

FOR IMMEDIATE RELEASE

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Spending freeze helps East Haven conclude prior fiscal year with \$439k+ surplus

Mayor Joseph Maturo, Jr. announced today that, despite several line-item shortages inherited from the prior administration, the Town of East Haven ended the 2011-2012 fiscal year with a budget surplus of \$439,068.00.

Maturo explained, "Upon coming into office, my team and I uncovered several budget irregularities and quickly concluded that serious spending cuts needed to be implemented to ensure that this budget closed with a surplus. Thanks to the spending freeze which we initiated just eleven days after taking office, and which continued for seven months through June of 2012, I am happy to report that my team and I closed this budget with a surplus."

In addition to the budget problems uncovered late in 2011, Paul Rizza, the Town's Finance Director, discovered in March of 2012 that expenses in certain accounts had been grossly underestimated during the last budget process. Specifically, accounts for water, natural gas, sewer use, unemployment, and retirement payouts were shorted approximately \$556,000.00 during the last budget process. Despite those shortages, the Town still managed to produce a budget surplus.

Maturo continued, "The spending freeze, along with increased delinquent tax collection efforts, were significant factors which allowed us to overcome the shortages in several accounts and balance this budget."

According to the Town's Finance Department, the Town took in \$85,546,817.00 in revenue and spent \$85,107,749.00. The difference, \$439,068.00, is the excess of revenue over expenditures – more commonly known as the surplus. Rizza explained, "Depending on the final audit numbers which come out in December, the surplus could rise as high as \$480,000.00 or \$500,000.000 dollars."

The \$439,068.00 surplus from this budget will be added to the Town's fund balance, raising it to approximately \$640,000.00. Bonding agencies recommend that municipalities maintain a fund balance equal to 5% of yearly expenditures. In East Haven's case, the recommended fund balance is approximately \$4.25 million.

Maturo explained, "In my previous 10 years as Mayor, we fought to get East Haven off of the State's distressed municipalities list and restored the fund balance to over \$8 million dollars at one point. I'm proud to have ended the ugly cycle of deficit spending that the Town had engaged in during the past four years and promise that we will continue to utilize common sense budget practices to ensure that our Town continues to grow its savings."

For additional information, please contact Frank Gentilesco at 203-468-3204.