

Official MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

THURSDAY, MARCH 15, 2012

Meeting Location: Office of Policy and Management
450 Capitol Avenue, Room 4A
Hartford, CT 06106

Date/Time: March 15, 2012, 10:00 A.M.

Members Present: Chairman Thomas Hamilton
Mr. Robert Burbank
Mr. Robert Dakers
Mr. Douglas Gillette
Mr. John Schuyler
Ms. Diane Waldron

Members Absent: Ms. Kathleen Clarke Buch

Others Present: William Plummer, OPM Staff
Jean Gula, OPM Staff
Kristen Emigh, OPM Staff

Agenda Item 1: Call to Order

Chairman Hamilton convened a regular meeting of the Municipal Finance Advisory Commission (the "Commission") at approximately 10:10 A.M.

Agenda Item 2: Minutes of the December 15, 2011 MFAC Meeting

The December 15, 2011 minutes were approved by all members present with abstentions from Commissioners Burbank and Waldron who were not present at the December 15th meeting.

Agenda Item 3: City of West Haven – Financial Condition Update and Results of the 2011 Audit

Mr. Plummer provided the Commission with a brief summary of the financial results of the City of West Haven's 2011 audit. The City reported a \$189,000 General Fund operating surplus for FY 2010-11, which reduced the City's cumulative deficit from \$10.7 million as of June 30, 2010 to a \$10.5 million deficit as of June 30, 2011. The

City's three internal service funds continued to report substantial deficits with a combined deficit of approximately \$6.5 million as of June 30, 2011.

Commission members made various observations including that there has been a lack of any substantial improvement in the City's finances based upon the deficits reported. Commissioners also pointed out that the City had reduced its cumulative General Fund deficit to approximately \$4.9 million as of June 30, 2008 primarily by forgiving debt owed by the General Fund to other funds of the City. Since that time however, the City has seen its deficit increase substantially, such that the deficit has now grown to the \$10.5 million figure.

It was also noted in the discussion that the City had once again significantly overestimated its revenues for FY 2010-11, so that even after receiving approximately \$3 million in unanticipated/unbudgeted revenues, overall revenues were still \$1.4 million less than budgeted.

Commissioner Hamilton stated that at the prior MFAC meeting members requested that OPM request updated information on the City's finances from the City. Mr. Plummer indicated that a request was made to the City regarding updated information on cash flow projections and information on how the City's actual results compared to its budget (budget vs. actual numbers). The City had not provided the information to OPM. Mr. Plummer stated that Joe Mancini, the City's finance director had indicated that he would attend the meeting to provide the Commission with updated information but that he later indicated that he may not be able to attend as he may have to present the City's 2012-13 proposed budget to the City Council. Consequently that may have been why he was not in attendance to provide information to the Commission.

Commissioner Schuyler noted that the majority of audit findings reported in the 2010 audit report were again repeated in the 2011 report.

Commissioner Dakers pointed out that the City has been in discussion with the Allingtown Fire District in regard to the City taking over the District whereby the District cease to exist and the District would become part of the City. The District has significant financial problems and the takeover by West Haven was one solution that was being proposed.

Commissioner Hamilton asked Commissioners what action if any the Commission wanted to take or would the Commission just continue monitoring the City's finances. A discussion ensued as to what if any meaningful action the Commission could take to get the City to face up to its financial challenges. Commissioners requested that OPM submit a letter to the City regarding the Commission's belief that the City needs to meaningfully address its General Fund and internal service fund deficits, including the adoption of realistic budgets. The letter should point out that fiscal year 2012-13 would appear to be year five of the City's five-year deficit elimination plan and that there has been no reduction realized to date in the City's cumulative deficit. The letter should request certain updated financial information from the City, and should emphasize that the Commission would like to work with the City to improve upon the City's fiscal condition.

Agenda Item 4: Town of East Haven – Financial Condition Update Including Results of the 2011 Audit

Commissioner Hamilton noted that the Town of East Haven recently had a change in administration. Commissioner Hamilton indicated that based upon the information provided to the Commission it appears that the Town had made substantial improvements in its finances and it was his hope that the new administration would continue in that direction. The financial information provided in the June 30, 2011 audit report indicated that the \$5.2 million deficit in the General Fund that existed as of June 30, 2010 was completely eliminated in FY 2010-11 with the \$5.4 million positive results from operations. As of June 30, 2011, the Town reported a positive \$200,000 fund balance in its General Fund.

Mr. Plummer indicated that he was able to make contact with the new finance director and he was aware that the MFAC was monitoring the Town's finances. The Town was able to provide certain information requested, including cash flow projections and information on how the Town plans to resolve the deficits in its internal service funds.

Commissioners requested that OPM transmit a letter to the Town acknowledging the substantial progress the Town has made in regards to its finances and the Commission's hope that the Town continues in this direction and reach a sound level of fund balance in the future.

Agenda Item 5: Borough of Jewett City - Update.

Mr. Plummer indicated there was nothing new to report with regards to the Borough of Jewett City. The Borough continues to maintain an adequate fund balance in its General Fund and the two enterprise facilities appears to be in sound financial condition. There has been no information regarding any proposal to consolidate the Borough into the Town of Griswold.

Agenda Item 6: Bridgeport Public Safety Plan A - 2011 Valuation Report

Information was provided to the Commission on the 2011 actuarial valuation report for Public Safety Plan A of the City of Bridgeport. The City had issued \$350 million in pension obligation bonds in Fiscal Year 2000 to fund the liabilities of this closed pension plan. A review and discussion of the valuation report ensued. Commissioners requested that OPM to continue to monitor and report back to the MFAC on any significant matters regarding the plan due to the low level of assets in the plan available to pay pension benefits (assets available to pay approximately 5 years of the annual benefits paid to retirees).

Agenda Item 7: Other Business.

Commissioner Dakers described a Uniform Chart of Accounts project that OPM and the State Dept. of Education would be embarking on as a result of 2011 legislation requiring a uniform chart of accounts/benchmarking related to municipal entities, including municipalities and regional school districts. OPM will continue providing updates on the project as it moves further along.

Adjournment: Meeting was adjourned at approximately 11:10 A.M.

Respectfully submitted,

Douglas W. Gillette
Commission Secretary