

OFFICIAL MINUTES
MUNICIPAL FINANCE ADVISORY COMMISSION
REGULAR MEETING

WEDNESDAY, MAY 11, 2011

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

Date/Time: May 11, 2011, 10:00 A.M.

Members Present: Chairman Thomas Hamilton
Ms. Kathleen Clarke Buch
Mr. Robert Dakers (joining the meeting during Agenda
Item 3)
Mr. Douglas Gillette
Mr. Jim Mullen
Mr. Robert Burbank (joining the meeting during Agenda
Item 3)
Mr. John Schuyler

Members Absent: Ms. Diane Waldron

Others Present: W. David LeVasseur, OPM Staff
William Plummer, OPM Staff
Jean Gula, OPM Staff
Nancy Rossi, Councilwoman, City of West Haven
Janette Marcoux, First Southwest Co.

Agenda Item 1: Call to Order

Chairman Hamilton convened a regularly scheduled meeting of the Municipal Finance Advisory Commission (the "Commission") at approximately 10:08 A.M.

Agenda Item 2: Minutes to the November 10, 2010 MFAC Meeting

Commissioner Buch pointed out an error in her name as provided in the draft minutes. The November 10, 2010 meeting minutes were unanimously approved with the amendment indicated by all present members. (Note: Commissioners Dakers and Burbank were not present at the time of the approval of the minutes.)

Agenda Item 3: West Haven June 30, 2010 Audit Report Review and Update

Mr. Plummer indicated to the Commission that he had invited the City's finance director and independent auditor to attend the MFAC meeting. The City's finance director had a scheduling conflict and could not attend. Scott Bassett from McGladrey and Pullen, the City's auditor for the FY 2009-10 audit, was able to attend but as he had not yet presented the FY 2009-10 audit to the City Council and there being no one from the City attending the MFAC meeting he did not believe that he should attend the meeting given these circumstances.

Commissioner Hamilton inquired whether the City had submitted any information to the Commission's request regarding updated financial information on the City's financial status and Mr. Plummer indicated that the City had not. Mr. Plummer indicated the City had transmitted on the morning of the current meeting some budgetary data based upon the recently adopted FY 2011-12 budget but he had not had time to review in detail. It did appear that the City's FY 2011-12 adopted budget included a \$3 million property tax increase.

Commissioners indicated from their review of the FY 2009-10 audit report and accompanying material, it was clear that the City's fiscal condition had not improved based upon the operating deficits, increased cumulative General Fund, fund deficit, and cash position of the City, and several of the findings/comments made by the City's auditor submitted as part of the audit package.

Commissioner Hamilton pointed out certain good fiscal indicators in the FY 2009-10 audit report such as the City's high property tax collection rate and department expenditures being within the original amounts appropriated (except for the Board of Education). It appears that the City's operating deficit was due to an overestimation of its revenues particularly as related to delinquent property taxes and suspense collections. In addition, the Board of Education did expend more than its appropriation. Commissioner Schuyler indicated his concern that the FY 2009-10 audit report as of today's meeting (May 11, 2011) had yet to be presented to the City's oversight body (City Council).

Commissioners indicated a desire to refresh their relationship with the City and discussed how best to approach the City to let it know that the Commission's primary objective is to provide guidance and advice to the City on improving its fiscal condition and it was not the Commission's intent to be in an adversarial relationship with the City.

The Commission indicated that it wanted OPM staff to request certain financial data from the City on behalf of the Commission. A list of items being sought by the Commission was communicated by Commission members.

Agenda Item 4: East Haven June 30, 2010 Audit Report Review and Update

Mr. Plummer provided a summary of the Town's operations which indicated an operating deficit for FY 2009-10 and an increase in the Town's cumulative fund deficit for the General Fund. However updated numbers for the Town for FY 2010-11 and the Town's recently adopted FY 2011-12 budget indicated that the Town has projected significant

progress in eliminating its cumulative General Fund, fund deficit. Mr. LeVasseur indicated that the State's bond commission did approve the funding for the acquisition of a parcel of land at Tweed Airport which would provide the Town with approximately \$1.5 million which could be used towards deficit reduction. Commissioners indicated that the Town is definitely moving in the right direction in terms of eliminating its deficit. Commissioners discussed the material weaknesses identified in the FY 2009-10 audit report and requested that OPM staff transmit certain suggestions made by Commissioners for resolving the material weaknesses.

Agenda Item 5: Borough of Jewett City update.

Mr. Plummer indicated that the review of the Borough's FY 2009-10 audit report did not identify any items which would indicate a deterioration of the Borough's financial condition.

Agenda Item 6: Legislation Affecting Municipal Finance.

Commissioner Dakers provided a summary of certain legislation being sought by the City of Bridgeport to provide the City relief from certain pension contribution requirements under the State law applicable to municipalities that issue pension obligation bonds. The City is required to make certain contribution levels to its public safety pension plan due to its issuance of pension obligation bonds several years ago. Commissioners discussed the pension plan's current funding status and whether the proposed legislation would leave the plan with enough assets to sustain the plan in the long-term.

Commissioner Dakers provided a summary of certain legislation being contemplated by the City of West Haven to provide the City relief from certain pension contribution requirements under the State law applicable to municipalities that issue pension obligation bonds. The City's pension plan is currently funded at approximately an 88% funding level, but state law requires the City to maintain a 100% funding level because this was the level of funding that was achieved when the proceeds of the pension obligation bonds the City issued were placed into the pension plan.

Agenda Item 7: Other Business – Status of 2010 Audit Report Submissions of Municipalities.

Mr. Plummer provided information to the Commission on the four municipalities, the City of Derby and the Towns of Enfield, Winchester and Windham, that had yet to submit their FY 2009-10 audit reports.

Adjournment: Meeting was adjourned at approximately 11:26 A.M.

Respectfully submitted,

Douglas W. Gillette
Commission Secretary