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Maturo Continues Spending Freeze, Questions Under-estimated Spending Projections

In response to recent indicators that expenses in this year's budget were grossly underestimated in several critical accounts, Mayor Joseph Maturo, Jr. announced today that the spending freeze he initiated on November 30, 2011 will continue indefinitely.

Maturo explained, "It has come to my attention that spending projections in several key line items in this year's budget were underestimated by the prior Town Council. It appears that there may be anywhere between \$500,000.00 and \$700,000.00 in expenses which were not factored into the current budget during the budget process last year."

Paul Rizza, Finance Director for the Town, explained, "In reviewing accounts and estimating costs for the remainder of the fiscal year, it has become obvious that expenses in certain accounts were grossly underestimated. Specifically, accounts for water, natural gas, sewer use, unemployment, and retirement payouts all appear to have been shorted significantly during the last budget process."

Rizza explained, "My office estimates that in just those five line items alone, the Town will face a shortfall of approximately \$556,000.00. These accounts represent fairly predictable expenses and it is questionable why these accounts were not properly funded during the last budget process."

Rizza continued, "The prior Mayor's request in the last budget cycle, for example, was for \$280,000.00 to be allocated for retirements. The Town Council approved just \$100,000.00 despite knowledge that the Town would be faced with a host of retirements in the upcoming year. The actual estimate for retirement costs in this budget should have been between \$400,000.00 and \$600,000.00."

In response to the shortfalls in these critical accounts, Mayor Maturo has opted to continue the spending and hiring freeze he initiated upon coming into office. Maturo explained, "We will make whatever cuts are necessary to bring this budget in on task. We will continue the freeze on hiring and non-essential spending until we are confident that we will end with a balanced budget."

The seriousness of the situation is highlighted by Chapter 7, Section 7(G) of the Town Charter which imposes joint and several liability on any person or official, including a Town Council member, who authorizes payments in excess of budgeted line items in violation of the Town Charter.

Maturo concluded, "I don't intend to play the blame game. I just intend to do what is necessary to bring this budget in on task. Moving forward, my administration will be working hard to produce a realistic and accurate budget for the upcoming fiscal year."