

**CITY OF BRIDGEPORT
BUDGET AND APPROPRIATIONS COMMITTEE
REGULAR MEETING
FEBRUARY 14, 2022**

ATTENDANCE: Scott Burns, Co-chair; Ernest Newton, Co-chair; Jeanette Herron, Tyler Mack, Matthew McCarthy, Mary McBride-Lee (6:14 p.m.); AmyMarie Vizzo-Paniccia (7:04 p.m.)

OTHERS: Council Member(s): A. Boyd, J. Cruz, M. Pereira, R. Roman-Christy & R. Smith; Ken Flatto, Finance Director; Nestor Nkwo, OPM Director; Steve Auerbach; Parking Authority; Devon Brown, Santo Carta, CLA; Niels Heilman, Eneida Martinez, Nikoleta McTigue, CLA; Patricia St. Louis; Barbara, Call-in-User 1; 203-209-1058, 203-259-9642, 203-345-7691; 203-880-5666, 203-913-2368; 347-272-3761

CALL TO ORDER

Co-chair Newton called the meeting to order at 6:03 p.m. A quorum was present.

Co-chair Burns said that Council Member Vizzo-Paniccia would be joining the meeting a bit late.

APPROVAL OF COMMITTEE MINUTES:

• **January 10, 2022 (Regular Meeting)**

**** COUNCIL MEMBER MCCARTHY MOVED THE MINUTES OF THE JANUARY 10, 2022 REGULAR MEETING.**

**** COUNCIL MEMBER BURNS SECONDED.**

**** THE MOTION TO APPROVE THE MINUTES OF THE JANUARY 10, 2022 REGULAR MEETING AS SUBMITTED PASSED UNANIMOUSLY.**

**Review of CAFR/Annual Audit with Nikoleta McTigue and Santo Carta of CLA
(formerly BlumShapiro).**

Council Member Burns said they would be exhibiting items for the record. The CAFR was sent out last week but some Committee members did not have an opportunity to review it.

**** COUNCIL MEMBER BURNS MOVED TO ENTER THE DOCUMENT TITLED THE CAFR/ANNUAL AUDIT AS EXHIBIT 02-14-22-1.**

**** COUNCIL MEMBER HERRON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

**** COUNCIL MEMBER BURNS MOVED TO ENTER THE DOCUMENT TITLED THE STATE SINGLE AUDIT REPORT AS EXHIBIT 02-14-22-2.**

**** COUNCIL MEMBER HERRON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

**** COUNCIL MEMBER BURNS MOVED TO ENTER THE DOCUMENT TITLED BPT PUBLIC SCHOOL FINANCIAL CONDITION REPORT, OCTOBER 31, 2021 AS EXHIBIT 02-14-22-3.**

**** COUNCIL MEMBER HERRON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

**** COUNCIL MEMBER BURNS MOVED TO ENTER THE DOCUMENT TITLED THE PRESENTATION FROM FINANCE DIRECTOR KEN FLATTO CAFR HIGHLIGHTS PERIOD ENDING JUNE 30, 2021 AS EXHIBIT 02-14-22-4.**

**** COUNCIL MEMBER HERRON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

**** COUNCIL MEMBER BURNS MOVED TO ENTER THE DOCUMENT TITLED THE CLA (FORMERLY KNOWN AS BLUM SHAPIRO) AUDIT RESULTS FOR YEAR ENDING JUNE 30, 2021 AS EXHIBIT 02-14-22-5.**

**** COUNCIL MEMBER HERRON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

Council Member Newton said that they would be receiving an Executive Summary from the WPCA sometime next week.

Mr. Flatto welcomed Ms. McTigue and Mr. Carta of CLA, which was formerly known as Blum Shapiro. Mr. Flatto said that the CAFR was sent to the full Council with an attachment that included the highlights.

Council Member McBride-Lee joined the meeting at 6:14 p.m.

Mr. Flatto said that this CAFR and the financial status of the City were a big deal because the City's status was now solid and fiscally balanced. In 2015, the City was facing a \$20 million dollar deficit. In 2015, the Fund Balance was 3% of the budget in 2015, today the Fund Balance is 6% of the budget. He also reviewed the current cash balance in the General Fund. However, there is about a 10% level of debt, but the rating agencies are aware that the balance of the debt will expire in the next eight years. He added that all the new hires would no longer receive the post-employment medical benefits. The BOE has also ended up with additional funding, which is stored in the Internal Service Fund against future health benefit increases.

Mr. Flatto said that they had a \$9 million dollar surplus as result of the COVID pandemic. There was a reduction in costs during the last year and the CARES Act also produced revenue.

There are still some challenges, but Mr. Flatto said that he felt comfortable about the financial future.

Ms. McTigue greeted the Committee and narrated the PowerPoint presentation on the CAFR. Mr. Carta then reviewed the Financial Highlights and the Pension Liability as outlined in the report.

Council Member Newton said that the auditors job was to present the information. He cautioned the Council Members not to stray from that topic.

Council Member Burns asked for more information about GASBY A4 and also some more information regarding the school construction.

Mr. Carta said that the State was lagging behind on closing out the school construction projects. Mr. Flatto and Ms. McTigue gave an overview of the accounting in regards to the Accounts Receivable and the General Fund. Ms. McTigue said that they were waiting for the State to review the information and make a determination on the reimbursable amount.

Ms. McTigue updated the Committee on the impact of the new GASBY A4 on the BOE financial reports regarding student activities. Discussion followed about the details.

Council Member McCarthy asked if there was a decrease in the pension liability in the previous year. Council Member McCarthy said that it appeared to have decreased more this year than last year. Ms. McTigue said that when the investments increase, the liability decreases. She reviewed the details as shown in the report, including the difference between the project expense versus the actual contributions.

Council Member McCarthy asked about the BOE \$6 million dollar surplus. He said that every year, the BOE comes to the Council requesting more funding. Mr. Flatto said that he could not speak for the BOE, but noted that the BOE had received a significant infusion of Federal aid and a major reduction in transportation funding.

Council Member Newton said that the BOE has the right to allocate any and all surpluses as they wish to. Usually they deposit it towards the pension or health care costs. He suggested that they wait until the BOE comes to the Budget and Appropriations Committee to update them.

Council Member Pereira asked Mr. Flatto about his Financial Highlight report regarding the Internal Service Fund. She said that the Internal Service Fund under Mayor Fabrizi was -\$68 million, but now the report shows the Internal Service Fund at -\$32 million. She wished to know

if the -\$32 million was on the City side. Mr. Flatto said that the Internal Service Fund includes Workmen's Compensation payments for 15 years. He then gave the details.

Council Member Pereira questioned the estimate between the BOE and the City as a 50/50 breakout. Mr. Flatto said that he would check it but felt the percentage was fairly close.

Council Member Vizzo-Paniccia and Council Member Roman-Christy joined the meeting at 7:04 p.m.

Council Member Burns asked about the discount rate. Mr. Flatto said that it is based on the short term rates and gave the details. He noted that the market was carrying a lot of risk right now.

Council Member Pereira asked about some of the information on page 10 of the State Single Audit Report and what the amount for the school construction was. She asked for confirmation of the amounts.

Council Member Pereira said that the individual in charge of the School Construction was being investigated by the Federal authorities. Council Member Newton said that he would not allow comment involving the Federal investigation as it has no bearing on the report. Council Member Pereira said that she wanted to know which schools were involved in this.

Mr. Flatto said that he believed the schools were Fairchild/Wheeler, Discovery, Black Rock Elementary, Longfellow, Central and Harding. The State was going to withhold a portion of the amount, but Mr. Flatto disagreed with the State staff and pointed out that some of the schools had been grandfathered. He then gave the details of how they handled the situation.

Council Member Newton thanked the auditors for their report. He added that if there were additional questions, they should email them to the Chairs.

GENERAL DISCUSSION RE: REVIEW OF THE MONTHLY FINANCIAL REPORT.

Mr. Flatto said that there were not any major changes and it was consistent with the previous month. Revenues looks relatively stable. The tax revenues were running a bit ahead of the budget. Real Estate sales are going strong through January. They have now received the full projected amount for the real estate revenue.

Council Member Burns asked about the miscellaneous City PILOTs. Mr. Flatto said that he would check with the Tax Office and believe it was a timing issue. Mr. Nkwo gave an overview of the situation. The revenue is there but it is a matter of classification.

Council Member Burns asked about the annual rent listed on page 6 under OPED. Mr. Flatto said that it would be clearer in the next report. Council Member Burns asked if they were receiving the monthly revenue from the seat sales. Mr. Nkwo said that he would check into this.

Council Member Pereira asked about the revenue summary and the deficit forecast. Mr. Flatto said that there were some changes with the State regarding the PILOT payments. He said that he thought they were about \$6 million short, but the Governor proposed some funding from the excess CARES funding. CCM is lobbying to receive that funding, but it has not been received yet.

Council Member Pereira said that the State had just approved a possible financial agreement about the Airport regarding the potential sale of the airport. She asked if Mr. Flatto expected that funding to be included in this financial year ending June 30, 2022. Mr. Flatto said that he did not see that happening this fiscal year. Discussion followed regarding the use of the potential sale revenue.

Council Member Herron said that the Airport proposal had not been approved yet and \$10 million was not agreed upon at this time. She added if the agreement was approved, she expected the payment to be made over a number of years. Council Member Newton said that he would not bank on the State purchasing the airport this year because there were many details to consider and approvals required.

ADJOURNMENT

**** COUNCIL MEMBER VIZZO-PANICCIA MOVED TO ADJOURN.**

**** COUNCIL MEMBER BURNS SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 7:28 p.m.

Respectfully submitted,

Telesco Secretarial Services