

FOR IMMEDIATE RELEASE

January 14, 2014

East Haven Audit Confirms '12-'13 Fiscal Year Surplus of \$1.16 Million – Town Reduces Debt by \$3.06 Million Dollars

Mayor Joseph Maturo, Jr. announced today that the Town received the official audit for the 2012-2013 fiscal year, which confirms that the Town ran a surplus of \$1.16 million dollars for the past fiscal year and reduced its long-term debt by \$3.06 million dollars.

Maturo explained, "I am proud of our community's financial recovery since 2011 and pleased with the rigid spending controls that I instituted and that have enabled that recovery. In just the last two fiscal years, we've paid off over \$6.5 million dollars in long-term debt and increased our rainy day fund by over \$1.4 million dollars."

According to the '12-'13 audit, the Town had total revenues of \$90,443,557.00 and total expenditures of \$89,279,677.00. The Town also had a small expense adjustment of \$1,273.00. The end result was a yearly surplus of \$1,162,607.00.

As a result of the yearly surplus, the Town's running fund balance, or rainy day fund, increased from \$437,843.00 to \$1,600,450.00 – an increase of 365% in one year. Major credit rating agencies, like Moody's and Standard and Poor's, recommend that municipalities maintain the equivalent of 5% of their operating budgets as a fund balance. At present, East Haven's operating budget is \$87,305,281.00. Accordingly, the Town's recommended fund balance is approximately \$4.37 million dollars.

Maturo explained, "When I came back into office in 2011, the Town had just \$200,000.00 of the recommended \$4.37 million dollars our fund balance. In just two short years, we've restored this fund to \$1.6 million dollars, which equals 36% of the recommended funding level. These figures demonstrate that even while we've made extraordinary progress in two short years, we still have significant work to do to restore the fund to the proper level."

Maturo continued, "The audit further confirms that, even after borrowing to finance the Town's compliance with the Department of Justice settlement agreement, we lowered our long-term debt by an impressive 6.7%. This is an extraordinary accomplishment, given the magnitude of the DOJ settlement."

For the second fiscal year in a row, Maturo instituted a spending and hiring freeze, which began roughly a third of the way through the '12-'13 fiscal year. Maturo attributes the Town's significant surplus to this freeze. Maturo explained, "It is easy to spend other people's money. It is much harder to hold department heads accountable and produce real savings. In the last year, we tightened our belts and found ways to provide the same levels of excellent service to our residents while, at the same time, saving significant money."

According to the audit, the Town continues to maintain a credit rating of A3 from Moody's, a rating which the Mayor believes should be upgraded. Maturo explained, "Like any person, the Town has a credit rating, which had been allowed to slip to a 'Baa1' grade, or 'non-investment grade,' between 2008 and 2010. Our reduction of long-term debt, for the second year in a row, certainly lays a case for an upgrade in our credit rating, which will save our residents money if we look to borrow in the future."

Maturo concluded, "In the last election, I campaigned on a platform of reducing debt and carefully limiting spending. This audit confirms that we accomplished both of these goals in this past fiscal year. As we look ahead to the challenges of the upcoming budget season, our focus will continue to be on curbing spending and continuing to make East Haven an affordable community to live and raise a family."

For additional information, please contact Finance Director, Paul Rizza at 203-468-3210 eh.rizza@att.net or Frank Gentilesco at 203-468-3371 eh.gentilesco@att.net