

FOR IMMEDIATE RELEASE

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Maturo Says \$400k Legal Surplus, Strong Revenues Have Town on Track for FY 12-13 Surplus

In advance of tonight's Board of Finance meeting restoring \$151,054.82 to the Town's yearly contingency fund, Mayor Joseph Maturo, Jr. has announced that the Town of East Haven is on track to close the 2012-2013 fiscal year with a budget surplus.

Maturo explained, "Since coming back into office, our team has exercised incredible fiscal discipline. This year, the cautionary spending freeze I initiated in January, along with strong revenue collections, has put the Town on track to finish this fiscal year with a surplus."

In a letter to Finance Director Paul Rizza dated May 29, 2013, Town Attorney Joseph Zullo informed the Town that the Legal Service's department is slated to close the year with a nearly \$400,000.00 dollar surplus in its yearly self-insurance line item.

In his letter, Zullo explained, "As you know, the Town budgeted \$515,000.00 for this line item this year. As you also know, this line item is used to pay claims, legal settlements, and adverse verdicts. To date, this line item still contains \$390,794.88. Based on the cases and claims on the horizon through the close of the fiscal year in June, I expect the overwhelming majority of these funds will remain unspent, resulting in a large surplus in this account for the Town."

Per a Town ordinance, if the surplus of \$390,794.88 remains in the legal account, it will automatically revert to the permanent legal reserve fund on July 1st. Since the surplus of \$390,794.88 exceeds the Town's planned contribution of \$175,000.00 to the legal reserve fund this year, the Town is opting to redistribute the surplus. If approved by the Board of Finance and Town Council, \$151,054.82 will be used to replenish the Town's general contingency account, \$48,945.18 will be used for legal services in connection with ongoing litigation, and the balance of \$190,794.88 will be allowed to revert to the legal reserve fund on July 1st.

Maturo continued, "Rather than allow the surplus to accumulate in just the legal reserve account, we are recommending a balanced approach of spreading the surplus over the legal and general reserve accounts. This approach balances long term insurance needs with current budgetary needs."

In addition to the \$400k legal surplus, figures from the Finance Department indicate the Town has achieved a real estate tax collection rate of 97.71% through May 31st - four one-hundredths shy of the Town's projected collection rate of 97.75%.

Maturo explained, "Revenue collections have been very strong to-date. We are on track to exceed projected revenues in several accounts. In fact, as of April 30th, the Town had beaten its delinquent tax collection figure by over \$50,000.00."

Maturo concluded, "We've worked hard over the last 18 months to restore fiscal stability in East Haven and we are beginning to see that hard work pay off. The Town's improved financial position has allowed us to invest in critical infrastructure and public safety improvements, while also increasing funding to education by \$900,000.00. We will continue to work hard to achieve financial success and to improve the array of services and resources available to our residents."

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