

**CITY OF BRIDGEPORT
BUDGET AND APPROPRIATIONS
COMMITTEE
REGULAR MEETING
FEBRUARY 8, 2021**

ATTENDANCE: Scott Burns, Co-chair; Ernest Newton Co-chair; Jorge Cruz, Jeanette Herron, Matthew McCarthy, Denese Taylor-Moye, AmyMarie Vizzo-Paniccia

OTHERS: Council President A. Nieves; Council Member(s): M. McBride-Lee, M. Pereira & M. Valle; T. Gaudett, Mayoral Aide; K. Flatto, Finance Director; N. Nkwo, OPM Director; Nikoleta McTigue, Clifton Larson Allen, LLP; Santo Carta, Clifton Larson Allen, LLP; Barbara, Evelyn, Call-in User 1, Call-in User 3; iPad, 203-275-6420; 203-259-9642; 203-913-2368; 203-668-0347

This meeting was conducted by Zoom/Teleconference.

CALL TO ORDER

Co-chair Burns called the meeting to order at 6:05 p.m. A quorum was present.

Approval of Committee Minutes: January 11, 2021.

**** COUNCIL MEMBER NEWTON MOVED THE MINUTES OF JANUARY 11, 2021.**

**** COUNCIL MEMBER CRUZ SECONDED.**

**** THE MOTION TO APPROVE THE MINUTES OF JANUARY 11, 2021 AS SUBMITTED PASSED WITH FIVE (5) IN FAVOR (NEWTON, CRUZ, HERRON, TAYLOR-MOYE AND VIZZO-PANICCIA) AND ONE (1) ABSTENTION (MCCARTHY).**

**** COUNCIL MEMBER NEWTON MOVED TO CONSIDER THE BUDGET UPDATE AGENDA ITEM FIRST.**

**** COUNCIL MEMBER CRUZ SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

Budget Update from City Department: Presentation of FY2020 Comprehensive Annual Financial Report and Annual Audit presented by Finance Director and Clifton Larson Allen, LLP (CLA; previously known as BlumShapiro).

Mr. Flatto said that Ms. McTigue and Mr. Carta have been handling the audits for the City for the last few years.

Mr. Flatto said that they ended the year with a healthy surplus. He said he was estimating that they would end up with a \$2 million dollar surplus during mid-year, but the final surplus was \$3.9 million.

Mr. Flatto said the BOE had decided to move their surplus funding into their Internal Service Fund.

He said that in Exhibit 1, there was a report on general liabilities. There was actually a negative increase for the City. There was a large increase in the long term of the OPEB liability due to an actuarial change required by GASB. He gave a brief overview of these changes.

Mr. Flatto said that he was happy that there was both a clean audit and clean opinion.

Mr. Flatto also explained that Blum Shapiro has merged with Clifton Larson Allen, LLP. The changes will be explained at the end of the presentation.

**** COUNCIL MEMBER NEWTON MOVED TO ENTER THE DOCUMENT PRESENTATION FROM CLA, THE FORMER BLUM SHAPIRO AS EXHIBIT #02-08-21-1.**

**** COUNCIL MEMBER VIZZO-PANICCIA SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

Ms. McTigue reviewed the terms of engagement and a summary of the audit as outlined in Exhibit 02-08-21-1.

Ms. McTigue said that there were no disagreements with the management, and no uncorrected misstatements, which were noted in the report.

She added that BlumShapiro merged with Clifton Larson Allen, LLP, known as CLA on January 1, 2021. CLA currently serves approximately 3,500 government clients. The merger allows the auditors access to more resources. She also explained that they will be located in the same offices, but their emails will change.

Mr. Flatto asked Ms. McTigue if she could review the areas that they had checked for controls.

Ms. McTigue said that they had been asked to review testing for the purchasing, the Lighthouse Program and transfers. After reviewing the purchasing, there were no abnormal transactions.

Ms. McTigue said that there were only 3 transfers during the year and all the proper procedures were followed.

The Lighthouse documentation was reviewed and all the finances followed City policies and procedures.

Council Member McCarthy said that last year, there was a discussion that the City did not have the proper controls in Purchasing. He wished to know if the issue were addressed. He also said that he wished to know if the transfers were approved by the Council.

The discussion moved to the transfer for transportation. (Inaudible.)

Mr. Flatto said that they did not have the protocols in writing, and this was corrected.

Council Member Newton asked if there was anything in the report where they could improve their practices.

Ms. McTigue said that there were no formal communications regarding deficiencies in the report. The City is in compliance with the policies and procedures. She explained that they always discuss any issues if the management is unsure how to handle the item.

Mr. Flatto said that when they tested the revenues and cash, there was a delay in the deposits being booked and deposited. Now there is a new system that was recently activated in October which requires the transaction be entered when the permits are issued.

Council Member Newton said his concern was that there might be other municipalities that were using better methods that Bridgeport could utilize in the 21st century.

Ms. McTigue said that the City uses MUNIS, which is one of the most widely used systems in the State. The City keeps up with all the updates and the program is one of the most comprehensive ones available.

Council Member Pereira said that the audit is based on the information provided. She said that if the information is incorrect, it is not the firm's fault. She said that the Lighthouse takes in thousands of dollars in cash from impoverished families, but the auditors only tested five items.

Ms. McTigue said that the financial statements from the management had been reviewed. Mr. Flatto said that they are required to give a statement that the documentation was complete.

Mr. Flatto clarified that the auditors had looked at five days worth of transactions.

Council Member Pereira said that the City was in debt for \$1.7 billion. She then asked if they could get concise answers.

Council Member McCarthy asked about the \$4 million surplus and page 88 in the CAFR. He wished to know about the variance in the Police Budget. He also wished to know if other municipalities allocate funding for vacant Police positions.

Ms. McTigue said that other municipalities do reserve funding for positions that they would be filling. Council Member McCarthy said that this did not seem to be the correct way to go about it.

Mr. Nkwo said that there were more retirements than expected. He gave the details.

Council Member McCarthy said that there were 75 positions that were vacant. Mr. Nkwo said that the Police Department had funding for 397 or 398 positions. Mr. Flatto pointed out that the pensions required a bit more than was estimated. He said that he may have estimated the debt service for the Police Department a bit too high.

Council Member McCarthy asked about page 51 in the CAFR. He said that there was \$172 million in the Capital Fund. He wished to know what projects the funds were allocated for.

Mr. Flatto said that sometimes projects sometimes take two or three years to play out. Ms. McTigue reminded everyone that they had issued bonds in 2020 and had not spent any money from those bonds yet.

Council Member McCarthy said that he would like a six month check in report on the bond report. Council Member Pereira requested that the entire Council receive the information. Mr. Nkwo said that data was in raw form, so it would take some time.

Mr. Flatto said that they had received money for the school projects and that would account for \$23 million was receivables from the State.

Council Member Cruz asked about the \$6 million Capital Bond money that was transferred to Citizen's Bank for the land purchase for Bassick. Mr. Nkwo said that it was.

Council Member Cruz said that it had not been approved by the Council. Mr. Nkwo explained that the Council has already approved the building project. Now it is the responsibility of the School Building Committee. Mr. Flatto said that he believed the bond money was for the land acquisition.

Council Member Newton asked about the BOE surplus of \$3 million and whether the money should normally come back to the City. Mr. Flatto said that this was correct.

Council Member Newton asked if the BOE had the authority to re-invest the surplus back into the students rather than putting the money in to the Internal Service Fund. Mr. Flatto said that Ms. Siegel had reviewed the Internal Service Fund balance and wanted to ensure that the fund had enough to give them some flexibility towards anticipated costs for health benefits. This is an acceptable practice according to the auditor.

Council Member Newton said he had been on the Council for 6 years and would like to know how many times the BOE had a surplus that they transferred into the Internal Service Fund.

Mr. Nkwo said that he would run that report. An answer to Council Member Newton's first question regarding whether they had the authority to put the money into the Internal Service Fund, the BOE does have the right to do this. It is an acceptable accounting practice.

Council Member Pereira said that there was \$22 million in surplus funding that was moved into the Fund Balance. Council Member Pereira requested that the answer be concise.

Mr. Nkwo said that they are waiting for the State to reimburse the City for the money. Ms. McTigue directed everyone to page 4 of the financial statement and explained how the accounting was handled.

Council Member Burns asked about the lien sale. Mr. Flatto gave an overview of how the liens accumulate on parcels when the owners can't pay for multiple years. Other property owners who were not able to pay last year to allow the property owners an opportunity to pay their outstanding taxes.

Council Member Burns said that there had been some discount rates on pensions and lending rates that were currently very low. Ms. McTigue said that if the plan is not funded, it will follow the rates. She gave the details about how this affects the Return on Investment. Mr. Flatto said that he felt that GASB regulations was too stringent and did not think they would loosen the guidelines any time soon.

Council Member Burns asked who decides whether the discount rate was applicable. Ms. McTigue said that the City currently does not have enough in the Plan to be considered sufficiently funded.

Council Member McCarthy asked about the Commitments and Contingencies and whether the City Attorney just provides a figure to the auditors. Ms. McTigue said that the City Attorney reviews the outstanding cases with comprehensive documentation along with their projections as to what potential costs may be.

Council Member McCarthy said that the City Attorney's Office was over budget and he was concerned about the fact that they were the highest budget overage. He also asked whether the City would be reimbursed for the COVID costs.

Mr. Flatto said that the City Attorney's Office had put some money as an accrual. Council Member McCarthy asked if they had not budgeted for outside legal services. Mr. Flatto said that the settlement was for the PT Barnum fire claim. He went on to explain how they were planning for potential exposure.

Mr. Flatto said that he and Mr. Nkwo were trying to limit the City's exposure and noted that the FEMA process was going very slowly.

Council Member Pereira said that they had asked about Mayor Ganim's TV commercials. She said that she felt that she was misled because they were told that it was covered.

Council Member Pereira said that there was a line item in the budget for legal settlements. She said that having a line item for other things was illegal because the money should only be in the line item for settlements.

Council Member Burns said that if there were further questions, they should be sent to the Co-chairs.

Council Member Burns said that it came to their attention that the BOE was supposed to be submitting quarterly reports. Superintendent Testani sent the report and it will be on the agenda next month.

General Discussion re: Review of the Monthly Financial Report.

Mr. Flatto then presented his monthly financial report and noted the highlights.

Council Member Newton stated that he had heard from the Christoff's that there should be a payment coming to the City in April sometime. He asked Mr. Flatto to follow up. Mr. Flatto said that Mr. Gill had heard similar comments.

Council Member Pereira said she had spent two hours going through the revenue and expenditure reports and there were many issues. She related her concerns about the variances and had a question about one line item where there was zero budgeted and then it was taken away, so that there was no variance.

Mr. Flatto said that the MUNIS assumes that the budget will break even. He has to enter the forecast and apparently missed adjusting the two items that should have shown surpluses. There are also some old claims outstanding, and occasionally, one payment will come in and it is put in the Recovery line.

Unexpected revenues are entered into Debt Reimbursement and the entry was from a late State reimbursement for a school project.

The LoCIP (Local Capital Improvement Projects) are funds that the City receives from the State and involves projects such as paving or other Capital repairs.

Council Member Pereira said that the current taxes shows that 1.3% of the taxes must go to the Library, however the amount is not based on the mill rate, but on the collection rate. This is a problem. She felt that the City owed the Library more money.

Mr. Flatto said that the Library had ended up with a surplus for the last three years. However, it is a budgetary issue. Mr. Nkwo said that the Library was only entitled to 1.3% of the current taxes. He added that there were also in kind service issues.

Council Member Pereira said that the law was the law and the Library was supposed to get 1.3% mills. Mr. Nkwo said that they had spoken with the City Attorney and the Library's attorneys. They cannot give anyone what they have not collected yet. Council Member Pereira said that if they had a surplus they have to give it to the Library.

Council Member Cruz said that he would email his questions to the Co-chairs.

Quarterly review of Public Safety personnel status.

Council Member Burns said that he had requested that quarterly reports on the staffing for the Fire Department and the Police Department be created.

**** COUNCIL MEMBER HERRON MOVED ENTER THE DOCUMENT TITLED "FIRE MANPOWER REPORT OCT., NOV. AND DEC. 2020 – LABOR" AS EXHIBIT 02-08-2021-B.**

**** COUNCIL MEMBER VIZZO-PANICCIA SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

Council Member Burns said that this report would give them a better sense of where they were going.

Council Member Pereira said Fire Chief Thode had stated earlier he had no vacancies.

**** COUNCIL MEMBER HERRON MOVED ENTER THE DOCUMENT TITLED POLICE MANPOWER REPORT OCT., NOV. AND DEC. 2020 – LABOR” AS EXHIBIT 02-08-2021-C.**

**** COUNCIL MEMBER VIZZO-PANICCIA SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

Council Member Burns said that this report shows how many vacancies were on the Police Department. Council Member Cruz asked for a digital copy of the report. Council Member Pereira said that she would like to receive the report as well.

Council Member Pereira asked how many vacancies were on the Police Department. Mr. Nkwo said that they had 377 positions filled and were budgeted for 426 positions.

Council Member Pereira asked what was the highest number of Police Officers they had hired in one budget year. Mr. Nkwo said that they had hired about 50 graduates.

Council Member Pereira asked how many officers retired in one year. [Inaudible].

Council Member Burns said that the previous administration had not hired police officers for many years. The new administration started hiring police officers.

Council Member Cruz asked about the training academy and how many candidates were able to complete the training. Council Member Herron said the officers were required to remain in Bridgeport for two years. The reason they are losing candidates and officers is because the officers can't afford paying 50% of the medical benefits.

Council Member Cruz said that he respects that and understands that. This means that the City is being short changed because they are not paying for the cost of their training. It is time to review this carefully.

Council Member Burns said that there were other candidates from other towns in the classes at the Academy.

Council Member Newton said that they would have to make a decision about the cost of each test. There are too many people in provisional positions.

ADJOURNMENT

**** COUNCIL MEMBER HERRON MOVED TO ADJOURN.**

**** COUNCIL MEMBER VIZZO-PANICCIA SECONDED.**

Council Member Pereira asked about page 4 where there was a \$2 million savings in payroll, but there was no corresponding savings in fringe benefits.

Mr. Flatto said that Mr. Nkwo comes up with an estimate of what the health cost would be for each year. The money has to be put into the fund because it based on the State's cost for last year.

Mr. Nkwo said that money budgeted is transferred to the Internal Service Fund. He added that the City is required to pay pension on overtime.

Council Member Pereira said that there should be substantial savings on health care and uniforms. Mr. Flatto said that the health care costs are based on the previous year's actual cost. It is based on the real personnel count.

**** THE MOTION TO ADJOURN PASSED UNANIMOUSLY.**

The meeting adjourned at 8:23 p.m.

Respectfully submitted,

Telesco Secretarial Services