

Town of East Haven
Mayor Joseph Maturo, Jr.

■ ■ ■

**2019-2020 Fiscal Year
 Budget Presentation**

BUDGET
**Town adds to
 rainy day fund**
 While other towns post deficits,
 East Haven boasts a surplus

EAST HAVEN
Town keeps A+ municipal credit rating
 S&P cites strong financial outlook

EAST HAVEN
**Council OKs
 budget with no
 tax increase**

EAST HAVEN » Residents will be
 cheering the latest budget passed
 by the town council

Thursday, March 28, 2019 – East Haven High School

Opening Slide:

First, I'd like to thank the Board of Finance along with all of the department heads who sat with that Board and reviewed my initial budget recommendations.

I'd also like to thank our Finance Director, Paul Rizza. Mr. Rizza works incredibly hard throughout the budget process and he's worked very hard with this team for the past eighteen years helping to keep our community on the right track. How about a round of applause for Paul Rizza.

I'd also like to thank Rob Becker, who is part of the technology team here at the High School. Each year, he helps us coordinate our presentation here and we appreciate his hard work and dedication.



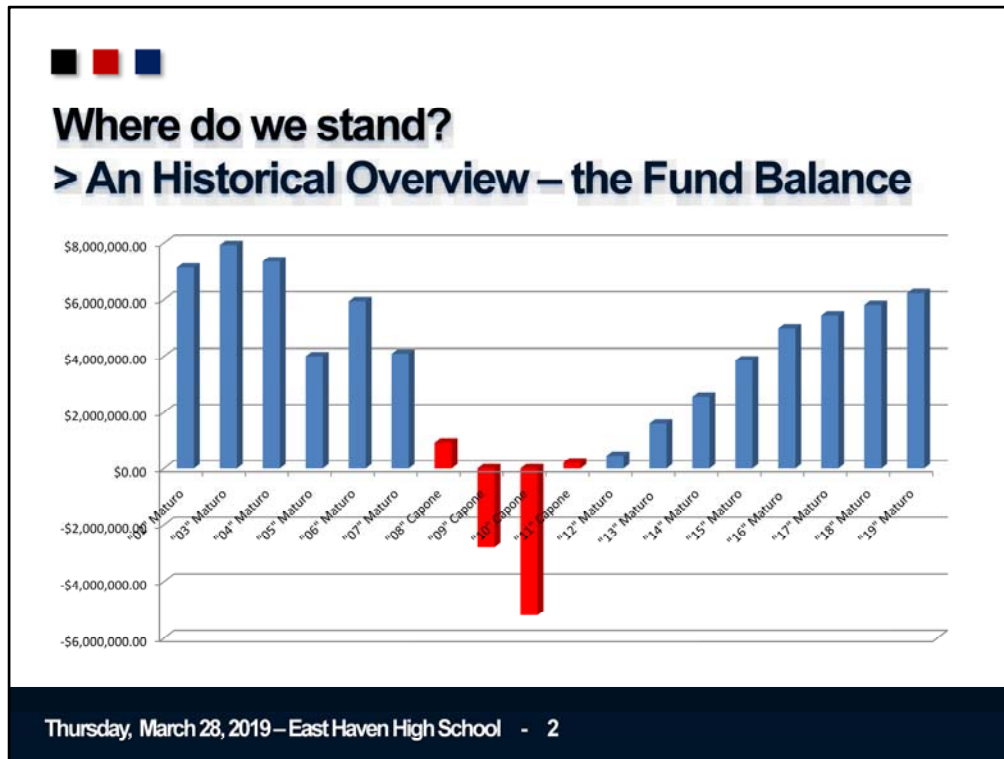
Where do we stand?

Three Key Budget Factors - Summary

Fund Balance	Long Term Debt	Credit Rating
<ul style="list-style-type: none">• Ended the '17-'18 FY with a healthy surplus of \$379,575• Fund balance increased from \$5.43 million to \$5.81 million	<ul style="list-style-type: none">• Outstanding debt of \$24.39 million dollars• Debt is down 54.6% from high in '08-'09 FY (\$53.83 million)	<ul style="list-style-type: none">• 2014: Rating upgraded from "BBB+" to "A-"• 2016: Rating upgraded from "A-" to "A+"• 2018: "A+" Rating re-affirmed

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1. With that said, I'd like to begin my budget presentation by summarizing the Town's outstanding performance since 2011 in three key budget areas: Our fund balance, our debt position, and our credit rating.



2. Just nine years ago, East Haven ended the 2009-2010 fiscal year with a staggering \$5.19 million dollar deficit in its fund balance (or rainy day fund). The deficit marked a dramatic decline for the fund which, during my team's 4-year absence from office, deteriorated significantly.



Where do we stand? > A Healthy Fund Balance

**2017-
2018
Audit**

TOTAL EXPENDITURES.....	96,519,132	5,230,002	9,256,512	109,015,726
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	56,743	(3,136,843)	660,198	(2,419,902)
OTHER FINANCING SOURCES (USES):				
Sale of Town owned property.....	297,632			297,632
Capital lease.....		760,622		760,622
Transfers in.....	25,000		1,000	26,000
Transfers out.....			(26,000)	(26,000)
NET OTHER FINANCING SOURCES (USES).....	322,632	760,622	(25,000)	1,058,454
NET CHANGE IN FUND BALANCES.....	379,575	(2,376,221)	635,198	(1,361,448)
FUND BALANCES, JULY 1, 2017.....	5,436,994	(2,687,936)	3,175,475	5,924,533
FUND BALANCES, JUNE 30, 2018.....	\$ 5,816,569	\$ (5,004,157)	\$ 3,810,673	\$ 4,563,085

- Page 18, FY 2017-2018 Annual Financial Report

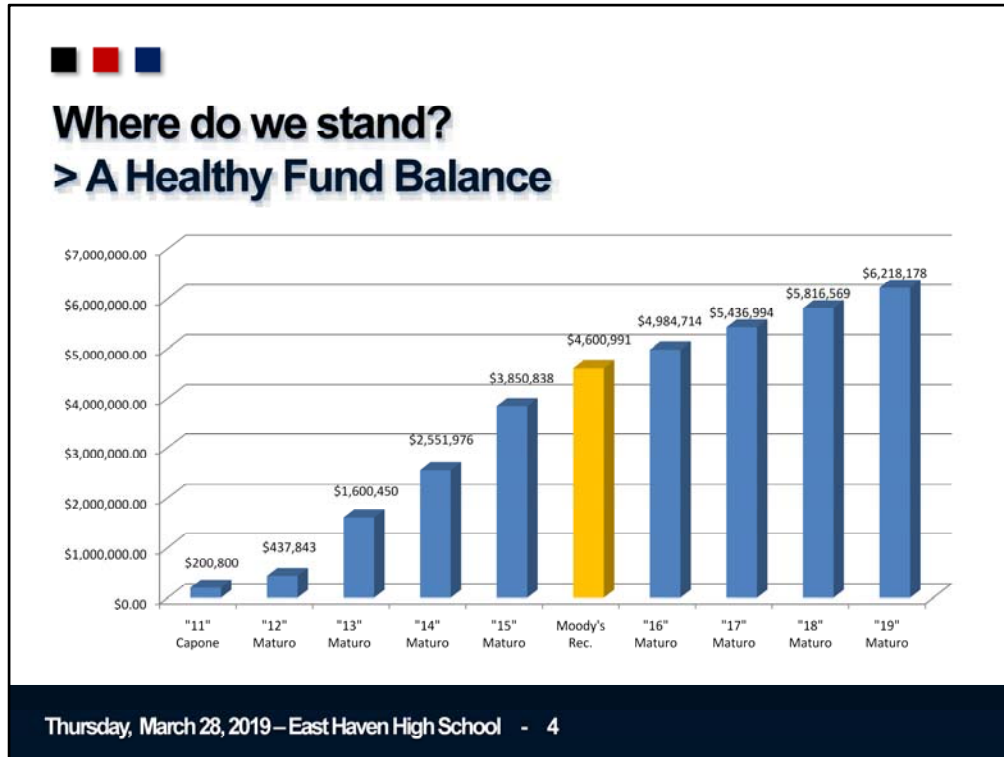
2010

FUND BALANCE - JULY 1, 2010.....	(5,197,136)
FUND BALANCE - JUNE 30, 2011.....	\$ 200,800

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3. Since resuming office in 2011, our team has produced seven straight budget surpluses including a modest surplus of approximately \$322,000 in the '17-'18 fiscal year.

As a result, our fund balance now stands at a healthy \$5.8 million dollars, which marks an \$11 million dollar swing in just nine years.



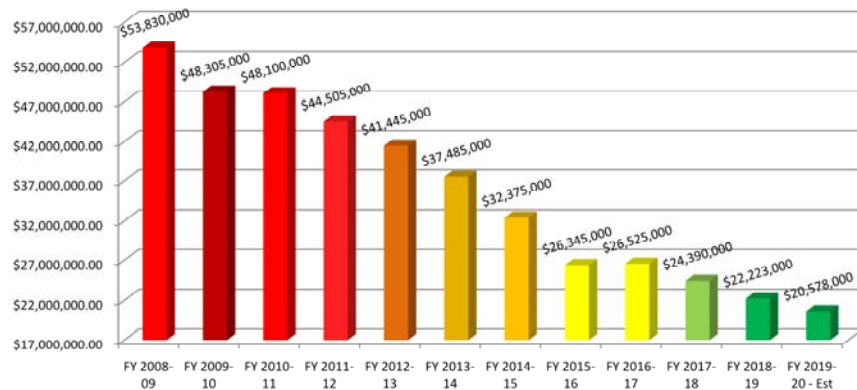
4. As I've indicated in the past, credit rating agencies like Moody's and Standards & Poor's strongly recommend that the Town have a **minimum** savings account equal to 5% of its operating budget. Five percent of our proposed budget is about \$4.6 million dollars.

We presently enjoy a fund balance of \$5.81 million dollars, which we project will grow to \$6.21 million dollars in this current budget year. As a result, I'm proud to project that East Haven's fund balance will meet and exceed the **minimum** recommendations of the national credit agencies **for the fourth straight year in a row.**



Where do we stand? > Historically LOW Debt

Outstanding Debt - FY '08-'09 to FY '19-'20 (Est.)



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5. In addition to the Town's fund balance, debt is another key factor that affects our budget and our taxes. Like you and I, the Town has long term debt.

Page 11 of the '17-'18 audit confirms that the Town ended the '17-'18 fiscal year with \$24.4 million dollars in debt, down from a staggering high of \$53.8 million dollars (or 54.6%) just ten years ago.

With scheduled principal payments in the current fiscal year and in my proposed budget, our debt is projected to **drop** approximately \$3.81 million (or another 15.6%) to \$20.57 million dollars at the close of the '19-'20 budget year.

In other words, at this time next year, we will have reduced our debt by \$33.2 million dollars - an **incredible 61.7%** from where it was just ten short years ago.



Where do we stand? > A PRISTINE Bond Rating

EAST HAVEN

Town keeps A+ municipal credit rating

S&P cites strong financial outlook

BY DENISE HARTLEY

EAST HAVEN — Standard & Poor's has reaffirmed the town's A+ municipal credit rating and said East Haven's financial outlook was stable, according to a news release issued Monday.

The rating was issued after the town's sale Thursday of general obligation

bonds stated. "This was likely my most successful bond sale in my twenty-five year tenure with the Town," Finance Director Paul Rizzo said in the statement. "Our bonds sold and traded within a percentage point of the federal government, an incredible financial feat for a town of our size that speaks volumes about the financial progress we've made since I resumed

office in 2001," Mayor Joseph Matrino Jr. said in the release. "As a result of our conservative, responsible fiscal policies, our community borrowed [Thursday] on some of the best terms in the Town's modern history, saving the Town precious dollars and helping us keep taxes low and stable."

Standard & Poor's cited the town's "strong economy," "strong budgetary performance" with "a slight operating surplus" in fiscal

2015, "very strong liquidity," with available cash at 6.4 percent of expenditures, and "very strong debt and contingent liability position," the release said. Matrino said that in July 2015, the town's debt "will stand at a modern historic low" of about \$12.2 million, 13.7 percent less than seven years ago. East Haven is on pace to eliminate 22 percent of its debt in six years. He said reduced debt payments will help balance budgets

"and, with a little luck, helping us to reduce or at least maintain our mill rate," he said. This year's tax rate is 32.43 mills, according to a staff member in the town's Tax Office. Since 2011, Standard & Poor's has increased the town's bond rating from BBB+ to A+ minus in 2014, to A+ plus in 2015. The release stated that the town's bonds sold not as low as in an issue to firms including Goldman

Since 2011, the Town has earned TWO increases in its bond rating, including an historic two-tier increase in 2016. In 2018, the Town's "A+" rating was re-affirmed, laying a roadmap for future rating increases.

Year	Bond Rating
2007, 2008	A
2009	A- N.H. Register – 8/5/2009
2010	BBB+ N.H. Register – 7/31/2010
2011	BBB+ N.H. Register – 8/2/2011
2012, 2013	BBB+
2014, 2015	A-
2016-2019	A+

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6. By increasing our rainy fund to meet the minimum recommendations of the major credit rating agencies and by reducing our debt to historically low levels, we've earned two increases in our bond rating: an increase from "BBB+" to "A-" in 2014 and an HISTORIC, two-tier increase from "A-" to "A+" in 2016. This past fall, Standard and Poor's reaffirmed our "A+" rating and laid out a road map for future credit rating increases.

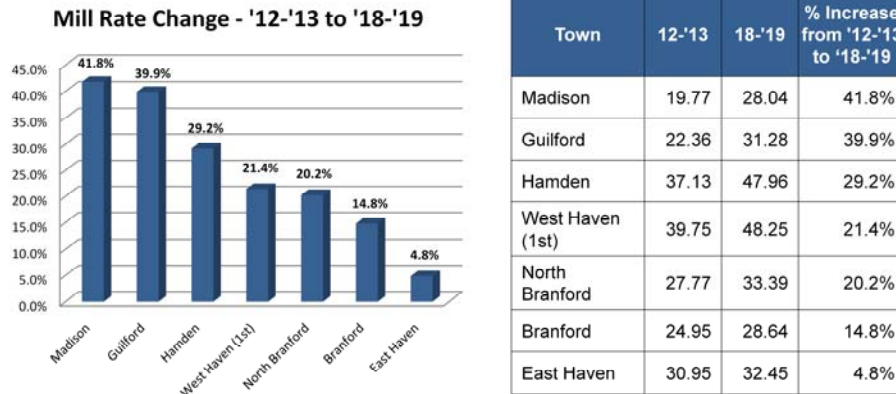
How do we compare to others? A Look at Mill Rates Across the Region



7. Now that I've given you a summary of how we closed the last fiscal year and the progress we've made since 2011, I want to talk briefly about how we compare to our neighbors. In particular, I want to explain how our conservative, responsible fiscal policies have stabilized East Haven's mill rate and allowed our community to remain an affordable, quality place to live, work, and raise a family.



How do we compare? > **RISING** mill rates across the region

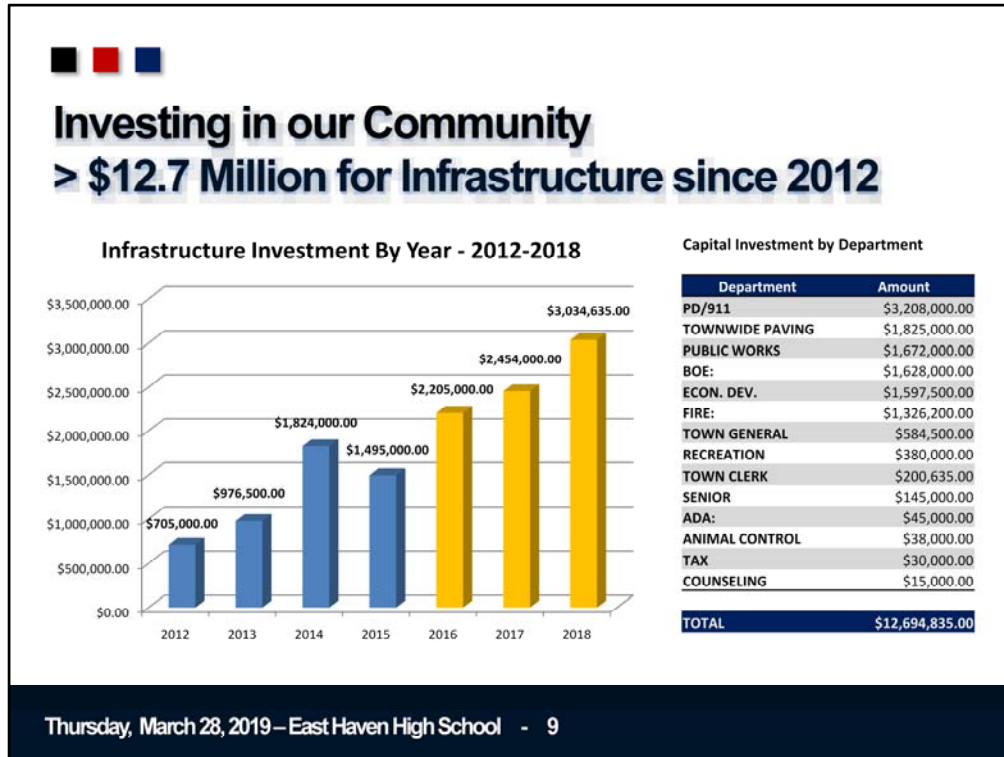


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8. Each year, the State's "Office of Policy and Management" publishes the mill rates of every municipality in the State. We compiled that data with respect to East Haven and several of our neighbors. As you can see, between 2012 and 2018, mill rates across the region have risen anywhere from 14.8% to 41.8% (anywhere from 3.7 mills to 10.8 mills depending on the municipality).

In contrast to most of our neighbors, the mill rate in East Haven since 2012 has risen only 1.5 mills – or 4.8% - or an AVERAGE of .6% per year.

As I've noted in the past, we were able to accomplish this by significantly reducing our debt, allowing us to lower our yearly debt payments and return that savings to the taxpayers in the form of **LOW, STABLE taxes.**

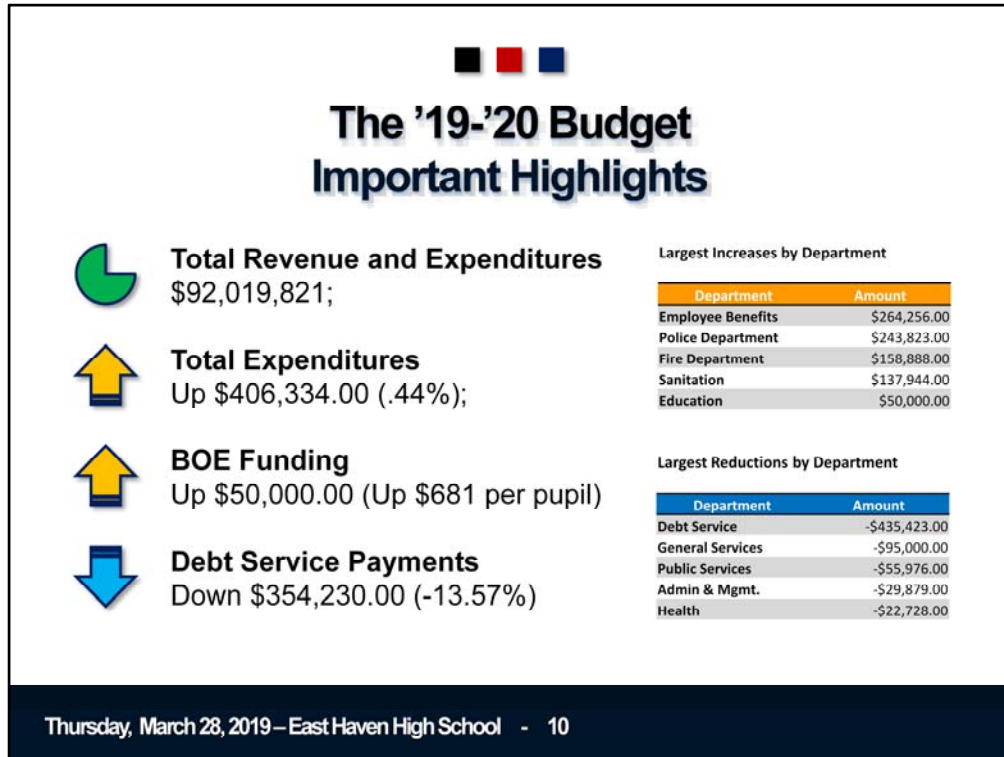


9. One of the biggest falsehoods I often hear and read is that East Haven keeps its taxes low because it doesn't invest in its infrastructure – like roads, schools, and public safety. This couldn't be further from the truth.

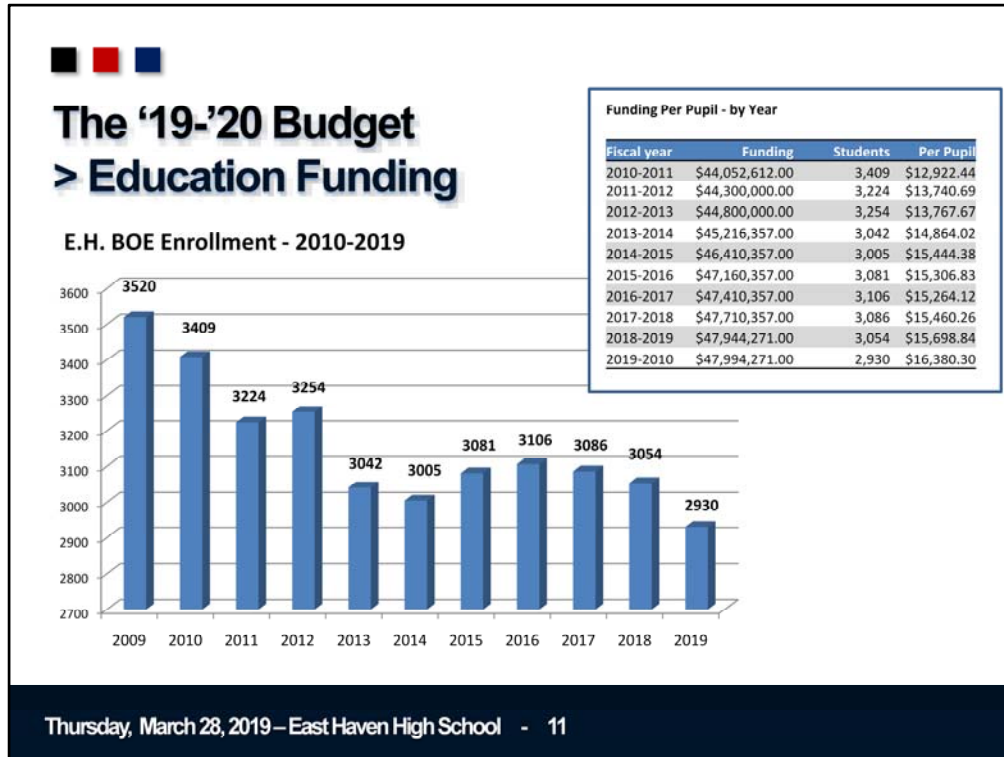
Since 2012, we have invested \$12.7 million dollars into 161 separate annual initiatives at an average of \$1.81 million dollars per year.

For example, since 2012, we've invested \$3.2 million dollars into our Police Department for new vehicles, radios, and dispatching equipment (not including the \$2.5 million we bonded for DOJ compliance). We've spent \$1.67 million dollars upgrading equipment at our Public Works Department. Finally, since 2012, we've allocated \$1.82 million dollars for new roads and sidewalks across Town.

Most impressively, we've made these \$12.7 million dollars in capital investments **WHILE KEEPING OUR MILL RATE LOW AND STABLE.**



10. Looking ahead to the 2019-2020 budget year, I am proposing revenue and expenditures totaling just over \$92 million dollars – this represents an increase of \$406,334 dollars (or .44%) over the last year. My budget includes \$50,000 in new funding for the Board of Education and utilizes savings of \$354,230 dollars to offset increases to fire, police, and employee benefits.



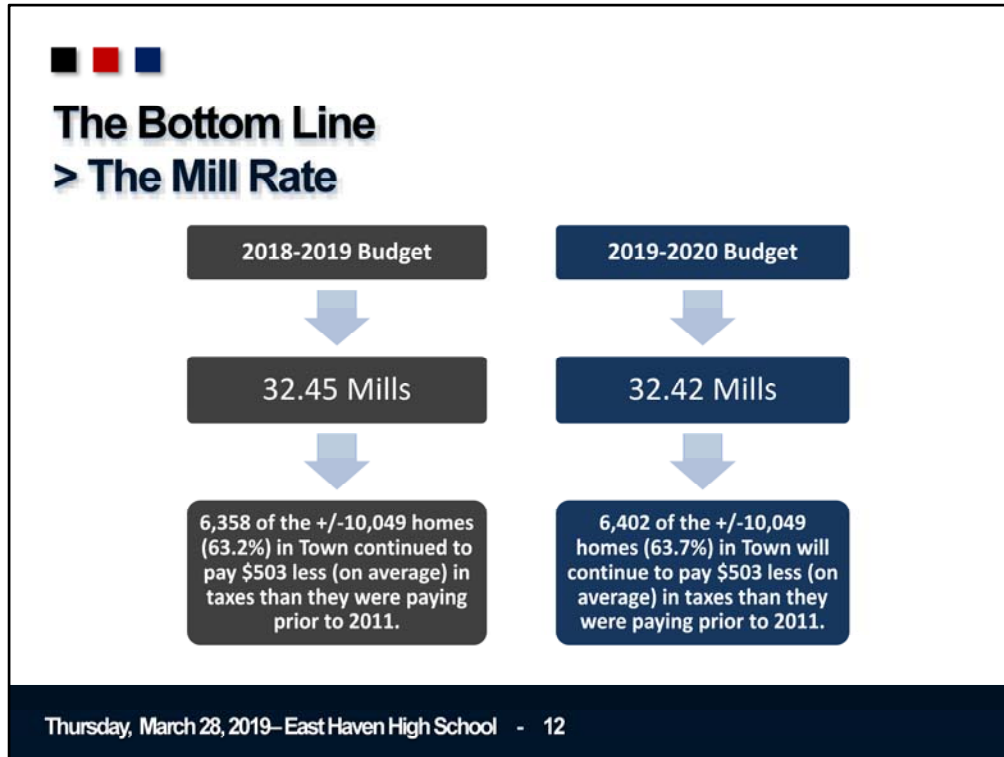
11. Education is one of the most important services our Town provides. Since 2011 alone, my administration has appropriated over \$3.5 million dollars in new funding for the Board of Education. This year, I am proposing an increase of funding to the Board of Education of \$50,000 dollars. Admittedly, this may not seem like a lot. However, on a per-pupil basis, and in light of the loss of 124 students over the last year, this represents an allocation of \$16,380.00 per pupil – an **INCREASE** of \$681.00 per student over the past fiscal year and an **INCREASE** of \$2,640 per student since 2011 (19.21%).

To give this further context, the most recent data suggests that the average allocation nationally to educate a child is \$11,672 dollars. Here in East Haven, we are allocating nearly \$5,000 dollars in excess of that average.



11. In the end, every budget address always comes down to one question: “What’s going to happen with taxes?”

A quick sample of local newspapers across the region suggests a common theme— “major” tax increases, spending hikes, and in some cases, cuts in services.



12. My proposed budget calls for a mill decrease of .03 mills – from 32.45 to 32.42 mills.

Under my proposed budget, with a mill rate of 32.42 mills, 63.7% of homes (6,402 homes) would continue paying an average of \$503 less in taxes than they were paying prior to my resuming office in 2011.

Admittedly, the mill reduction is modest – although it is significant when compared to the mill hikes being proposed across the region. However, this mill rate is meant to send a clear and powerful message: **My team and I refuse to burden our taxpayers with additional taxes here at home at a time when the State is looking to enact the largest tax hike in the State's history.**



The Bottom Line

> The Mill Rate – The Average Home

Example Property

Lenox St., East Haven – 1,346 Sq. Feet,
3 Bedrooms, 2 Bath



Year	Value	Mill Rate	Taxes	\$ +/- from '11-'12	% +/- from '11-'12
2011-2012	\$152,120	26.59	\$4,045	-	-
2019-2020	\$107,640	32.42	\$3,490	\$555.00	13.7%

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13. To see how this mill rate plays out, let's look at a 3 Bedroom, 2 Bath cape on Lenox Street – it has a full value of approximately \$217,000 dollars (right around the median home in East Haven).

Under my proposed budget, the owner of this 3 bedroom, 2 bath cape will pay \$553 dollars less (13.7%) than he or she was paying prior to my resuming office in 2011.



The Bottom Line

> The Mill Rate – The Average Home

Example Property

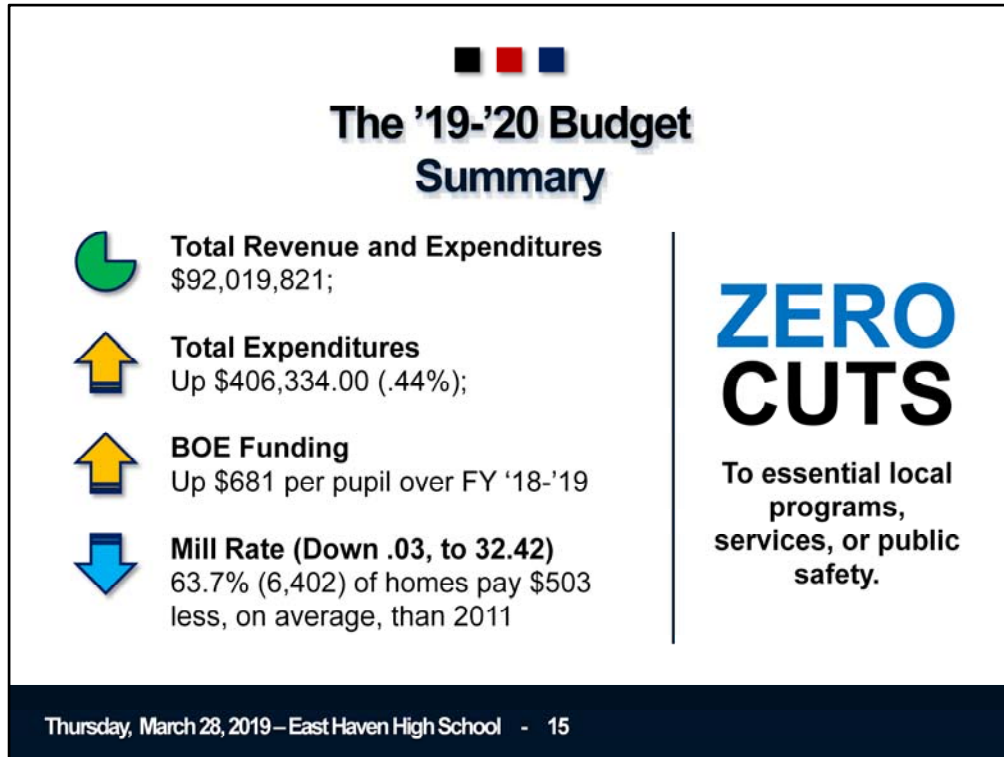
Cosey Beach Ave., East Haven – 1,680 Sq. Feet, 3 Bedrooms, 2 Bath (Waterfront)



Year	Value	Mill Rate	Taxes	\$ +/- from '11-'12	% +/- from '11-'12
2011-2012	\$380,800	26.59	\$10,125	-	-
2019-2020	\$300,080	32.42	\$9,729	\$396.00	3.9%

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14. As another example, the owner of this 3 bedroom, 2 bath waterfront home located on Cosey Beach Avenue will pay \$396 dollars less than he or she was paying prior to my resuming office in 2011.



15. Looking ahead to the 2019-2020 budget year, our goal is to keep taxes in check to the best of our ability while providing all that we can to boost education and funding for local services and programs. I am proud that my budget proposal reduces taxes, keeps spending in check, and provides the funding necessary to maintain and expand local programs and services.



Town of East Haven Mayor Joseph Maturo, Jr.

2019-2020 Fiscal Year Budget Presentation

BUDGET

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East Haven boasts a surplus

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BY NEWBROOM STAFF

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2017, "very strong liquidity" with available cash at 6.4 percent of expenditures and "very strong debt and contingent liability positions," the release said. Maturo said that in July 2018, the town's debt "withstood a modern historic low" of about \$22.3 million, 13.7 percent less than seven years ago. East Haven is on pace to eliminate 72 percent of its debt in 30 years. He said reduced debt payments

"and, with a little help helping us to reduce our debt," he said. This year's tax rate is 32.45 mills, cutting to a staff of the town Tax Office. Since 2010, Standard & Poor's has increased the town's bond rating from Baa1 to A-1.

EAST HAVEN

Council OKs budget with no tax increase

EAST HAVEN » Residents will be cheering the latest budget passed by the town council.

age-tracking GPS systems in town vehicles, implementing energy-conserving motion sensors, installing energy-efficient light fixtures in municipal offices, and other cost-cutting measures. Maturo said that reduced spending has not affected his ability to improve the town's infrastructure. "We increased services with 24/7 paramedic service, we bought a brand-new fire truck and built a new fire truck of the art

Thursday, March 28, 2019 – East Haven High School

Closing Slide:

I'd like to thank everyone for coming out tonight and I encourage you all to participate in the budget process as it heads to the Town Council for approval.

Thank you, and good night.