

TOWN OF SOUTHBRIDGE

FINANCIAL MANAGEMENT REVIEW

SEPTEMBER 2026



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

DLS | Financial Management Resource Bureau

www.mass.gov/dls

Jessica Ferry, Project Manager

Zack Blake, Bureau Chief



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Geoffrey E. Snyder
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

September 21, 2026

Town Council
Southbridge Town Hall
41 Elm Street
Southbridge, MA 01550

Dear Council Members,

I am pleased to present the enclosed report summarizing our financial management review of the Town of Southbridge. The Division of Local Services is committed to assisting municipalities in achieving effective fiscal stewardship, and it is my belief that the recommendations presented here will help the community become better positioned for the future.

If you have any questions regarding this report, please contact Zack Blake, Financial Management Resource Bureau Chief, at blakez@dor.state.ma.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean Cronin", enclosed in a dashed rectangular box.

Sean R. Cronin
Senior Deputy Commissioner

TABLE OF CONTENTS

INTRODUCTION	5
COMMUNITY PROFILE	6
FINANCIAL CONDITION	8
RECOMMENDATIONS	14
1. Develop a Comprehensive Financial Plan	14
2. Codify the Annual Budget Process	16
3. Formally Establish a Consolidated Finance Department	17
4. Hold Regular Finance Team Meetings	17
5. Develop a Cross-Training Program for Finance Staff	18
6. Convert Elected Town Clerk Position to Appointed	18
7. Free Cash Certification Timeline	19
8. Review Outstanding Unissued Debt	19
9. Standardize Grant Management Procedures.....	20
10. Modernize the Transfer of Funds Process	20
11. Reconfigure Town Council Subcommittee Structure.....	21
12. Overhaul the Chart of Accounts	22
13. Establish Enterprise Fund for Municipal Airport	23
14. Move Responsibility of Utility Billing to Town Manager's Office.....	23

INTRODUCTION

At the request of the Town Council, the Financial Management Resource Bureau (FMRB) at the Division of Local Services (DLS) completed this financial management review for the Town of Southbridge. In this report, we provide an analysis of the town's financial position, summarize observations drawn from the review, and present a series of recommendations for improving fiscal and operational effectiveness.

The scope of this review focused on the town's financial offices and current practices, procedures and policies that guide municipal decisions. We examined the duties and responsibilities of finance officers and the degree of coordination and communication that exists. We comment on the effectiveness of financial checks and balances and on compliance with state laws and regulations governing fiscal matters.

We examined information and historical financial data from various documents, including the tax recapitulation sheet, balance sheet, annual budget, warrant payables, revenue and expenditure reports, and reconciliations. Additionally, we reviewed the town's charter, bylaws and existing policies and procedures, as well as its independent audit reports.

COMMUNITY PROFILE

The Town of Southbridge (population 18,105) is located in western Worcester County along the Connecticut border. The community experienced immense growth during Massachusetts' industrial era at the turn of the 19th century, solidifying Southbridge's position as a major manufacturing hub, opening opportunities for a large influx of immigrant populations. Today, Southbridge remains a culturally diverse community, with the U.S. Census Bureau reporting 39% of the population identifying as Hispanic or Latino and 25% of the population identifying as two or more races. A regional hospital branch, UMass Memorial Health – Harrington, is Southbridge's largest employer. The Southbridge Innovation Center, located at the site of the former American Optical Company, contains 1.2 million square feet across 150 acres of multi-use development, including a conference center and hotel space, manufacturing and education offices, with expansion potential for warehouse distribution and residential housing.

Southbridge is one of fourteen municipalities in Massachusetts with a city form of government that refers to itself as a town. Organized under a Home Rule Charter adopted in 1974, the legislative body comprises a nine-member town council elected at-large. The council appoints a town manager who has a three-year contract to serve as its chief executive officer. The town manager is responsible for the daily administration of personnel, maintenance of buildings and property, and has appointment authority over boards and commissions and most personnel, subject to confirmation by the town council. Southbridge provides a full complement of municipal services. In addition to the standard full-time municipal departments such as police, fire, EMS, library, recreation and council on aging, the town also operates a municipal airport. Wastewater, water and trash disposal are services provided to users that pay applicable fees.

The current town manager is the third over the past decade. Additionally, there has been a high level of turnover in the town's finance department heads, which can be difficult and has led to backfilling the roles with interims and part-time consultants, at a significant cost. These staffing challenges can also impact the consistency with day-to-day financial management.

In 2023, the role of the executive officer of operations, which exists through job description, was created to support the town manager. In the future, it may make sense to evaluate whether this role should be transitioned to a stand-alone assistant town manager/finance director. Historically, the finance director role has been assigned to another finance department head, most recently the treasurer/collector. Based on our conversations, due to the existing workload

this arrangement may not be best suited for Southbridge's needs, as responsibilities typical of a finance director, such as long-term financial planning, tend to take a back seat to the day-to-day functions required to oversee the finance offices.

Southbridge's Pre-K-12 public Schools has approximately 1,775 students enrolled across six schools. In 2004, the district was first identified as underperforming by the State's Board of Elementary and Secondary Education. Then, in January 2016, the district was formally placed under receivership following a recommendation by the then Commissioner of Elementary and Secondary Education (DESE) in a District Review completed in October 2015. This past May, the school committee approved a phase-three plan to pursue the end of receivership and restore local control, which is currently under review by DESE, citing the district's improved graduation rates by more than 20%, reduced chronic absenteeism and out-of-school suspensions over the past three years. They also host a satellite campus of Quinsigamond Community College to expand early college access and remove student barriers. Students electing to pursue a trade-based education attend Bay Path Regional Vocational Technical High School in Charlton.

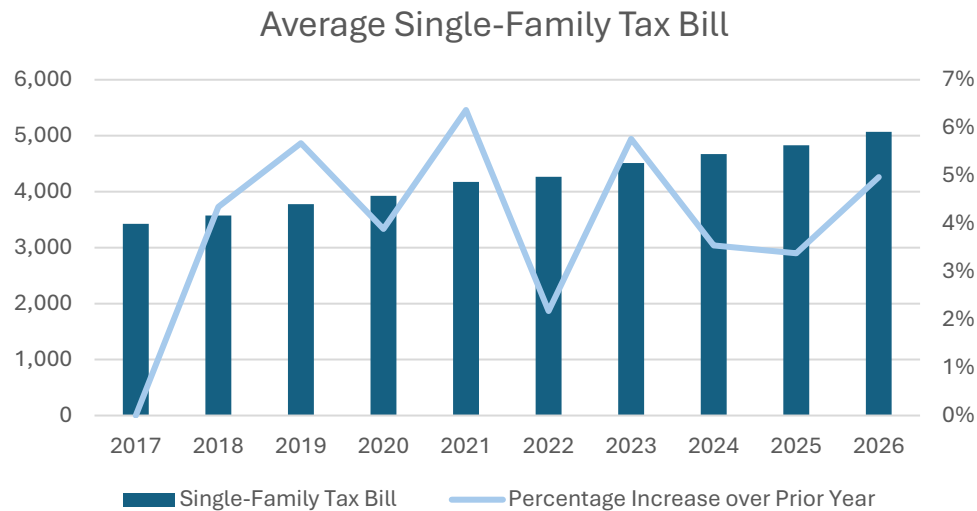
Beyond the school district, Southbridge is constructing a new fire station, as the original station built in 1899 no longer meets the town's public safety needs. At a projected cost of \$28.6 million, the construction is scheduled to be completed in late 2026. The project is funded through the combination of a local debt exclusion, a \$913,000 USDA grant, and a \$1,000,000 federal earmark.

In December 2025, the town purchased a building adjacent to town hall at 39 Elm Street. At the time of purchase, the front part of the building stood vacant, while at the back of the building sits a locally popular café. The previous owner attempted to turn the property into residential units but was unable to get approval from the planning board. The town does not have a documented plan for the building, cost of renovations, or how to fund it. Preliminary conversations identify this building as a potential site for the finance offices.

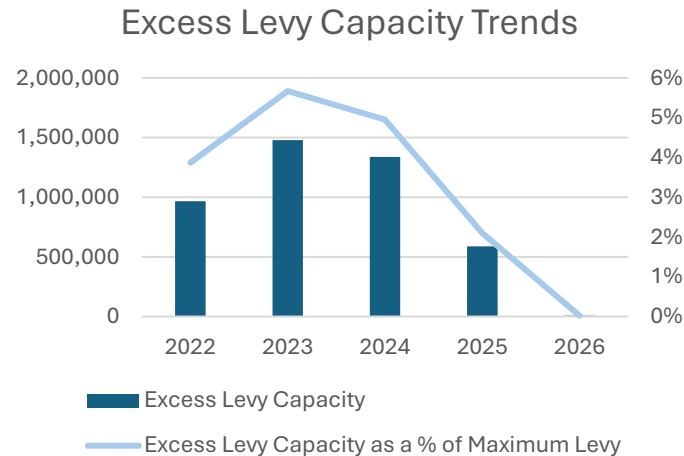
FINANCIAL CONDITION

To understand Southbridge’s financial condition, it is important to observe the community’s fiscal health across several key metrics. The town maintains an AA- S&P bond rating, which was reaffirmed in May 2026, suggesting good financial practices, manageable debt and adequate budgetary flexibility and performance.

The town’s property tax base is heavily reliant on residential property, making up 83% of the overall property tax levy. The remaining 17% is split between commercial and industrial property. Southbridge’s income per capita is \$24,952, compared to the state average of \$97,456. In FY26, the average single-family home was valued at \$340,488 with an average single-family tax bill of \$5,070 (the state average is \$8,113). Within the last decade, the average single-family tax bill has increased by \$1,500, or 48%.

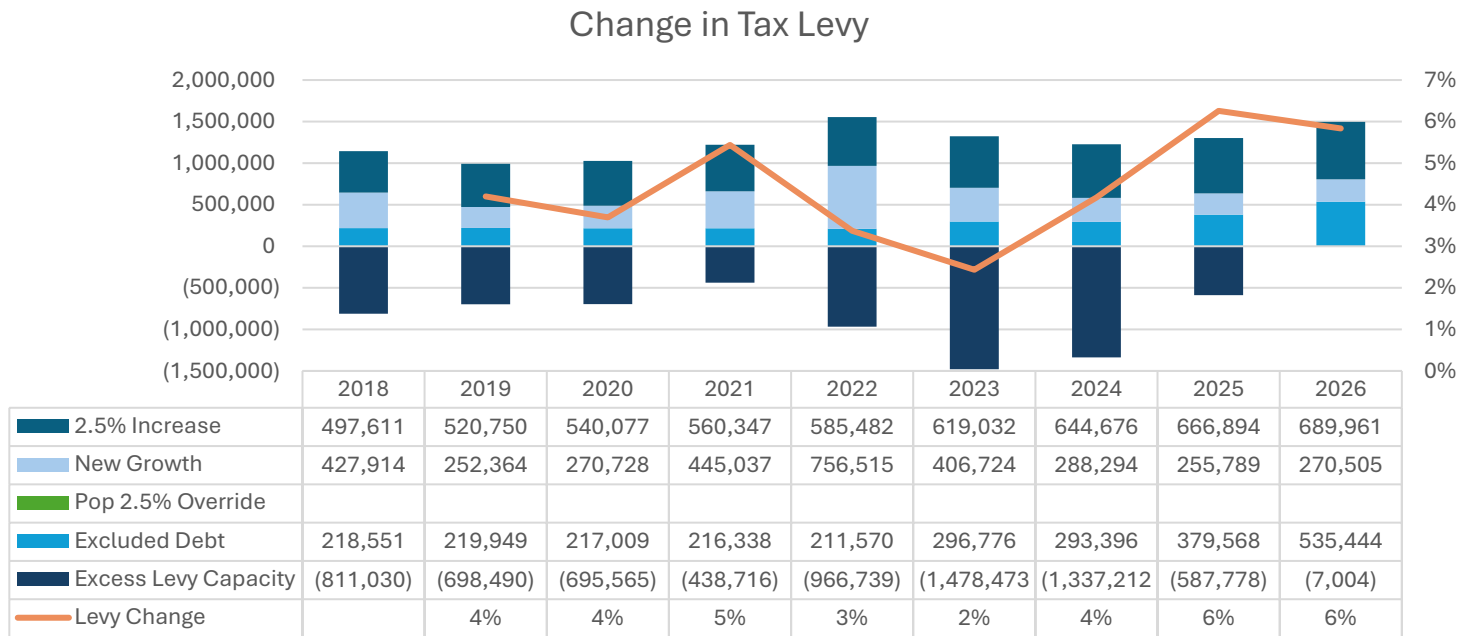


Historically, the town did not tax to the levy limit under Proposition 2 ½, which provided some excess levy capacity. Excess levy capacity is the difference between the maximum allowable levy and the amount the community levies in a given fiscal year. Unused levy capacity each year does not go away, it becomes excess levy capacity that can be used in future years. In FY26, the town effectively erased its excess levy capacity.



While excess levy capacity can help absorb some of the increase in rising costs, once it is gone Southbridge will need to seek alternative sources of revenue to handle increasing costs.

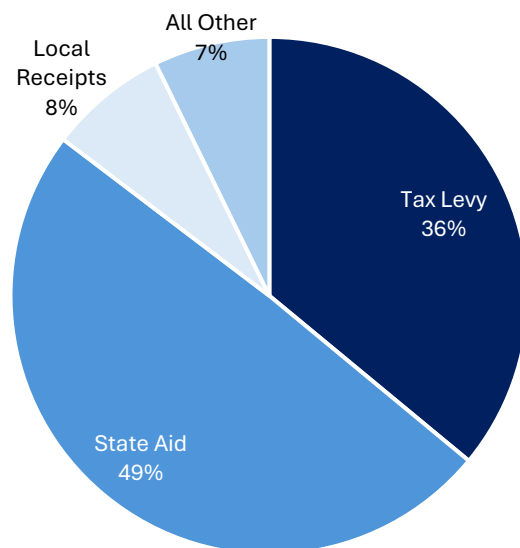
The chart below identifies the different elements of the tax levy, including the annual 2.5% increase, new growth, excluded debt and excess levy capacity, with the percentage change in the levy on the secondary axis. Excess levy capacity is labeled as a negative number because while it is not included in the tax levy, it still needs to be accounted for. In years when the town built up excess levy capacity, the percentage change in the levy was the lowest. Over the last two years, as the town eliminated its excess levy capacity, the levy experienced the highest percentage of growth.



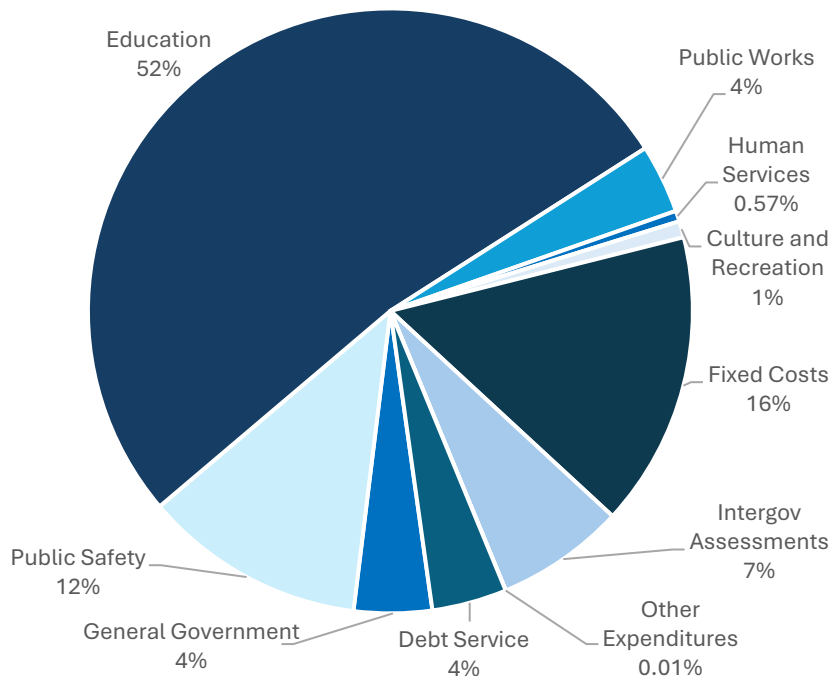
New growth is the dollar increase in the annual levy limit from revenue generated by new construction, renovations and other increases in the property tax base during a calendar year, excluding normal market value changes. In Southbridge it has remained relatively predictable over the last decade, with moderate spikes during the COVID-19 pandemic.

The largest type of revenue Southbridge receives is state aid (49% of total), mostly from Ch. 70 Education Aid and Unrestricted General Government Aid (UGGA). Nearly 90% of the town's state aid goes to fund the school district. Chapter 70 money is the primary source of education funding, which is allocated based on a formula that involves the difference between the district's minimum required local contribution and the foundation budget.

FY26 General Fund Revenue



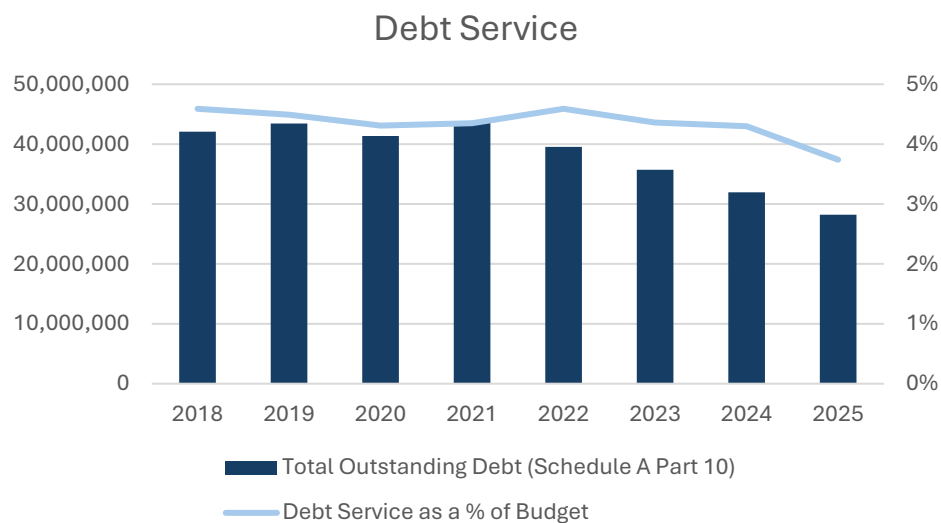
FY25 Expenditures



Southbridge's FY25 operating budget, not including enterprise funds, was \$72 million. The town highly prioritizes education spending, with \$37.5 million dedicated to the school district. The next largest expenditure category are the fixed costs at \$11.3 million, which includes health and property insurance as well as pension costs. Public safety, including 24/7 police, fire, paramedic EMS and dispatch, is the third largest category, with expenditures exceeding \$8.5 million. The remaining categories,

including public works, the senior center, recreation, municipal finance, human resources, IT, conservation, building, and planning and economic development, make up just under 10% of the budget.

Existing debt is funded through debt exclusion for renovations at the vocational school and the construction of the new fire station. The fire station is currently financed through a bond anticipation note that will roll into long-term bond upon completion of the project. Overall, Southbridge's outstanding debt currently sits at 3.7% of the town's total budget.



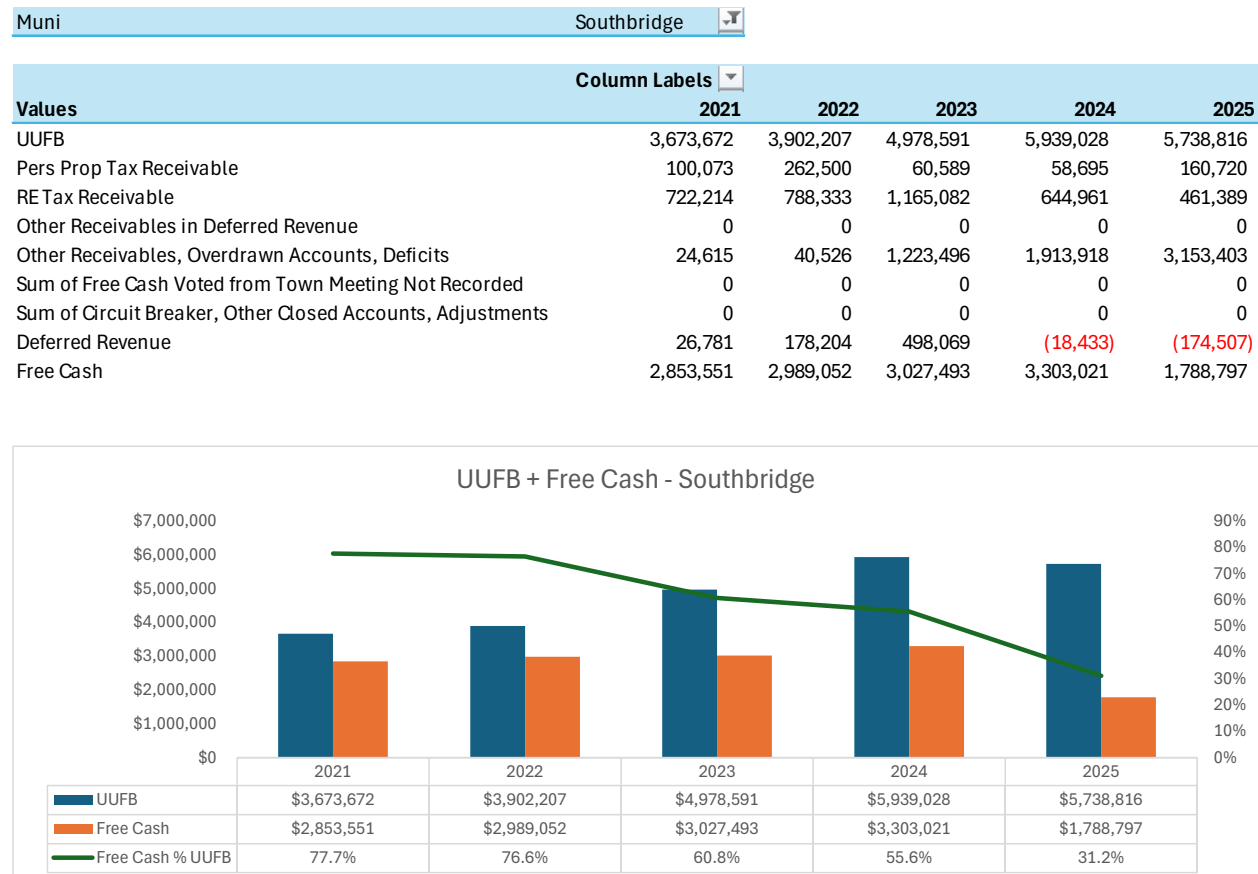
DLS recommends municipalities keep certified free cash between 5-7% of the annual general operating budget. This could easily be accomplished based on the reported unreserved undesignated fund balance (UUFB); however, the negative impacts to free cash, including over \$1.3 million in Chapter 90 road and infrastructure funds¹ in both FY25 and FY26 alone, are preventing the town from accessing a sizeable portion of its free cash.

In FY26, the UUFB was \$5.7 million, but the amount certified, after subtracting outstanding personal property and real estate tax receivables, and other receivables, overdrawn accounts and deficits, was \$1.78 million,



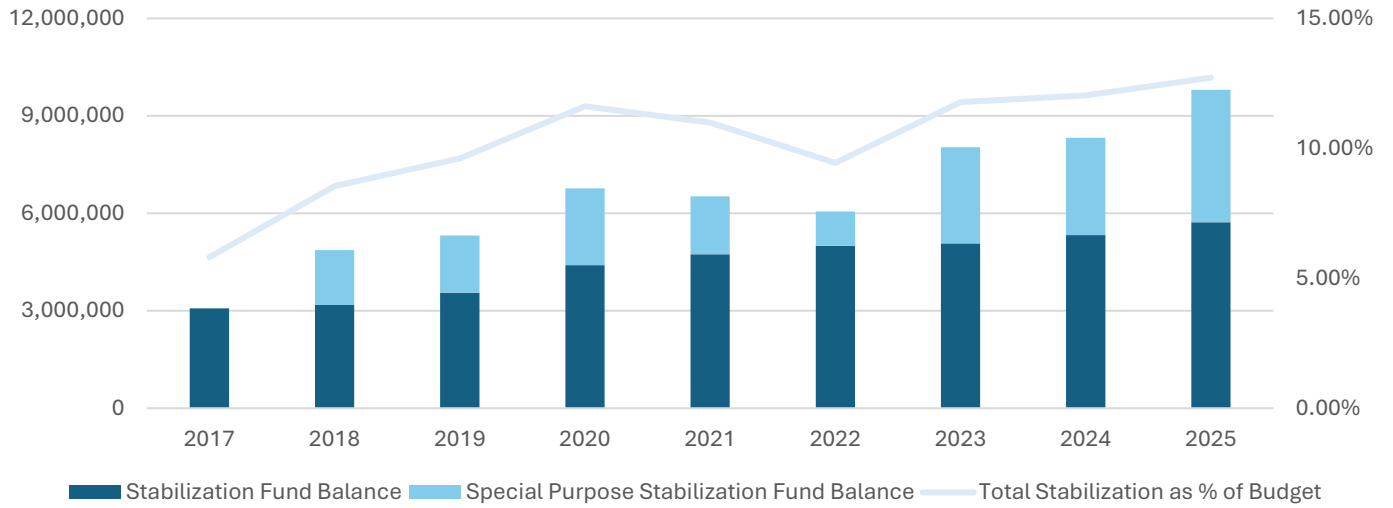
¹ The Chapter 90 program operates on a reimbursement-based system. Submission delays or incomplete reimbursement requests to MassDOT can result in a negative impact to free cash.

almost 70% less than what could have been certified for the town to utilize. As shown in the graph below, this is a recent issue: in FY21, free cash was 77.7% of UFFB. While it is not uncommon for there to be outstanding personal property and real estate tax receivables and other grant accounts that are outstanding due to reporting timelines, a reduction of the UUFFB by almost 70% needs attention from the finance team and any department heads involved in grant reporting.



Separately, Southbridge has a healthy stabilization balance, combining both general stabilization and special purpose stabilization for capital purchases. Combined, stabilization amounts to 12.7% of the town's operating budget.

Stabilization Fund Balance



RECOMMENDATIONS

1. Develop a Comprehensive Financial Plan

We recommend that Southbridge develop an integrated multi-year financial plan. This plan should bring together formal financial policies, the analysis informed by the long-range financial forecast, and the capital improvement plan, resulting in the presentation of the annual budget. By connecting these foundational elements, the budget can adequately deliver on the town's needs and priorities and support community planning while mirroring the town's values. This effort should be driven by the town manager with supporting efforts from the financial team.



Financial Policies: Southbridge's existing financial policies are outdated, with some of the policies dating back to 2009 and referencing financial software systems the town no longer uses.

To provide instructive guidance for promoting sound, consistent fiscal planning and effective financial management, we encourage the finance director to meet with the finance team, evaluate current practices, and recommend a slate of comprehensive policies that address the town's goals. We recommend Southbridge adopt and implement the following core policies:

Annual Budget Process	Antifraud
Capital Planning	Disbursements
Debt Management	Financial Management Team
Financial Reserves	Grants Management
Forecasting	Reconciliations
Indirect Cost Allocation	Revenue Turnover
Investments	Tax Enforcement
Other Postemployment Benefits Liability	Tax Recapitulation
Overlay	Year-End Closing

These policies will strengthen the town's internal controls, provide instructive guidance, and promote consistency as local officials plan, direct, monitor, and protect municipal assets and resources.

To assist in this process, the Financial Management Resource Bureau offers regional workshops with guidance on developing financial policies. The town should consider attending future policy workshops, as well as reviewing [policy manuals online](#). Additionally, seek input from town council on specific policy decision points, such as targets for reserve and debt levels, forecasting assumptions, and other specifics.

Policies related to day-to-day operations should be discussed with professional staff from the financial management team, as well as the town council. Once any operational policy has been adopted, the town manager should ensure that it is distributed to all applicable parties, including all relevant department heads. Lastly, adopted policies should be reviewed annually prior to the beginning of the annual budget process and updated as needed.

Capital Improvement Plan: The maintenance of an annual capital planning program is one of the most important responsibilities of municipal government. It is a tool for communities to cost-effectively maximize the value of their assets, maintain service continuity, protect the health and safety of employees and residents, support future development potential, and enhance the local quality of life.

When making decisions on the annual budget proposal each year, the town manager and town council should have context of Southbridge's short- and longer-term capital needs. Southbridge has made an effort to understand their capital needs by engaging firms to do facilities management studies, as well as putting together a spreadsheet to identify capital needs over the next five years. To enhance these efforts, we recommend that the town create a complete asset and inventory list, establish the capital planning policy, define a formal process for requesting capital projects, and determine a capital financing strategy.

With a comprehensive capital planning program shaped by clear, consistent standards and spending priorities, the town can more effectively direct funds to identified needs and make strategic plans based on agreed-upon long-term goals.

Long-Range Forecast: As part of the annual budget process each year, we recommend that the town manager work with Southbridge's finance team to create a five-year financial forecast. The town typically makes decisions by only looking at the year ahead. This is because the annual budget process has lacked the context of long-range revenue and expenditure projections. This

situation has resulted in departments frequently approaching the town council with requests to transfer funds. By reviewing historical expenditure details, the town manager can make a more accurate budget recommendation that is grounded in the reality of the department's operational needs. A forecast would have also been an appropriate tool to reveal the impact of removing liquor license fees from local receipt revenues, to allow the town council to make a decisions while considering all other revenue sources and a picture of the town's fiscal health in future years.

By revealing revenue trends in relationship to real and hypothetical expenditure commitments, a multi-year forecast helps the town manager formulate long-term sustainable budgets in mind. A forecast is also a key component of a strong capital plan because it enables budget framers to build and sustain an appropriate level of capital investment in the town's long-term plans. With a well-developed forecast, the impacts of different fiscal scenarios can be analyzed, such as those related to local aid changes, increased debt service, or Proposition 2½ override. Furthermore, the use of multiyear forecasts demonstrates a level of fiscal competency to residents and can educate them about the town's current position relative to future plans.

2. Codify the Annual Budget Process

We recommend that Southbridge adopt a formal, documented annual budget process. At a minimum, the annual budget process includes a well-defined budget policy, including the roles and responsibilities of those involved, various timelines, and controls and other fiscal parameters for a balanced budget (i.e., use of one-time revenues). Such a policy should consider the following points:

- The annual budget presented to town council should be balanced, meaning estimated expenditures are no greater than projected recurring revenues. Recurring revenue is total revenue less capital and debt exclusions and any other specific non-recurring revenue items (e.g., free cash, stabilization).
- Revenue projections should be conservative and based on the latest available trend data. Initial state aid should be projected at no greater than the prior fiscal year allocation, property taxes should be calculated in accordance with Proposition 2½ guidelines, new growth should be estimated on the advice of the assessors, and local receipts, in total, should be projected as a percentage of the prior year actuals.

- Departmental expenditure requests should fully fund operations for the entire fiscal year without supplemental funding once the fiscal year has begun, unless unforeseen, emergency, or extraordinary circumstances arise.
- Establish fiscal parameters through policy on the use of free cash, stabilization, and debt.
- Monitor the budget throughout the year to measure performance. Budget-to-actual revenues should be reported at least quarterly to ensure timely budget adjustments, if needed, and thereby prevent any potential revenue deficit. Budget-to-actual expenditure balances should be reported monthly to ensure that the total expenditure and purchase commitments on any account do not exceed the authorized budget for that account.

The Town will take immediate corrective action if at any time during the fiscal year expenditure or revenue estimates indicate a projected operating deficit by year-end.

3. Formally Establish a Consolidated Finance Department

Historically, the role of the finance director was associated with one of the full-time finance department heads, most recently the treasurer-collector. The role of the finance director is acknowledged in the town's charter and is defined in the town's bylaws. However, the town has not adopted [MGL Chapter 43c Section 11](#) to form a consolidated department of municipal finance. We recommend that Southbridge formally establish a consolidated finance department with the offices of the accountant, treasurer, collector, and assessor all under the supervision of the finance director. Codifying this change will solidify current interdepartmental coordination and support consistent structure in financial operations. We suggest Southbridge work with their town counsel to formally recognize the finance department in the charter and associated bylaws.

4. Hold Regular Finance Team Meetings

We recommend that the town manager hold regularly scheduled financial team meetings. Financial management team meetings institute a layer of oversight by providing the opportunity to discuss the town's fiscal issues and review progress on reconciliations, reporting, and other financial goals and objectives. For example, meetings would be an opportunity to review upcoming deadlines and responsibilities surrounding town council meetings, financial forecasting, revenue and expenditure monitoring and adjustments, capital financing, free cash

certification, and year-end closing. These meetings reinforce a team environment by enhancing lines of communication and providing a forum to raise and resolve interdepartmental issues while underscoring how each office is dependent on the performance of the others.

Led by the town manager or finance director, meeting participants should include the executive officer of operations, town accountant, treasurer, collector, and town assessor. Occasions may arise in which additional managerial, analytical, or administrative support is necessary and might include the town clerk, human resource director, IT support or other department heads as needed.

5. Develop a Cross-Training Program for Finance Staff

Lack of employee cross-training between municipal finance departments poses a significant risk to Southbridge. Given the level of turnover in the financial departments, reliance on a singular employee for major operational needs, such as payroll processing, is an unnecessary vulnerability.

We recommend the town evaluate all essential financial processes and identify at least one backup employee to be trained for each function. Written procedures should be developed for each position in the finance offices to preserve institutional knowledge. A sufficient cross-training schedule will allow employees to perform separate responsibilities under supervision while strengthening internal controls by making sure more than one employee understands critical financial procedures. This effort can also fit into succession planning efforts, as internal candidates can be trained to take over department head roles, or at least make sure no tasks are forgotten in periods of transition.

6. Convert Elected Town Clerk Position to Appointed

Southbridge's town clerk is the only full-time position that is elected. Many of the responsibilities in this role are governed by statutes, and the operating procedures ought to adhere to well-established professional standards. By having an appointed town clerk, potential candidates are required to go through a formal interview process and be subject to background checks, allowing the town to vet the strongest applicants who have the necessary credentials and relevant professional experience.

Communities continue to convert to appointed municipal positions in wider recognition of the risks and managerial conflicts associated with elected positions. We recommend the town

convert the town clerk position to be appointed, which can be achieved through the process of amending the town's charter.

7. Free Cash Certification Timeline

It is important to certify free cash in a timely manner. Free cash can only be appropriated by the town council once it is certified by DLS. The town council has the authority to make financial appropriations at any public meeting; therefore, delays in certification hinder this ability. While we recommend the town have a strategy behind appropriating free cash, the form of government allows greater flexibility on when free cash can be used in comparison to a town meeting form of government. Over the last five years, free cash has been routinely late.

Date Certified
02/05/2026
02/03/2025
03/11/2024
02/21/2023
02/18/2022
01/25/2021

The process to certify free cash starts prior to the end of the fiscal year with a year-end memo from the finance director every year. The accountant completes year-end activities such as recording total revenues and expenditures, reconciliations, identifying any deficits and closing out capital projects, grants and special revenue funds. All the year-end financial information is then organized into the town's balance sheet, which is submitted to DLS for review. The town should aim to have this information submitted by September 30 each year for timely free cash certification. While this process is heavily reliant on the town accountant's job responsibilities, it takes effort on behalf of all department heads to make sure that they comply with year-end requests by the stated deadlines. If that process is not adhered to, it is almost certainly going to derail the timeline for balance sheet submission and free cash certification.

8. Review Outstanding Unissued Debt

The town has \$34.6 million in authorized but unissued debt as of the end of FY25. Of the unissued debt, \$20.5 million is for the new fire station. The town should review the list of authorized but unissued debt to determine whether old authorizations are still needed, should be reduced or rescinded. There are some items that were authorized over a decade ago and have not been issued yet. For authorizations associated with projects that have been completed, canceled, or no longer require the full authorized amount, the Town should evaluate whether the remaining authorization can be rescinded. For active projects, the Town should establish a reasonable timeframe for issuance and incorporate the anticipated borrowing into its long-term capital planning. This creates a more accurate accounting of the town's borrowing needs in the near term and can improve debt and capital planning.

9. Standardize Grant Management Procedures

Grants are a source of funding that can alleviate pressures on municipal budgets. With this type of funding usually comes a greater level of responsibility and reporting outside of standard revenue sources. Concerns over grant management include the lack of appropriate paperwork submitted to the accountant's office, an overall lack in communication about grants received and reimbursements not happening timely.

The impact of poor grant management, for example, can have an immediate negative impact on free cash. In FY26, outstanding grant balances accounted for most hits to free cash, including \$1.3 million for Chapter 90 and over half a million from a federal Economic Development Administration grant for the Quinebaug Valley Rail Trail. Specific to Chapter 90, we recommend the town submits required reports on time to DOT. Also, we recommend the town implement a standard operating procedure for grant management for department heads to follow. As part of this process, there should be a standardized form for department heads to receive approval from the town manager's office prior to applying for any grants. Once a grant is awarded, all grant documentation should be submitted to the accountant's office immediately. Part of the grant management process requires the accountant to set up separate accounts for tracking purposes. Depending on the grant, there may be different guidelines for when money is disbursed. Prior to the execution of any contracts, the department heads need to verify with the accountant that the appropriate funds are available for expenditure.

10. Modernize the Transfer of Funds Process

Through this process, we observed a high volume of transfer requests placed in front of the town council during FY26 which amounted to 105 requests totaling \$2.2 million. While the charter requires town council approval for transfers, the volume and nature of these requests indicate that the process is being used to alleviate budget management issues instead of addressing exceptional financial circumstances.

Certain transfer requests, such as the one made on April 13, 2026 in the amount of \$278,800 from sewer retained earnings to facility improvements for the emergency replacement of a boiler, may be unavoidable due to unexpected equipment failure. However, many of the requests represented routine operating expenses that could have reasonably been anticipated during the annual budget process. For example, there were \$340,275 in requests from a salary reserve

account submitted by the police department for the May 11, 2026 town council meeting and of that request, only \$234,000 was for salaries and overtime. The remaining requests were for uniforms, vehicle repairs, building and grounds, inspection stickers and other funds. The transfer request with the smallest dollar amount was \$2 from the health department for office supplies.

The frequency of these transfer requests makes it appear that departments are relying on reallocation of budgets as a routine management practice. This undermines the integrity of the annual budget process and can present challenges when identifying what the true operational costs of a department are.

We recommend the town strengthen its budget practices to reduce the reliance on budget transfers throughout the year while also allowing the town manager the ability to have flexibility to manage departmental operations. This includes a recommended charter amendment to adopt a dollar threshold that allows the town manager to approve minor transfers within departments, and reserving town council approval for larger, interdepartmental transfers.

We also recommend the town review the funding levels of salary reserve accounts to ensure they are only budgeted for legitimate personnel costs rather than as a funding source for unrelated operating expenses.

The town council should focus on making broader policy decisions instead of administrative budget adjustments and the town needs to focus on strengthening departmental accountability for budget management while improving the overall credibility of the annual budget.

11. Reconfigure Town Council Subcommittee Structure

Southbridge's current subcommittee structure differs from the model used in most Massachusetts council-manager forms of government. Items such as personnel appointments and budget transfers that require town council action are first routed through a subcommittee prior to appearing on an agenda for a regularly scheduled town council meeting.

While subcommittees can provide valuable opportunities for detailed discussion on certain issues, the current structure creates unnecessary duplication, slows decision-making and oftentimes results in a quorum of the council attending the subcommittee meetings anyways. If a member of the subcommittee is unable to attend the meeting, another member of the town

council will substitute in that spot. This reduces efficiency without adding any meaningful transparency or oversight.

We recommend the following:

- That town council establishes a dedicated budget and finance subcommittee that is responsible for reviewing the entire annual budget, long-range financial forecast, capital improvement plan, and financial policies.
- Eliminate the requirement that routine agenda items are automatically sent to subcommittee before consideration from the full town council. Items should be referred to subcommittee when additional analysis or review is warranted.
- Allow the town manager and department heads to make routine personnel decisions, which is consistent with the council-manager form of government. The charter allows the town manager to make appointments, subject to confirmation of the town council, for virtually all positions. We recommend the charter be amended to limit the need for town council confirmation to a small number of statutory or high-level department head positions. The existing process adds an administrative layer that is more commonly observed in a selectboard/town meeting form of government with a weak town administrator.
- Eliminate the requirement that routine budget transfers receive subcommittee review unless they exceed an established financial threshold or involve significant policy implications. This is in line with the previous recommendation for updating the transfer of funds process.

12. Overhaul the Chart of Accounts

We recommend the town conduct a comprehensive review of all active and inactive accounts and eliminate accounts that are obsolete as well establish consistent expenditure categories across departments to do equitable expenditure analysis. This effort can also help simplify year-end reporting activities and the financial forecast.

Southbridge's chart of accounts has evolved over the years to reflect the town's operational needs and reporting practices. The current chart of accounts does not conform to the Uniform Massachusetts Accounting System (UMAS) manual, which is designed to improve the financial reporting, budgeting, accounting, and management reporting of local governments. An outdated chart of accounts can result in more complicated financial reporting, increase the potential for errors, and make expenditure analysis challenging. The town mentioned the potential of hiring a consultant to assist with an overhaul of the chart of accounts due to the complexity and time-consuming nature of the project.

13. Establish Enterprise Fund for Municipal Airport

The municipal airport is owned by the Town and overseen by a board of airport commissioners. Similar to wastewater, water and trash disposal, the airport is a service that is financially supported by users. The airport generates revenues through building and land rentals, fuel sales, and aircraft parking fees. The airport also receives funding from both the federal and state government. Currently, the airport operates through a revolving fund with an annual budget of \$300,000. For purposes of transparency and accountability, as well as forecasting operating expenses, a formal revenue and expenditure budget should be presented to the town manager and town council. For example, in FY26 a lawn mower was purchased from the town's capital stabilization fund for the airport. It is also expected that any capital expenditures be funded through airport revenues or grants and the capital stabilization fund be limited to general fund departments.

14. Move Responsibility of Utility Billing to Town Manager's Office

We recommend in the absence of a DPW business manager position that all utility billing be transitioned to the town manager's office as it is currently being done in the accountant's office. The accountant's office should only process bills incurred within their own department and maintain a level of separation in processing bills for other departments to promote accountability. The role of the accountant's office should be limited to financial reporting, management of the general ledger and reviewing submissions from other departments for accuracy and compliance. Processing utility bills is a time-consuming task that is taking already limited employee resources and diverts them away from the typical functions of the accounting office.

Acknowledgements

In a series of meetings conducted in person and virtually, we spoke with the following: Town Manager John Jovan, Town Council Chair Scott Lazo, Town Council Vice Chair Michael Montigny, Michelle Hill, Finance Director/Treasurer/Collector, Kristine Russell, Town Accountant, Jazmin Sanchez, Assessor, Tara Thibeault, Assistant Treasurer/Collector, Nancy Jones, Assistant Treasurer, Sarah Maquire, Assistant Collector, Emma Oakes, Assistant Accountant, Joanne Sauvignac, Interim Treasurer/Collector, Dean Iacobucci, Executive Officer – Operations, Victor Roule, IT Director, Bill Metzger, Interim Receiver Superintendent, and Matthew Robidoux, School Business Manager.