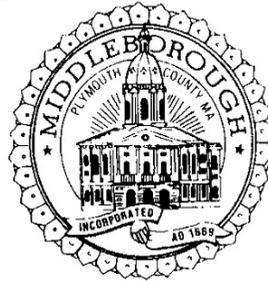


Town of Middleborough *Massachusetts*

Finance Committee FY2009 Recommended Budget



Budget

A plan or schedule adjusting expenses during a certain period to meet the estimated or fixed income for that period.

Middleborough High School
Wayne M. Caron Auditorium
Annual Town Meeting: May 13, 2008

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Finance Committee Members -
 Mr. Richard J. Pavadore, Chairman, Mr. Joseph Thomas, Vice Chairman,
 Mr. Glen MacPherson, Secretary, Mr. Stephen McKinnon, Mr. Jason Ruth,
 Mr. Stephen M. Studley and Mr. Tarsi Velantzas

Middleborough Finance Committee Budget Report

The Mission of the Finance Committee

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.

This budget book is one of the major recommendations that we provided to the citizens. It contains all of the proposed budgets requested by each department head along with our recommendations that we believe can best address the needs of the town while not exceeding the estimated revenues that we will receive.

The Middleboro operating budget deficit this year based on level services requested by departments is estimated at about \$2M. The Finance Committee has been recommending that there must be a town wide overall of retirement plans, pensions, health insurance premiums, sick leave buy back and other employee benefits in order to reduce the annual increases that outpace recurring revenues. The employee fringe benefits budget has an increase of ~ \$1.45M (+11%) this year. Over the past 4 years this budget increases an average of 10.8% annually. This budget is mostly contractual and beyond the control of both the citizens here tonight and the Finance Committee. These changes require all employees to bargain with the Board of Selectmen and School Committee in non-public, closed door sessions. Our efforts have attempted to push these two committees into starting this process, but to our knowledge neither committee has even began to address any change or attempt to curb this problem. The Finance Committee remains firm in not supporting any type of 2 ½ override until some concrete changes in annual spending habits are brought under control or changed.

Below are some of the numbers that depict how and where the budget increases are mainly located. The Town must better manage these costs going forward so that the on-going budget deficit may be able to be reduced or even eliminated.

The Towns services continue to be reduced, user fees are increasing and the operating budget continues to use up any one time revenues that may be coming into the town. Our services have decreased over the past several years but on average because of the problems outlined above, our budget HAS NOT decreased in funding. Over the last 4 years, the Town budget increased by an average of 4% per year. General Government and Schools had relatively modest increases of 2-3% however the employee fringe benefit package almost doubles the effective amounts. In the personnel ledgers, both general Government and school departments reflect increases of 6% each. It is the job of the Finance Committee to reduce these areas to match the revenues coming in.

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. Our committee still believes the amount negotiated in this contract is far less than the long term, (within 5 years) costs associated with this massive undertaking will cost. We believe many people were focusing on the quick fix revenues required for our current towns services and did not adequately address the associated costs that would be coming to town should the casino open its doors.

Using today's budget figures, our town requires approximately 4% increase in revenues per year to maintain level services. For this year, it is \$2.5M which increases annually by \$ 100K. In addition, both the school and many general government departments are under staffed in both personnel and equipment/supplies. The school has indicated that it is presently under funded by ~ \$ 3M. and general government by ~ \$1.5M. Based on this, if the casino doors opened today, \$7.0M would be required to bring our town up to present day standards. Any additional costs associated with the addition of this mega-structure (schools, crime, public safety, etc) must be added to this figure. Based on our annual shortfall of ~ \$ 1M per year, this number adds directly to the initial amount required for level services.

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.

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 all citizens to attend our meetings, remember to vote on all elections, be part of every Town Meeting, and help us all provide our town with quality and cost efficient services.