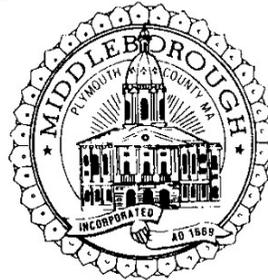


Town of Middleborough *Massachusetts*

Finance Committee FY2010 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: Tuesday, May 26th, 2009

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Finance Committee Members -
Mr. Richard J. Pavadore, Chairman, Mr. Joseph Thomas, Vice Chairman,
Mr. Glen MacPherson, Secretary, Mr. Donald Baldwin, Mr. Jason Ruth,
Mr. Greg Stevens, 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 Finance Committee 2008 Annual Report

The 2008 Finance Committee is made up of the following elected residents; Mr. Richard Pavadore, chairman, Mr. Joseph Thomas, vice chairman, Mr. Glenn MacPherson, secretary, Mr. Stephen McKinnon, Mr. Jason Ruth, Mr. Steve Studley and Mr. Tarsi Velantzas.

The Finance Committee met more than 20 times during this year. Most of the meetings held between January and June were focused on the fiscal year 2009 budget. The approach to the budget process was different this year, with the Town Manager and the Board of Selectmen reviewing and adjusting departmental budgets prior to submitting them to the Finance Committee for our recommendations. The process delivered a balanced budget to us that the Board of Selectmen and Town Manager had already approved. With this head start, we were better able to apply our standards and inputs to a budget we knew had been accepted and agreed to by other Town officials. It both simplified the Finance Committee review process and reduced last minute disagreements at Town Meeting. For the first time in many years, the Finance Committee brought a balanced budget to the Annual Town Meeting in May, which was approved by voters. This eliminated the need for the Fall Town Meeting that was traditionally required to balance the budget. It also allowed real estate tax bills to be sent to our residents in a timely manner before year end.

The fiscal year 2008 budget exceeded \$60 million dollars, and the 2009 budget increased by 4% to approximately \$62.5M. Most of the increase was due to the excessive increases in health care and pension costs. Because of these uncontrollable increases, the town's budgeted spending continued to grow while its services and staff were reduced. The general government budget increased by 1.3% while the school budget increased by 3.6%. When you factor in employee fringe benefits, which increased by 10.7% over 2008, the total town budget (excluding water and wastewater) increased by 4%.

Over the years from FY'05 through FY'09, the average salary increase was approximately 5% per year in general government and 3.5% per year in the schools. These figures do not include health insurance and retirement benefits, which are budgeted in a separate department. From FY'03 to FY'09, the employee fringe benefit budgets increased on average by 12.9% per year.

Because of contractual payroll and benefit increases, the increase in Town spending did 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 these increases.

To add to the budget problems, the State has not provided its promised share in local aid as many Town officials may have expected or hoped. A major budgetary factor in our town is health insurance premiums and rates. The current state law (chapters 32A and 32B) dictates that towns can only alter insurance programs through the collective bargaining process. This same restriction is NOT placed on State contracts, which allow dramatic money saving measures that cities and towns are not allowed to use. This political loophole must change if towns expect to provide health care coverage at the current levels without devastating annual budgets. This modification to state law could result in health insurance savings estimated at \$1M.

The Finance Committee does not believe that the Town should rely on the State to provide additional or even level funding for the near future. Our employed financial team (Town Manager, Treasurer/Collector and Town Accountant) along with elected boards, (Board of Selectmen, Finance Committee and School Committee) MUST work together to come up with a realistic revenue figure. We also must continue to lobby our representatives to make sure that we are heard at the State level to maximize our local aid.

The Finance Committee does not believe a reduction in state funding could or should be offset by transferring the financial burden to the businesses and citizens of Middleboro. In this economy, the private sector is overburdened by inflation, salary reductions, high unemployment and steadily increasing tax burdens. Town officials should better anticipate all expected revenues, lobby the state to reduce unfunded mandates, modify health insurance plan design, and adjust local budgets while providing the best services possible.

The Finance Committee is committed to work with the Middleborough Board of Selectmen, the Town Manager and its financial officers, the School Committee, the Capital Planning Committee, all town departments and the residents of Middleboro 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
January 2009