


**Town of East Haven**  
**Mayor Joseph Maturo, Jr.**

■ ■ ■

**2018-2019 Fiscal Year  
Budget Presentation**



**Standard and Poor's awards town A+ bond rating**

Thursday, March 29, 2018 – 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 sixteen 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	Debt	Credit Rating
<ul style="list-style-type: none"><li>• Ended the '16-'17 FY with a healthy surplus of 452,280</li><li>• Fund balance increased from \$4.98 million to \$5.43 million</li></ul>	<ul style="list-style-type: none"><li>• Outstanding debt of \$26.52 million dollars</li><li>• Debt is down 45% from high in '09-'10 FY (\$48.31 million)</li></ul>	<ul style="list-style-type: none"><li>• 2014: Rating upgraded from "BBB+" to "A-"</li><li>• 2016: Rating upgraded two tiers from "A-" to "A+"</li></ul>

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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.



## Where do we stand? > A Healthy Fund Balance

TOTAL EXPENDITURES.....	90,188,516	90,188,516	88,830,520	1,557,996
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	-	-	443,257	443,257
OTHER FINANCING SOURCES: Sale of town owned property.....	-	-	9,023	9,023
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	452,280	\$ 452,280
FUND BALANCE - JULY 1, 2016.....			4,984,714	
FUND BALANCE - JUNE 30, 2017.....			\$ 5,436,994	

- Page 18, FY 2016-2017 Annual Financial Report

**2010**

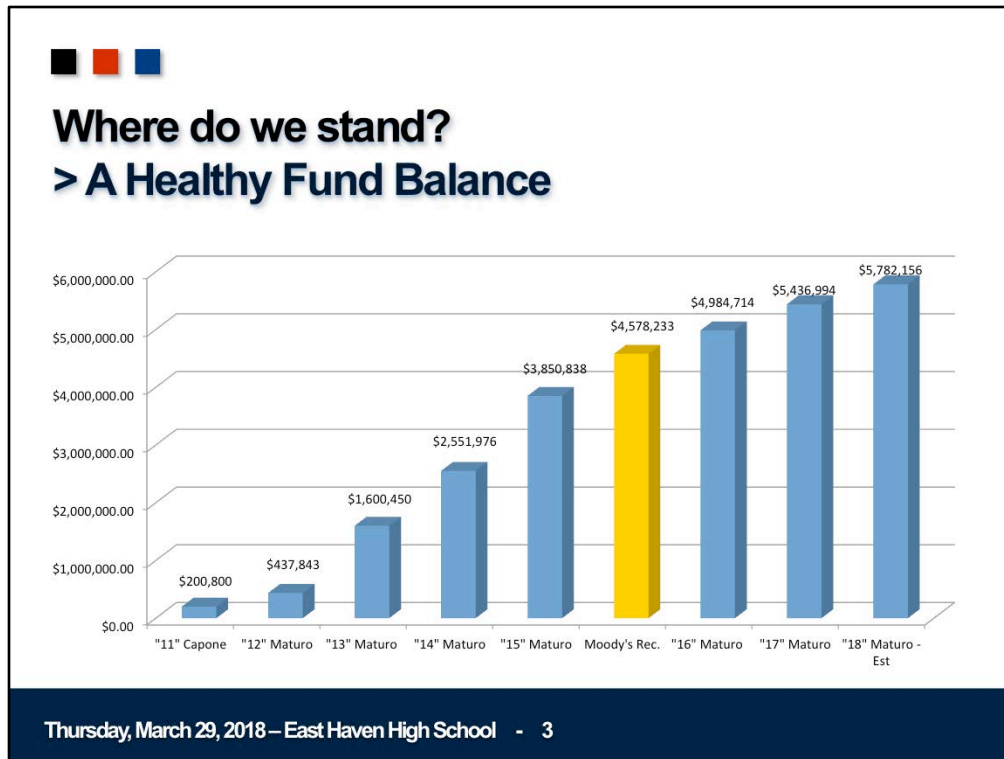
FUND BALANCE - JULY 1, 2010.....	(5,197,136)
FUND BALANCE - JUNE 30, 2011.....	\$ 200,800

**2017**

FUND BALANCE - JULY 1, 2016.....	4,984,714
FUND BALANCE - JUNE 30, 2017.....	\$ 5,436,994

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2. Just eight 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). Since resuming office in 2011, our team has produced six straight budget surpluses including a modest surplus of \$452,000 in the '16-'17 fiscal year. As a result, our fund balance now stands at a healthy \$5.43 million dollars, which marks a \$10.53 million dollar swing in just eight years.



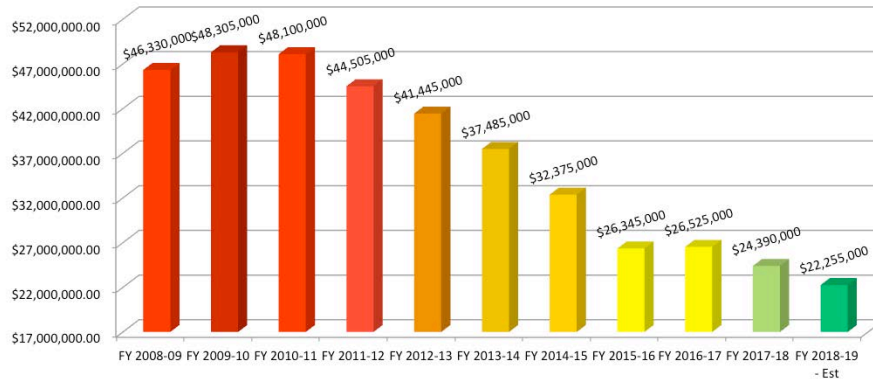
3. As I've indicated in the past, credit rating agencies like Moody's and Standards & Poors strongly recommend that the Town have a **minimum** savings account equal to 5% of its operating budget. Five percent of our proposed budget is about \$4.57 million dollars.

We presently enjoy a fund balance of \$5.43 million dollars, which we project will grow to \$5.78 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 third straight year in a row.**



## Where do we stand? > Historically LOW Debt

Outstanding Debt - FY '08-'09 to FY '18-'19 (Est.)



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4. 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 '16-'17 audit confirms that the Town ended the '16-'17 fiscal year with \$26.52 million dollars in debt, down from a staggering high of \$48.31 million dollars (or 45%) just eight years ago.

With scheduled principal payments in the current fiscal year and in my proposed budget, our debt is projected to **drop** approximately \$4.27 million (or another 16%) to \$22.25 million dollars at the close of the '18-'19 budget year.

In other words, at this time next year, we will have reduced our debt by an incredible 54% (or \$26.05 million) from where it was just eight short years ago.



## Where do we stand? > A PRISTINE Bond Rating

**EAST HAVEN**  
**Standard and Poor's awards town A+ bond rating**

*By Register staff*

**EAST HAVEN** After reducing the town's indebtedness by 47 percent in five years, Standard and Poor's has raised East Haven's bond rating to A+.

This two-tier rating increase marks the second credit rating upgrade for Mayor Joseph Matraro Jr. and his administration since he returned to office in 2011. East Haven was previously awarded an A- bond rating.

"When I resumed office in 2011, the Town was saddled with over \$48.1 million dollars in debt. In just five short years, we've reduced that indebtedness by an astounding 47 percent to just \$25.5 million dollars," Matraro stated in a news release.

Matraro attributed the town's efforts to balance its budget, reduce debt and increase its rainy day fund for the credit rating upgrade.

"We are pleased that Standard and Poor's has validated the Town's fiscal policies and that the firm has assigned a 'stable' outlook to our overall financial situation," Matraro said in the release.

Since fiscal year 2011, the town has improved its budgetary performance and management conditions and possesses a strong debt and contingent liability position.

"East Haven's general fund balance deteriorated significantly between fiscal years 2008 to 2010. When a new administration came on board in 2011, the town implemented new policies to curb operating deficits. We acknowledge that the current administration has put into place stronger financial controls and oversight, which have improved budgetary performance, reserves, and overall management conditions," Standard and Poor's stated in the release.

While the credit rating agency cited ongoing deferral of capital expenditures due to

RATING PAGES

Since 2011, the Town has earned TWO increases in its bond rating, including an historic two-tier increase in 2016.

Year	Bond Rating
2007, 2008	A
2009	A- <a href="#">N.H. Register - 8/5/2009</a>
2010	BBB+ <a href="#">N.H. Register - 7/31/2010</a>
2011	BBB+ <a href="#">N.H. Register - 8/2/2011</a>
2012, 2013	BBB+
2014, 2015	A-
2016, 2017, 2018	A+

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5. 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 in just four short years: an increase from "BBB+" to "A-" in 2014 and an HISTORIC, two-tier increase from "A-" to "A+" in 2016.

With our debt service payments continuing to drop and our rainy day fund steadily rising, the Town will be able to make its case this summer for another credit rating increase – which will allow the Town to borrow less expensively in the future for critical infrastructure and capital projects like the 200 Tyler Street Community Center and our school consolidation initiative.

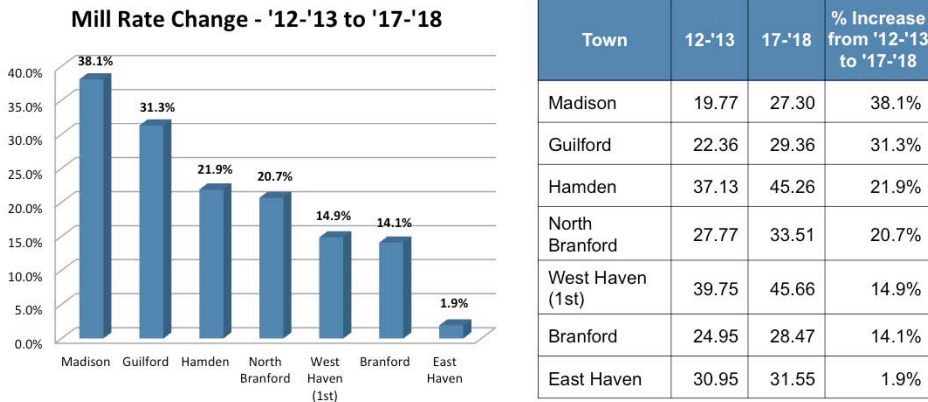
## How do we compare to others? A Look at Mill Rates Across the Region



6. Now that I've given you a summary of where we stand and the progress we've made since 2011 and in the last fiscal year, 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

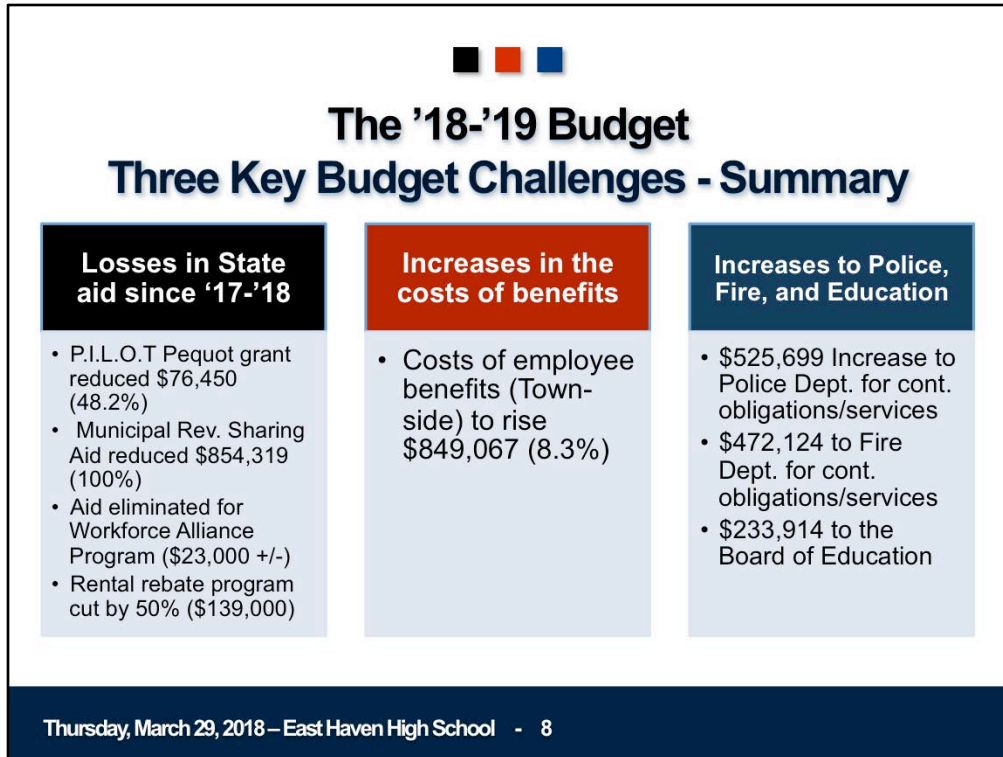


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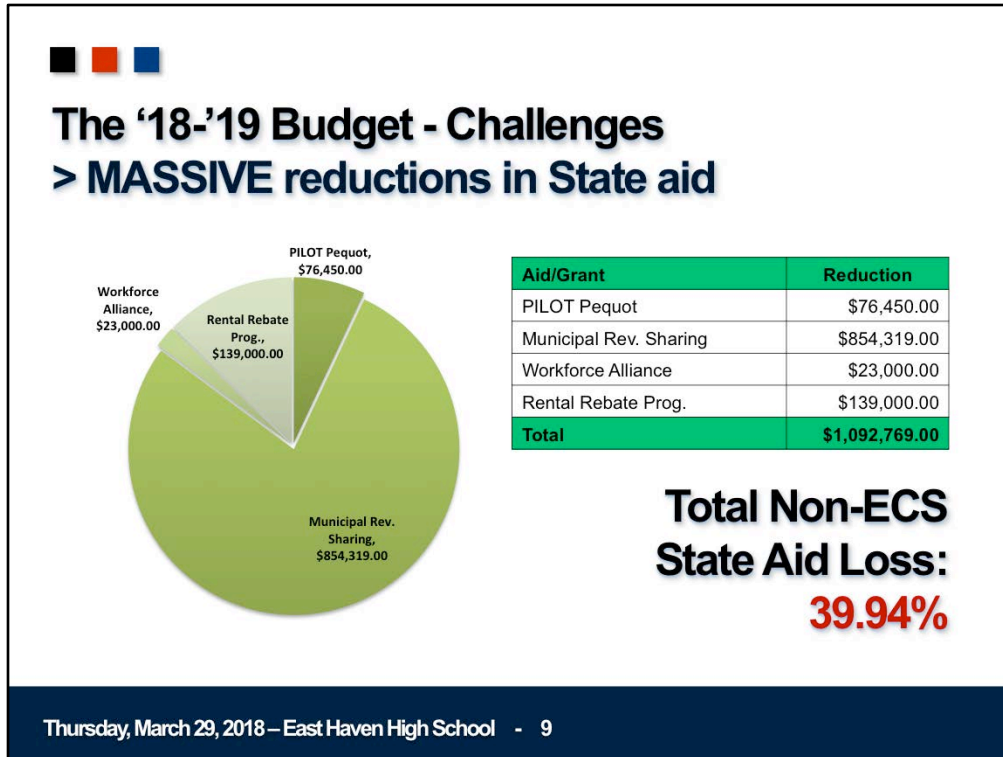
7. Each year, the State's "Office of Policy and Management" publishes the mill rates of every municipality in the State. We compiled that data with respect to East Haven and several of our neighbors. As you can see, between 2012 and 2018, mill rates across the region have risen anywhere from 14.1% to 38.1% (anywhere from 3.52 mills to 10.25 mills depending on the municipality).

**In contrast to most of our neighbors, the mill rate in East Haven since 2012 has risen only .6 mills – or 1.9% - or an AVERAGE of .1 mills 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.**



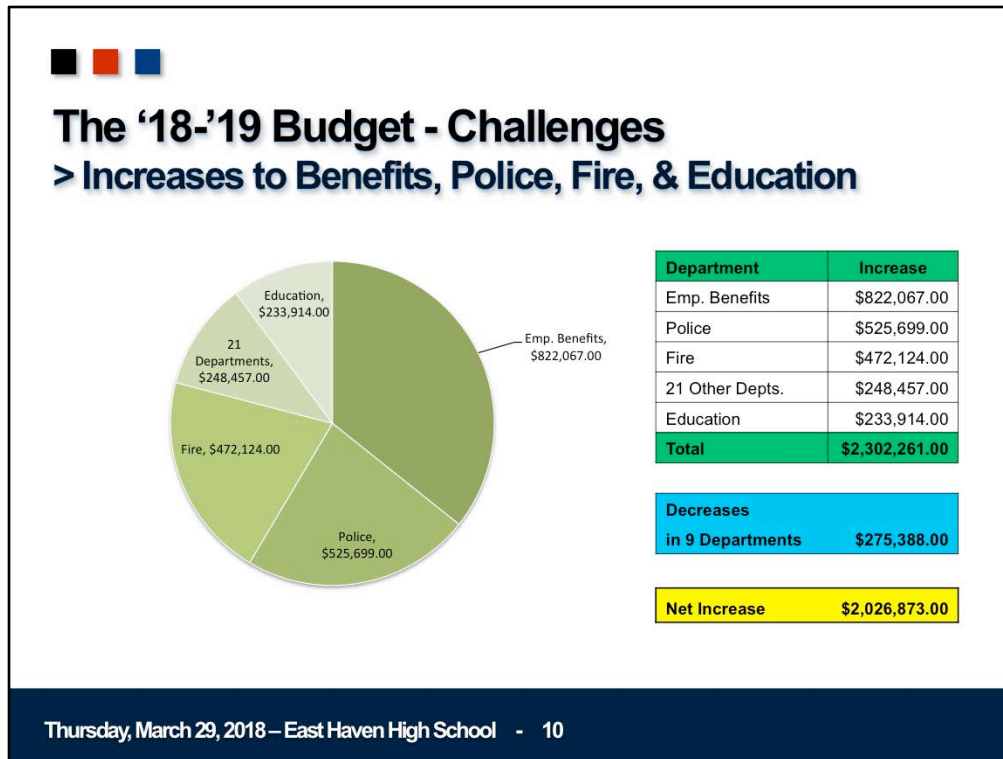
8. Looking ahead to the 2018-2019 budget year, our goal is to keep taxes in check to the best of our ability in light of significant losses in State aid, increases in the costs of medical benefits, and increases in funding necessary to cover obligations and expand services within our Police Dept., Fire Dept., and Board of Education.



9. From the start, the 2018-2019 budget represented a challenge because of significant losses in State aid/funding which were budgeted to the Town in the current fiscal year.

Specifically, and most critically, the Town was slated to receive just over \$854,000 dollars in “Municipal Revenue Sharing” aid which, due to continued cuts at the State level, the Town can no longer responsibly include in its revenue projections. Further, the Town continues to see its share of PILOT “Pequot” aid (its share of casino slot monies) drop – this year by a staggering 48.2%. At the same time, aid for the Town’s youth work program (the “Workforce Alliance Program”) was cut by approximately \$23,000 this year along with \$139,000 dollars in funding for the “Rental Rebate Program,” which provides rental assistance to over 500 income eligible individuals across Town. Our children and our seniors represent some of our most needy populations and we have stepped in to make up for those reductions to keep these programs running.

**In drafting the 2018-2019 budget, the first challenge we faced was addressing the 39.94% (or \$1.1 million dollar) reduction in State aid from last year to this year.**



10. Although the loss in State aid of \$1.1 million dollars is painful, that loss alone could have been offset by line item reductions and new tax revenue from grand list growth.

However, for the upcoming 2018-2019 fiscal year, the Town is budgeted to experience an 8.3% increase in expenses related to employee benefits (\$822k). At the same time, the Town must continue to meet contractual and operational obligations for its Fire Department, Police Department, and Board of Education (a combined \$1.23 million).

**In all, even with line item reductions across nine other departments, the Town is slated to experience an increase in operational expenses of \$2.02 million dollars.**



## The '18-'19 Budget Overview

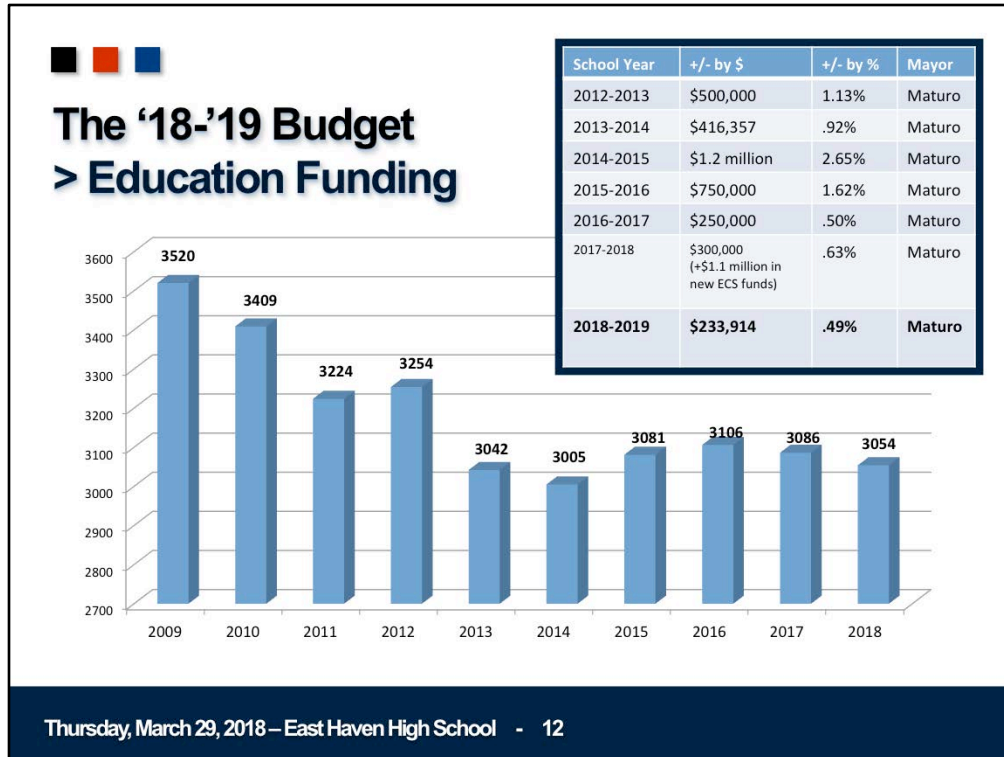
- Revenue and Expenditures Totaling \$91,564,663;
- Total Expenditures - Up \$2,026,873 (2.26%);
- BOE Funding - Up \$233,914 (.49%);
- **NO REDUCTIONS** in local services or programs despite \$1.1 million in lost State aid.

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11. For the upcoming 2018-2019 fiscal year, I've put together a thoughtful, conservative budget proposal – one which addresses the funding challenges I've discussed tonight and which, at the same time, strives to keep the mill rate as stable as possible.

It calls for total revenue and expenditures of \$91.56 million (in increase of \$2.02 million) and an increase to the Board of Education of \$233,000 (.49%).

**Most importantly, and despite \$1.1 million dollars in lost State aid, it does not cut local services or programs.**

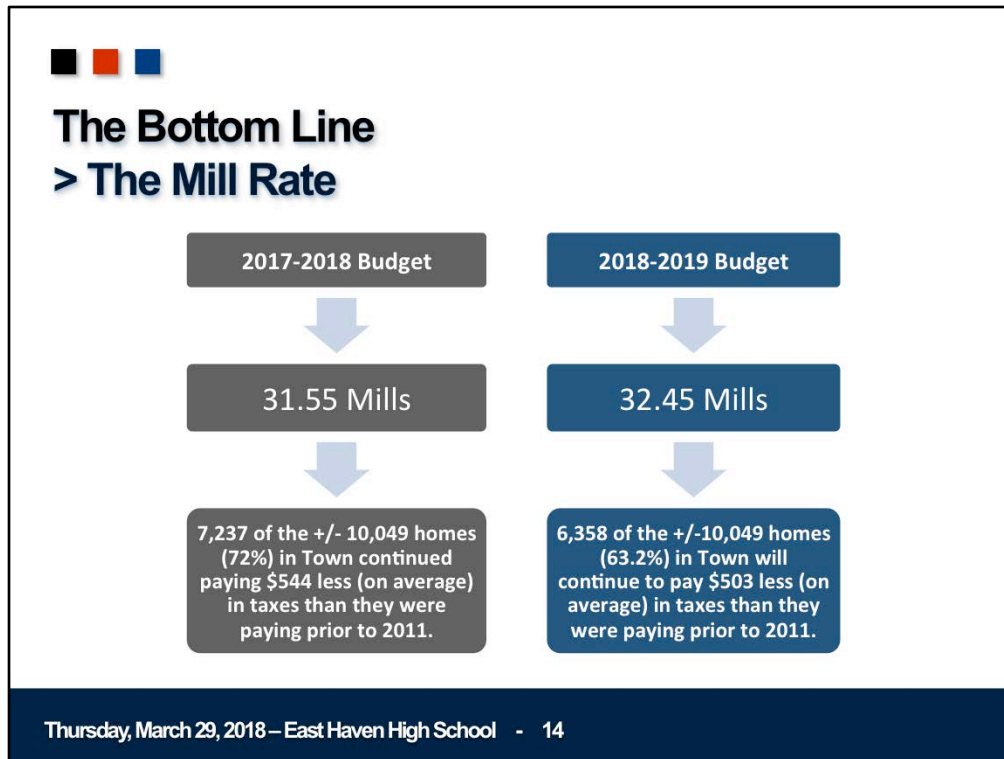


12. Education is one of the most important services our Town provides. Since 2011 alone, my administration has appropriated over \$3.41 million dollars in new funding for the Board of Education. This year, I am proposing an increase of funding to the Board of Education of just under \$234,000 dollars (or .49%). On a per-pupil basis, this represents an allocation of \$15,698 per pupil – an INCREASE of \$238.00 per student over the past fiscal year and an INCREASE of \$1,958 per student since 2011 (or 14.25%).



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

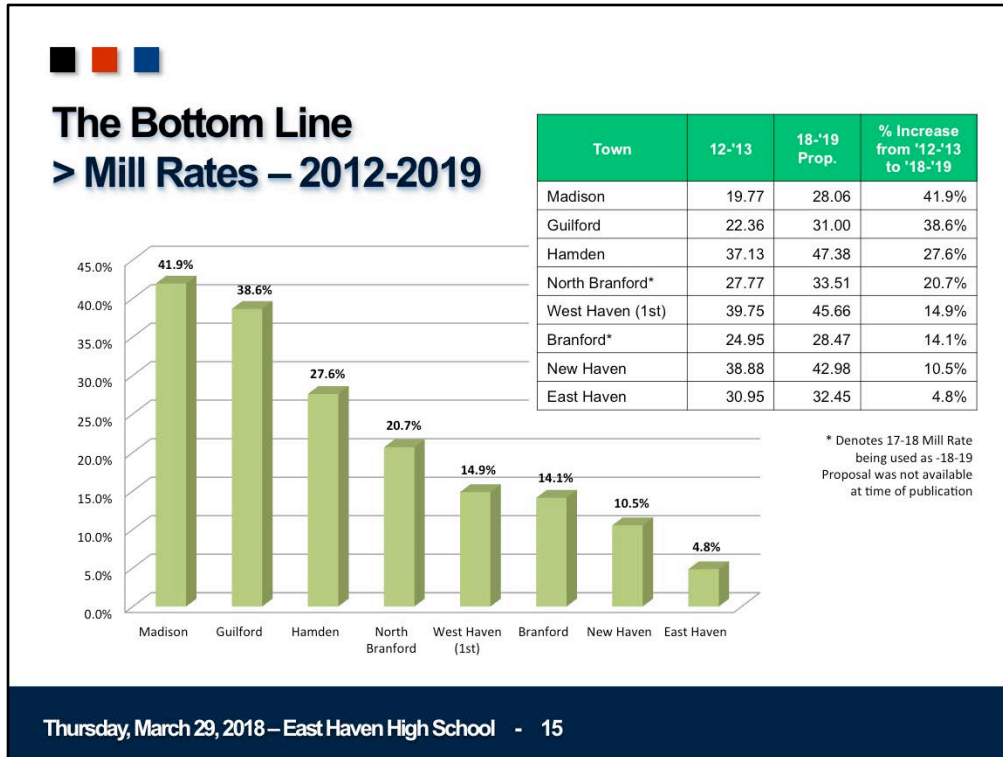
A quick sample of local newspapers across the region suggests a common trend – “major” tax increases, spending hikes, and, in some cases, cuts in services.



14. My proposed budget calls for a mill increase of .9 mills – or 2.85%, from 31.55 to 32.45 mills.

Under the current budget, with a mill rate of 31.55 mills, 72% of homes continued paying an average of \$544 less in taxes than they were paying prior to my resuming office in 2011.

Under my proposed budget, with a mill rate of 32.45 mills, 63.2% of homes (far more than 50%) would continue paying an average of \$503 less in taxes than they were paying prior to my resuming office in 2011.



15. By way of comparison, five neighboring municipalities have already released their mill rate and budget proposals for the 2018-2019 fiscal year – and ALL five are facing substantial mill rate increases for the 2018-2019 fiscal year. Even accounting for the modest, but necessary, increase this upcoming year, East Haven will be able to boast the lowest mill rate growth of any of its neighbors – at just 4.8% since 2012. Since 2012, this compares to 41.9% (or over 8 mills) in Madison, 27.6% (or over 10 mills) in Hamden, and 20.7% (almost 6 mills) in North Branford.



## 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	-	-
2017-2018	\$107,642	31.55	\$3,396	\$649.00	16.1%
2018-2019	\$107,640	32.45	\$3,492	\$553.00	13.7%

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16. For example, even with the proposed mill rate increase, the owner of the 3 bedroom, 2 bath cape located on Lenox Street (which I referenced in my budget address last year) will still 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	-	-
2017-2018	\$300,078	31.55	\$9,467	\$658.00	6.5%
2018-2019	\$300,078	32.45	\$9,737	\$388.00	3.8%

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17. As another example, even with the proposed mill rate increase, the owner of the 3 bedroom, 2 bath waterfront home located on Cosey Beach Avenue (which I referenced in my budget address last year) will still pay \$388 dollars less than he or she was paying prior to my resuming office in 2011.



## The '18-'19 Budget Summary

- Revenue and Expenditures Totaling \$91,564,663;
- BOE Funding - Up \$233,914 (.49%) - Increased funding for police and fire services;
- NO REDUCTIONS in local services or programs despite \$1.1 million in lost State aid;
- Mill Rate: 32.45 (+ .9 mills);
- 6,358 of the +/-10,049 homes (63.2%) in Town will continue to pay \$503 less (on average) in taxes than they were paying prior to 2011

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18. Just to summarize - My proposed budget calls for total revenue and expenditures of \$91.56 million dollars and increases funding to education, fire, and police services. Despite \$1.1 million dollars in reduced/lost State aid, my budget calls for no reductions in services.

**Finally, I am proposing setting the mill rate at 32.45, which would allow 6,358 of the 10,000 homes (63.2%) in Town to continue to pay \$503 less (on average) in taxes than they were paying prior to 2011**



**Town of East Haven**  
**Mayor Joseph Maturo, Jr.**



**2018-2019 Fiscal Year**  
**Budget Presentation**

**EAST HAVEN**

**Standard and Poor's awards town A+ bond rating**

*By Register staff*

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Since fiscal year 2011, the town has improved its bud-

board in 2011, the town im-plemented new policies to curb operating deficits. We acknowledge that the cur-rent administration has put into place stronger financial controls and oversight, which have improved budgetary

**EAST HAVEN**

**Council OKs budget with no tax increase**

**EAST HAVEN »** Residents will be cheering the latest budget

**EAST HAVEN**

**Town closes 2015-16 FY with \$828K surplus**

ding mea-suring, limit rate waste in in closed the with an oper-28,000.

own's fifth con-since Mayor Jo-returned to office

ed \$828,947 sur-dited to the town's that fund

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## 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.