

Mayor Scott Avedisian announced today that a preliminary audit of the city's FY09 finances shows that, for the ninth consecutive year, the city has posted a budgetary surplus. "The fact that we have posted a surplus – despite approximately \$2 million in unexpected cuts from the state last fiscal year – is very good news," Avedisian said.

Avedisian attributed the savings to cooperation from the municipal, police and fire unions – which agreed earlier this year to new contracts that will save roughly \$9.7 million over 40 months – the diligence of municipal department directors and the work of Finance Director Ernest Zmyslinski, who developed a contingency plan when the state announced the mid-year cuts in municipal aid.

The unaudited figures show that overall savings in departmental expenditures offset a reduction in revenues, resulting in a budgetary surplus of \$217,317, according to Zmyslinski. Expenditures fell below the revised budget by approximately \$3,413,275. Revenues came in \$3,195,958 under the final revised budget.

The School Department audit has not yet been completed, but the city has been notified that it is anticipating a year-end surplus of roughly \$1.3 million, \$672,947 of which the School Committee has agreed to transfer to the city to repay its FY07 operating deficit. (The School Department, in an agreement with Avedisian, will use the remaining funds on building code compliance and evaluation and design of repairs to the Pilgrim High School roof. The School Department must still repay another roughly \$2 million in debt incurred in FY08.)

Avedisian and Zmyslinski said that the overall budgetary surplus is augmented by a decrease in the city's year-end encumbrance reserve of \$187,970 (a reserve for goods and services ordered, but not received prior to June 30) and a decrease in the School Department receivable of \$672,947. When these reserves are added, the city has an increase in the unreserved fund balance of \$1,078,234. Overall, the unreserved undesignated fund balance is expected to increase from \$4,608,618 to \$5,686,852. No fund balance drawdown was used for the FY10 municipal budget.

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