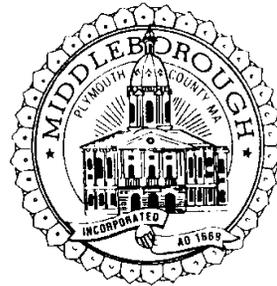


Town of Middleborough Massachusetts

Finance Committee FY2012 Recommended Budget

Middleborough High School
Wayne M. Caron Auditorium
Annual Town Meeting: Monday, June 6th, 2011



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 Middleborough on all financial matters.

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Finance Committee Members -

- Mr. Richard Pavadore, Chairman,
- Ms. Leilani Dalpe, Vice Chairperson
- Mr. Donald Baldwin, Secretary
- Mr. Glenn MacPherson
- Ms Suzanne Dube
- Ms. Diane Stewart
- Mr. Tarsi Velantzas

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

Middleborough Finance Committee Annual Report 2010

The 2010 Finance Committee is made up of the following elected residents; Mr. Richard Pavadore, Chairman, Mr. Glenn MacPherson, Vice Chairman, Mr. Donald Baldwin, Secretary, Ms. Leilani Dalpe , Mr. Jason Ruth, 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.

In accordance with the mission, the main function of the Finance Committee is to provide a recommendation for a town wide balanced budget to the Annual Town Meeting members for their approval. It is this voted budget that is used to provide services to all residents of our town. We also have control over the town reserve fund which is a budgetary line item in the unclassified budget page. This money is released by the Finance Committee and used for extraordinary or emergency situations that may occur during the year. The reserve fund this year was recommended and voted to be \$50,000.00 which has been the customary amount for the last 10 years.

The Finance Committee met 24 times during this year. Most of the meetings held between January and May were focused on the fiscal year 2011 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 including 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.

The Finance Committee successfully convinced the Board of Selectmen to contract an Information Technology infrastructure assessment by an outside consultant. The Finance Committee has made recommendations for this assessment at least 3 times over the past 10-12 years but has not been able to receive support from the Board of Selectmen. The original proposal by the Finance Committee was rejected but continued lobbying convinced the Board to find an alternative assessment review. The study was performed by the Edward J. Collins Jr. Center for Public Management, McCormack Institute for Policy Studies. The Town received the report which indicated several I.T deficiencies within the town along with some proposals and recommendations to address them.

The Board of Selectmen, along with the Town Manager have since established an IT Assessment Committee to review our current I.T. infrastructure and provide the Board with a short and long term strategy that would upgrade our I.T. department to more acceptable levels and standards.

The Town's fiscal year 2011 budget was \$68.5 million dollars, which was essentially level funded from fiscal year 2010 at \$68.6 million dollars. The general government budget was reduced by approximately 1.7% and the school budget was basically level funded from last fiscal year, dropping from \$27.43 million dollars in fiscal year 2010 to \$27.38 million dollars in fiscal year 2011.

Although the above paragraph indicates a very modest change in total budgets, the downturn in the economy and contractual payroll increases translated to personnel decreases across the town departments. The general government personnel ledgers decreased by approximately 5.0% and the school department personnel decreased by 2.7% from last fiscal year.

Private sector income levels have been stagnant or reduced while public sector payroll and benefit packages continue to rise at unsustainable rates, forcing reduced personnel, payroll and thus town services.

The reduction in local aid by the State of Massachusetts is the major cause of our budget deficit. The residents of Middleborough pay higher than state average per capita taxes to local and state entities and cannot be expected to subsidize the lack of state funded responsibilities. We must continue to lobby our representatives to ensure we get the maximum local aid available to help offset the many financially hindering state mandates.

The Finance Committee does not believe that the businesses and citizens of Middleborough can afford any higher locally applied taxes. The Town must adjust our recurring expenses to match our anticipated recurring revenues. Over the past year, the unemployment rate has continued to exceed 10% in our area. Home foreclosures are at an all time high and additional fees, usage rates, and local taxes have been imposed. An additional 0.75% local meals tax option was approved at the October, 2010, Special Town Meeting. The Finance Committee was against this new tax.

Below are some figures that better define how and where Middleborough receives its revenues. As you can see, the 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 FY2011 are \$30.8 million, up from \$29.7 million in FY2010 which represents an increase of 3.7%. These figures indicate that the citizens of Middleborough have increased their payments to the town at a time when many citizens have had financial cuts to their personal lives.
- The net local Aid from the state decreased from \$19.1 million in FY2010 to \$18.8 million this year. This represents a decrease of \$300,000 or 1.6%. In better economic times our local aid typically increases by 1-3% making our effective loss to the town approximately \$1.0 – 1.5 million dollars.

- The local receipts are down 22% this year, from \$6.0 million in FY2010 to an estimated \$4.7 million in FY2011. This revenue comes from various taxes, and fees, including automobile excise taxes and monies collected from the various departments, licenses, permits, etc. The decline in local receipts is another indication of the stagnant economy within the town.

In the coming year, the Finance Committee will be assuming level funding (or less) from the state, minimal expected new growth and a property tax increase cap of 2 ½ %. In financially good times, the Finance Committee has recommended that total departmental budget increases should average 1 - 2% to match with proposition 2 ½ and expected employee benefit package increases. This would also allow any increases in state local aid or new growth to cover onetime expenses or to provide additional monies that could be put into our stabilization account. Our stabilization account is currently less than 0.5% of our annual budget and is roughly 10 times less than the state, our town's financial officers and the Finance Committee, recommends for Middleborough. Our current stabilization account balance is \$346,329.00,

The Finance Committee is committed to working with the Board of Selectmen, Town Manager and its 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 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
February 1, 2011