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

The Finance Committee is committed to work with the Board of Selectmen, Town Manager, financial officers, the Middleborough School Committee, the Capital Planning Committee and all town departments to create a sound fiscal plan to meet the needs of our citizens. We encourage employees, town officials and citizens to attend our meetings and be part of our budget preparations and financial recommendations.

Respectfully submitted by;
Richard J. Pavadore, Chairman
January 2008

Current Finance Committee Members

Nancy Thomas, vice chairman
Glenn MacPherson, secretary
Peter LePage
Stephen Studley
Joseph Thomas
Tarsi Velantzas