

**STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)**

Resolution Regarding the City of West Haven's Amended Fiscal Year 2018-19 Budget and the Conditions Contained in the MARB's May 3, 2018 Resolution Related to City's Receipt of State Restructuring Funds

June 7, 2018

WHEREAS, the MARB's May 3, 2018 resolution outlined the conditions that must be met with respect to the property tax collections assumptions and State Revenue assumptions utilized in the City's budget for fiscal year 2018-19, as well as the conditions that must be met for the receipt of State Municipal Restructuring Funds in Fiscal Years 2017-18 and 2018-19;

WHEREAS, the City Council approved changes to the Proposed Budget on May 29, 2018, which resulted in the City's approved budget for fiscal year 2018-19 and were intended, in part, to address the issues and conditions included in the MARB's May 3, 2018 resolution;

WHEREAS, the MARB West Haven Committee met on June 5, 2018 to review the status of the City's compliance with the conditions the MARB's May 3, 2018, with the findings in this regard indicated in the attached memorandum.

NOW, THEREFORE, BE IT RESOLVED, that the MARB finds that the City budget, as approved by the City Council on May 29, 2018, complies with the MARB's conditions regarding the City's assumptions for property tax collection and State Revenue, including the amount of, and budgeting for, State Municipal Restructuring Funds; however, the method of budgeting and accounting for State Education Cost Sharing funds requires further review and possible adjustment; and


BE IT FURTHER RESOLVED, that the Board finds that the City has not, to date, complied with all of the conditions established in the May 3, 2018 resolution, which are required in order for the City to receive State Municipal Restructuring Funds in Fiscal Years 2017-18 and 2018-19 and that a number of of the issues of noncompliance that are detailed in the attached memorandum may require that the MARB seek or require amendments, adjustments or contingency plans related to the Fiscal Year 2018-19 budget adopted by the City, or take other appropriate actions.

Attachment

MUNICIPAL ACCOUNTABILITY REVIEW BOARD

MEMORANDUM

TO: Members of the Municipal Accountability Recovery Board (MARB)

FROM: Alison Fisher, OPM 

SUBJECT: West Haven Subcommittee Update; Evaluation of Compliance with MARB Resolution of May 3, 2018

DATE: June 6, 2018

In advance of Thursday’s meeting, OPM staff wanted to update the full Board on the activities of the West Haven MARB Subcommittee regarding the City of West Haven’s compliance with the MARB resolution of May 3, 2018. At their meeting yesterday, the West Haven subcommittee reviewed the following list of attached documents and the staff status report provided below related to the May 3rd resolution requirements. The committee’s findings will be reported at tomorrow’s full MARB meeting.

- 1) MARB May 3, 2018 Resolution Package
- 2) Summary of City Council Budget Changes, as approved by the Council on May 29, 2018
- 3) Details Regarding City Council Budget Changes
- 4) MARB Budget Documentation Requirements
- 5) Documentation sent to OPM in Response to Documentation Requirements

As a result of staff analysis, please find below a table summarizing our findings as they relate to the compliance with the MARB Resolution.

| Resolution Requirement | Status | Status Detail |
|---|---------------|--|
| Tax revenue collection assumptions for FY 2018-19 | | Received and appears sufficient |
| Restructuring funds for FY 2018-19 are changed to \$8.0m for operating purposes, \$1.75m for prior year deficit reduction, and \$250k for MARB-related expenses | | Completed and is adequately reflected in amended FY 2018-19 budget; need to ensure restrictions as to their use (MARB approval required) |
| Transfers to and from the Sewer Fund in the proposed FY2018-19 budget | | FY17 Audit indicates fund balance deficit reduced from \$1.5 million to \$75,000 |
| Sufficient budgets for pension, debt service | | Completed and is adequately reflected in amended FY 2018-19 budget |
| Allingtown Fire Department budget is balanced | | Completed and appears adequately reflected in amended FY 2018-19 budget |
| Handling/budgeting for Education Cost Sharing funds (as an Alliance District) | | Information received but not sufficient to determine if ECS is appropriately budgeted or handled |
| Health Insurance Projections | | Information received but more documentation and clarification required |

| | | |
|---|--|---|
| Deficit in FY 2016-17 audit | | Information received but still in draft form |
| <p>FY 2018-19 amended budget meets MARB budget review criteria as listed below.</p> <ol style="list-style-type: none"> 1. The reasonableness of the assumptions utilized with respect to expenditures and revenues. 2. the overall balance and imbalance of expenditures and revenues; 3. the achievability of efficiency measures included in the recommended budget; 4. its impact on the municipality's long-term liabilities and the municipality's most current three-year financial plan; and 5. any other issues or matters that would impact, in the MARB's opinion, the municipality's financial sustainability and vitality. | | <p>See "MARB Budget Documentation Requirements" schedule for details. Issues of concern include:</p> <ul style="list-style-type: none"> • Recycling savings • Street Lighting (information from UI provided) • Worker's Compensation • 401k, FICA • Building Permits • Changes to Contingency |
| Deficit mitigation plan for FY 2017-18 | | Need updated projections |
| 5 Year Plan | | Not received |
| Application for Municipal Restructuring Funds for FY2017-18 and/or FY 2018-19 | | Not received |

Please contact myself or Robert Dakers if you have any questions in this regard.

Attachments:

- MARB May 3, 2018 Resolution Package
- Summary of City Council Budget Changes, as approved by the Council on May 29, 2018
- Details Regarding City Council Budget Changes
- MARB Budget Documentation Requirements
- Documentation sent to OPM in Response to Documentation Requirements

Cc: Mayor Nancy Rossi, West Haven
Linda Savitsky, Acting Director Finance, West Haven