

OFFICIAL MINUTES
MUNICIPAL FINANCE ADVISORY COMMISSION
REGULAR MEETING
THURSDAY, FEBRUARY 7, 2013

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

Date/Time: February 7, 2013 - 10:00 A.M.

Members Present: Chairman Thomas Hamilton
Ms. Kathleen Clarke Buch
Mr. Robert Dakers
Mr. Douglas Gillette
Ms. Rebecca Sielman
Ms. Diane Waldron
Mr. John Schuyler

Members Absent: Mr. Robert Burbank

Others Present: W. David LeVasseur, OPM Staff
William Plummer, OPM Staff
Jean Gula, OPM Staff
April Capone, OPM Staff
Dale Martin, Town Manager, Town of Winchester
Kevin Nelligan, Winchester Town Attorney
Vanessa Rossitto, Blum, Shapiro
Joseph Mancini, Finance Director, City of West Haven
Kurt Moffett, Republican American

Agenda Item 1: Call to Order

Chairman Hamilton convened a regular meeting of the Municipal Finance Advisory Commission (the "Commission") at approximately 10:05 A.M.

Agenda Item 2: Minutes of the September 13, 2012 MFAC Meeting

The September 13, 2012 minutes were approved by all members present. Note: Commissioner Schuyler joined the meeting subsequent to the vote.

Agenda Item 3: Town of Winchester – Financial Condition Update / Status of 2011 Audit Report

Commissioner Gillette recused himself from votes/participation in the Winchester agenda item as his firm is Bond Counsel to the Town. Mr. Plummer indicated the Town was trying to address several issues, including the continuing delay in the issuance of the FY 2010-11 audit that was due on 12/31/2011 and the subsequent delay in the FY 2011-12 audit, the lack of a permanent finance director and cash flow challenges. The Commissioners introduced themselves to the Town. Commissioner Hamilton requested that Winchester Town Manager Dale Martin provide the Commission with a status on these items.

Mr. Martin indicated the Town was unable to produce the data that it had indicated to the Commission it would provide to the auditor several months ago in order for the auditor to complete the 2011 audit. The Town has since retained the services of an interim finance director and is in the process of retaining a new permanent finance director. The Town was informed of certain financial irregularities which are being reviewed in detail. The Town is aware that certain water and sewer fund debt was being paid by the Town's other funds, including primarily the General Fund of the Town. The Town believes the Water and Sewer Fund owes the Town's General Fund approximately \$2.5 million. These payments made by the General Fund that should have been made by the Water and Sewer Fund were the primary reason for the cash flow problems. The Town expects the Water and Sewer Fund to pay back to the General fund approximately \$300,000 in the last 2 quarters of FY 2012-13, which should help to alleviate some of the cash challenges. The Town is doing an in-depth analysis of the Water and Sewer Funds and payments made by the General Fund on this enterprise fund debt.

The Town does not believe that there will be any significant over-expenditures in the FY 2012-13 budget except, perhaps, for the snow removal budget. Commissioners Dakers and Hamilton indicated that a clearer picture of the Town's cash projections could be achieved by a comprehensive cash flow analysis indicating actual cash receipts and cash disbursements rather than just a budget to actual revenue/expenditure statement for the FY 2012-13 budget year.

Commissioner Hamilton inquired about the status of the FY 2010-11 audit and Vanessa Rossitto of Blum, Shapiro indicated that the audit firm is in the process of conducting an in-depth analysis of cash transactions for FY 2009-10 and FY 2010-11. The FY 2010-11 audit did not commence until November 2011 due to a lack of information from the Town. Commissioner Buch inquired as to whether the Town had any bond issuances that were being contemplated and the effects of the lack of an audit could cause. Commissioner Hamilton inquired about the resources the Town is allocating to get the audit completed.

The Commissioners requested the Town Manager to provide additional cash flow information for the FY 2012-13.

Agenda Item 4: City of West Haven – Financial Condition Update

West Haven Finance Director Joseph Mancini provided a status on the City's fiscal condition. He indicated that the FY 2011-12 audit report would be issued in the next couple of weeks. Mr. Mancini indicated that there were some problems encountered with the City's tax collection system software. The City is expecting a small operating surplus for FY 2011-12, based upon the latest preliminary audit figures. The City is expecting a surplus for FY 2012-13 based upon latest figures estimated. Commissioner Dakers inquired about the City's pension plan, for which pension obligation bonds were issued, and the City's funding ratio. Mr. Mancini indicated that the City was funded at approximately 94% and if it had another year of returns similar to those of the previous year, it should be back to the 100% funding ratio as required by the State statutes regarding pension obligation bond issuances. It was pointed out to Mr. Mancini that FY 2011-12 would be year 5 of the City's 5-year plan to eliminate the cumulative \$10 million deficit, with little progress having been made towards that goal. Commissioner Hamilton inquired about the City's plan to sell certain assets the proceeds from which would assist to lower the deficit. Mr. Mancini indicated that most of those planned sales had not occurred to date.

Agenda Item 5: Town of East Haven – 2012 Financial Audit Results / Financial Condition Update

A review of the FY 2011-12 audit results was provided by Mr. Plummer. The audit showed a small operating surplus of \$237,000; that combined with the \$200,000 fund balance from the prior year resulted in a cumulative \$437,000 fund balance as of June 30, 2012. The Town had budgeted for a \$1.2 million contribution towards the fund balance but unexpected retirements caused a reduction in the anticipated fund balance contribution. Questions were posed regarding the internal service fund deficits and how the Town planned on addressing that problem. The Town has budgeted another \$1.2 million in its fund balance again for FY 2012-13. The Commission requested that OPM follow-up with the Town on the auditor's finding regarding a lack of bank reconciliations, requesting the cash flow analysis projections and plans for eliminating the deficits in its internal service funds.

Agenda Item 6: Borough of Jewett City - Update.

Mr. Plummer indicated there was nothing new to report. The Town is still maintaining a stable fund balance.

Agenda Item 7: Other Business

The revised 2013 calendar year meeting dates of the Commission, as follows, was unanimously approved by all members present. All meetings are scheduled to be held at 10:00 A.M. in Room 4A at the Office of Policy & Management, Room 4A, 450 Capitol Avenue, Hartford, Connecticut.

Thursday, February 7, 2013

Thursday, May 9, 2013
Thursday, September 5, 2013
Thursday, December 5, 2013

Commissioner Dakers noted that the City of New London had experienced a FY 2011-12 operating deficit and projected a FY 2012-23 operating deficit.

A status on the Uniform Chart of Accounts/Benchmarking project was provided and Commissioners provided their comments on the project. The MFAC was one of several organizations invited to be part of an advisory committee for the project.

Adjournment: Meeting was adjourned at approximately 12:05 P.M.

Respectfully submitted,

Douglas W. Gillette
Commission Secretary