

# MONITORING AND OVERSIGHT OF MUNICIPAL FISCAL HEALTH IN CONNECTICUT

Government Fiscal Sustainability Workgroup Meeting  
October 21-22, 2019

## Connecticut Office of Policy & Management (OPM)

- Governor's staff agency
- Central role in State government and formulating public policy
- Prepares Governor's budget proposal
- Implements and monitors adopted State budget
- Assists state agencies in implementing policy on Governor's behalf
- Seven divisions:
  - *Administration*
  - *Budget and Financial Management*
  - *Criminal Justice Policy and Planning*
  - *Finance*
  - *Intergovernmental Policy & Planning*
  - *Labor Relations*
  - *Health and Human Services Policy and Planning*

## Historical Structures & Processes

### 1. Municipal Fiscal Indicators

- Historically available for self-assessment
- Published annually by OPM
- Statewide rankings and multi-year data

### 2. Municipal Finance Advisory Commission

- Longstanding advisory board
- Historically focused on fiscal health, sound financial practices, timely audit submissions
- Recent legislation: role and responsibilities evolving

### 3. Special Acts

- Oversight boards created by Special Acts
- Instances of severe municipal financial distress
  - City of Bridgeport
  - City of Waterbury

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## Municipal Fiscal Indicators

- Published annually by OPM
  - <https://portal.ct.gov/OPM/IGP-MUNFINSR/Municipal-Financial-Services/Municipal-Fiscal-Indicators>
- Statewide rankings on wide range of data
  - *Financial indicators*
  - *Tax base and economic data*
  - *Demographic data*
- Profile of each municipality with 5 years of data
- Municipal financial data aggregated from audited financial statements
- Demographic and economic data from multiple state agencies

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## Municipal Fiscal Indicators: Example – Statewide Ranking

**Current Year Tax Collection Rates, FYE 2017**

1	TORRINGTON	100.0%	36	MARLBOROUGH	99.2%	71	EAST GRANBY	98.9%	108	REDDING	98.8%	141	SCOTLAND	98.1%
2	BRIDGEWATER	99.8%	37	BETHANY	99.2%	72	WESTPORT	98.9%	107	WINCHESTER	98.8%	142	PRESTON	98.0%
3	GOSHEN	99.8%	38	OLD SAYBROOK	99.2%	73	EAST WINDSOR	98.8%	108	WALLINGBORO	98.8%	143	GRISWOLD	98.0%
4	CHESHIRE	99.8%	39	MANSFIELD	99.2%	74	BRIDGEPORT	98.8%	109	WALLINGBORO	98.8%	144	EAST HARTFORD	97.0%
5	SHERMAN	99.7%	40	CHESTER	99.2%	75	COVENTRY	98.8%	110	WOODSTOCK	98.8%	145	MERIDEN	97.0%
6	DAREN	99.7%	41	ROSELAND	99.1%	76	GROTON	98.8%	111	NEW MILFORD	98.8%	146	DERRY	97.0%
7	FARMINGTON	99.7%	42	KENT	99.1%	77	WESTON	98.8%	112	DANBURY	98.8%	147	EAST HAVEN	97.8%
8	AVON	99.7%	43	SALISBURY	99.1%	78	CANTERBURY	98.8%	113	OXFORD	98.8%	148	NORTH STONINGTON	97.8%
9	WOODBURGH	99.6%	44	ROXBURY	99.1%	79	NORTH HAVEN	98.8%	114	BETHLEHEM	98.8%	149	WOLCOTT	97.8%
10	NEW CANAAN	99.6%	45	POMFRET	99.1%	80	BERLIN	98.8%	115	EAST HAMPTON	98.8%	150	SHARON	97.8%
11	WARREN	99.6%	46	STONINGTON	99.1%	81	LEDYARD	98.8%	116	MIDDLEBURY	98.8%	151	KILLINGLY	97.8%
12	MADISON	99.6%	47	LYME	99.1%	82	DURHAM	98.8%	117	SEYMOUR	98.8%	152	WINDHAM	97.7%
13	GUILFORD	99.6%	48	GRANBY	99.1%	83	VERNON	98.8%	118	DEEP RIVER	98.8%	153	STERLING	97.7%
14	WESTERHOOK	99.6%	49	SUFFIELD	99.1%	84	BROOKLYN	98.8%	119	MILFORD	98.8%	154	STRATFORD	97.7%
15	WILLINGTON	99.6%	50	TRUMBULL	99.1%	85	STAMFORD	98.8%	120	COLUMBIA	98.8%	155	PLYMOUTH	97.7%
16	HARWINTON	99.6%	51	PROSPECT	99.0%	86	CANAAN	98.8%	121	MIDDLEFIELD	98.8%	156	ANSONIA	97.7%
17	KILLINGWORTH	99.6%	52	BROOKFIELD	99.0%	87	FAIRFIELD	98.7%	122	BOZRAH	98.8%	157	BARKHAMSTED	97.8%
18	GLASTONBURY	99.4%	53	COLCHESTER	99.0%	88	EASTFORD	98.7%	123	BRANFORD	98.8%	158	MONTVILLE	97.8%
19	SIMSBURY	99.4%	54	HADDAM	99.0%	89	SOMERS	98.7%	124	WOODBURY	98.8%	159	STAFFORD	97.0%
20	ELLINGTON	99.4%	55	BETHEL	99.0%	90	NORWALK	98.7%	125	MANCHESTER	98.8%	160	WINDSOR LOCKS	97.5%
21	BURLINGTON	99.4%	56	SHELTON	99.0%	91	PORTLAND	98.7%	126	FRANKLIN	98.8%	161	MIDDLETOWN	97.4%
22	NEWTON	99.4%	57	TOLLAND	99.0%	92	HARTLAND	98.7%	127	BEACON FALLS	98.8%	162	PLAINFIELD	97.4%
23	CLINTON	99.4%	58	WINDSOR	99.0%	93	SOUTH WINDSOR	98.7%	128	HAMPTON	98.8%	163	NEW BRITAIN	97.3%
24	NEW FAIRFIELD	99.3%	59	CROMWELL	99.0%	94	NEW HARTFORD	98.7%	129	CORNWALL	98.8%	164	HAMDEN	97.0%
25	CANTON	99.3%	60	MONROE	99.0%	95	BLOOMFIELD	98.6%	130	ASHFORD	98.8%	165	NORWICH	97.0%
26	WATERFORD	99.3%	61	EAST LYME	99.0%	96	UNION	98.6%	131	WEST HAVEN	98.8%	166	NORTH CANAAN	96.0%
27	WASHINGTON	99.3%	62	OLD LYME	99.0%	97	EAST HADDAM	98.6%	132	THOMPSON	98.8%	167	HARTFORD	96.0%
28	ROCKY HILL	99.3%	63	SALEM	98.9%	98	LISBON	98.6%	133	ENFIELD	98.8%	168	NAUGATUCK	94.0%
29	NEWINGTON	99.3%	64	ANDOVER	98.9%	99	COLEBROOK	98.6%	134	NEW LONDON	98.8%	169	SPRAGUE	91.8%
30	ORANGE	99.3%	65	THOMASTON	98.9%	100	LEBANON	98.6%	135	CHAPLIN	98.8%			
31	GREENWICH	99.3%	66	NORFOLK	98.9%	101	EASTON	98.6%	136	PLAINVILLE	98.8%			
32	WEST HARTFORD	99.2%	67	BOLTON	98.9%	102	BRISTOL	98.6%	137	HEBRON	98.8%			
33	WILTON	99.2%	68	ESSEX	98.9%	103	NORTH BRANFORD	98.6%	138	PUTNAM	98.8%			
34	WETHERSFIELD	99.2%	69	SOUTHINGTON	98.9%	104	MORRIS	98.6%	139	VOLUNTTOWN	98.8%			
35	SOUTHBRURY	99.2%	70	LITCHFIELD	98.9%	105	WATERTOWN	98.6%	140	NEW HAVEN	98.8%			

Average: 98.6%  
Median: 98.8%

\* A Special legislative act allows this municipality's tax collection services to be contracted to an outside firm. This firm charges a commission which is not reflected in the tax collection rate.

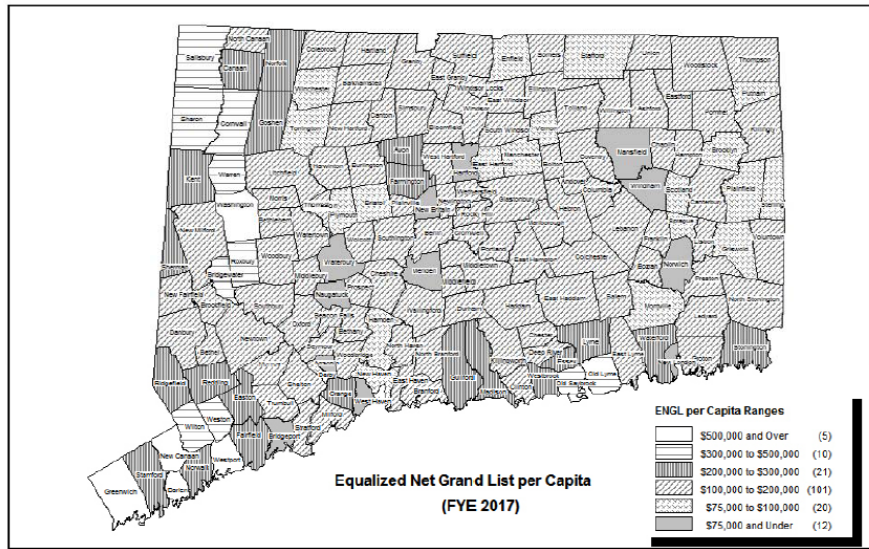
## Municipal Fiscal Indicators: Example – Statewide Ranking

**Net Pension Liability per Capita FYE 2017**

1	NEW HAVEN	\$5,932	36	WESTPORT	\$862	71	LEDYARD	\$437	108	HADDAM	\$168	141	OLD LYME	\$0
2	HAMDEN	\$4,951	37	NEW LONDON	\$861	72	BERLIN	\$434	107	WESTERHOOK	\$162	142	HAMPTON	\$0
3	WEST HARTFORD	\$3,598	38	NORTH BRANFORD	\$844	73	OXFORD	\$417	108	BRISTOL	\$148	143	NEW CANAAN	\$0
4	EAST HARTFORD	\$3,573	39	MANCHESTER	\$843	74	LITCHFIELD	\$415	109	PRESTON	\$140	144	PUTNAM	\$0
5	HARTFORD	\$3,472	40	SOUTH WINDSOR	\$833	75	CROMWELL	\$405	110	LEBANON	\$140	145	MIDDLETOWN	\$0
6	MERIDEN	\$2,394	41	WEST HAVEN	\$812	76	SOUTHINGTON	\$402	111	DURHAM	\$139	146	ROXBURY	\$0
7	BRIDGEPORT	\$2,362	42	EAST HAMPTON	\$788	77	ESSEX	\$401	112	ROCKY HILL	\$124	147	MARLBOROUGH	\$0
8	WATERBURY	\$2,047	43	WOLCOTT	\$743	78	GRISWOLD	\$373	113	LISBON	\$115	148	SALEM	\$0
9	GREENWICH	\$1,982	44	WOODBURGH	\$740	79	MANSFIELD	\$372	114	BROOKFIELD	\$112	149	LYME	\$0
10	VERNON	\$1,977	45	WETHERSFIELD	\$727	80	MONROE	\$340	115	BURLINGTON	\$109	150	POMFRET	\$0
11	TRUMBULL	\$1,938	46	DERRY	\$708	81	PLAINVILLE	\$318	116	NEW FAIRFIELD	\$107	151	KILLINGLY	\$0
12	NORWICH	\$1,604	47	WINDSOR LOCKS	\$662	82	BROOKLYN	\$315	117	WASHINGTON	\$106	152	KENT	\$0
13	NEWINGTON	\$1,604	48	BRANFORD	\$661	83	ENFIELD	\$315	118	HARWINTON	\$104	153	HEBRON	\$0
14	BLOOMFIELD	\$1,618	49	MADISON	\$688	84	DEEP RIVER	\$312	119	MIDDLEFIELD	\$98	154	STERLING	\$0
15	GLASTONBURY	\$1,483	50	STAFFORD	\$671	85	EAST LYME	\$306	120	BETHANY	\$96	155	SCOTLAND	\$0
16	AVON	\$1,443	51	SIMSBURY	\$670	86	WALLINGBORO	\$299	121	THOMPSON	\$91	156	COLEBROOK	\$0
17	TORRINGTON	\$1,370	52	EASTON	\$645	87	GRANBY	\$281	122	SOMERS	\$88	157	SHARON	\$0
18	STAMFORD	\$1,367	53	GUILFORD	\$642	88	SEYMOUR	\$277	123	CANTERBURY	\$86	158	SHELTON	\$0
19	DANBURY	\$1,344	54	REDDING	\$635	89	PLAINFIELD	\$273	124	EAST HADDAM	\$85	159	SHERMAN	\$0
20	NORTH HAVEN	\$1,322	55	CANTON	\$622	90	WINDHAM	\$271	125	PROSPECT	\$83	160	FRANKLIN	\$0
21	MILFORD	\$1,288	56	EAST WINDSOR	\$617	91	WILTON	\$261	126	COLCHESTER	\$82	161	NORTH STONINGTON	\$0
22	NORWALK	\$1,271	57	MIDDLEBURY	\$609	92	MORRIS	\$258	127	GOSHEN	\$81	162	EASTFORD	\$0
23	PLYMOUTH	\$1,262	58	NEWTON	\$591	93	WARREN	\$255	128	SALISBURY	\$80	163	EAST GRANBY	\$0
24	CHESHIRE	\$1,229	59	WOODBURY	\$575	94	STONINGTON	\$252	129	WILLINGTON	\$19	164	TOLLAND	\$0
25	NAUGATUCK	\$1,225	60	SUFFIELD	\$572	95	BOZRAH	\$251	130	RIDGEFIELD	\$0	165	DAREN	\$0
26	STRATFORD	\$1,163	61	THOMASTON	\$552	96	SOUTHBRURY	\$250	131	CHAPLIN	\$0	166	UNION	\$0
27	FARMINGTON	\$1,151	62	BETHEL	\$540	97	ELLINGTON	\$239	132	ASHFORD	\$0	167	CORNWALL	\$0
28	PORTLAND	\$1,142	63	NEW MILFORD	\$528	98	ANDOVER	\$222	133	VOLUNTTOWN	\$0	168	COLUMBIA	\$0
29	NEW BRITAIN	\$1,134	64	WATERTOWN	\$522	99	NEW HARTFORD	\$222	134	NORTH CANAAN	\$0	169	HARTLAND	\$0
30	FAIRFIELD	\$1,071	65	WINCHESTER	\$511	100	EAST HAVEN	\$218	135	BARKHAMSTED	\$0			
31	CLINTON	\$1,056	66	GROTON	\$488	101	BEACON FALLS	\$201	136	BRIDGEWATER	\$0			
32	WESTON	\$1,037	67	WINDSOR	\$460	102	KILLINGWORTH	\$201	137	CANAAN	\$0			
33	OLD SAYBROOK	\$1,024	68	MONTVILLE	\$449	103	COVENTRY	\$199	138	SPRAGUE	\$0			
34	ORANGE	\$887	69	BETHLEHEM	\$448	104	WOODSTOCK	\$194	139	NORFOLK	\$0			
35	WATERFORD	\$880	70	ANSONIA	\$440	105	CHESTER	\$173	140	BOLTON	\$0			

Average: \$1,321  
Median: \$309

## Municipal Fiscal Indicators: Example – Illustrative Map



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## Municipal Fiscal Indicators: Example Multi-Year Data

WEST HAVEN						
Economic Data	FISCAL YEARS ENDED 2013 TO 2017	2017	2016	2015	2014	2013
Population (State Dept. of Public Health)		54,843	54,516	54,927	54,905	55,046
School Enrollment (State Education Dept.)		6,971	7,017	7,081	7,195	7,224
Bond Rating (Moody's, as of July 1)		Baa2	Baa1	Baa1	Baa1	Baa1
Unemployment (Annual Average)		5.4%	5.8%	6.7%	7.9%	9.2%
TFA Recipients (Oct./May FY Average As a % of Population)		1.1%	1.3%	1.3%	1.5%	1.4%
<b>Grand List Data</b>						
Equalized Net Grand List		\$3,761,443,254	\$3,964,415,227	\$3,840,876,745	\$3,920,079,059	\$3,861,225,600
Equalized Mill Rate		25.04	22.63	23.08	22.55	22.82
Net Grand List		\$2,628,822,378	\$2,853,371,008	\$2,818,890,997	\$2,819,622,036	\$2,823,550,380
Mill Rate - All taxable property / Motor Vehicle (if different)		35.26 / 37.00	31.25	31.25	31.25	31.25
<b>Property Tax Collection Data</b>						
Current Year Adjusted Tax Levy		\$94,194,456	\$89,720,548	\$88,651,979	\$88,395,137	\$88,111,713
Current Year Collection %		96.2%	96.5%	96.4%	96.1%	96.1%
Total Taxes Collected as a % of Total Outstanding		96.1%	96.4%	95.7%	94.0%	94.4%
<b>Operating Results - General Fund</b>						
Property Tax Revenues		\$94,300,417	\$90,455,343	\$89,293,315	\$89,495,114	\$88,845,476
Intergovernmental Revenues		\$70,810,896	\$74,083,784	\$66,898,261	\$65,232,537	\$62,176,447
Total Revenues		\$169,326,316	\$168,760,901	\$160,455,479	\$158,677,468	\$154,029,523
Total Revenues In From Other Funds		\$1,796,865	\$1,727,948	\$1,460,977	\$2,150,518	\$2,178,416
Total Revenues and Other Financing Sources		\$171,431,631	\$170,903,849	\$201,551,956	\$160,827,986	\$156,659,939
Education Expenditures		\$104,146,866	\$106,292,923	\$96,506,345	\$95,107,522	\$89,015,764
Operating Expenditures		\$68,002,594	\$66,576,556	\$67,173,432	\$65,413,063	\$63,903,792
Total Expenditures		\$172,149,460	\$172,869,479	\$163,679,777	\$160,520,585	\$152,919,556
Total Transfers Out To Other Funds		\$684,781	\$4,573,337	\$1,197,360	\$1,024,747	\$980,366
Total Expenditures and Other Financing Uses		\$172,834,241	\$177,442,816	\$203,255,058	\$161,545,332	\$153,899,922
Net Change In Fund Balance		(\$1,402,610)	(\$6,538,967)	(\$1,703,102)	(\$717,346)	\$2,760,017
<b>Fund Balance - General Fund</b>						
Nonspendable		\$0	\$152,351	\$6,116,001	\$1,780,949	\$5,537,319
Restricted		\$0	\$0	\$0	\$0	\$0
Committed		\$0	\$0	\$0	\$0	\$0
Assigned		\$0	\$0	\$0	\$0	\$0
Unassigned		(\$18,138,674)	(\$16,888,415)	(\$16,313,098)	(\$10,254,844)	(\$13,313,968)
Total Fund Balance (Deficit)		(\$18,138,674)	(\$16,736,064)	(\$10,197,097)	(\$8,493,995)	(\$7,776,649)
<b>Debt Measures</b>						
Bonded Long-Term Debt		\$115,521,024	\$120,367,619	\$133,611,683	\$141,191,281	\$149,236,966
Annual Debt Service		\$18,866,440	\$17,688,591	\$25,073,237	\$20,825,627	\$18,017,398

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## Municipal Finance Advisory Commission (MFAC)

- Historical monitoring and oversight roles:
  1. Compliance with audit reporting requirements for municipalities
    - *Municipal Audit Act*
  2. Evidence of irregular or unsound financial practices
  3. Financial indicators – potentially unhealthy fiscal condition
- Commission comprised of municipal finance professionals, municipal managers, practitioners in pension, accounting, legal fields
- Staffed and administered by Office of Policy and Management
- Advisory with authority to compel municipalities to appear at meetings and provide information and updates

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## MFAC, continued

- Oversight
  - *Require municipality to report on financial practices*
  - *Require chief executive to present and discuss remedial plan*
  - *Make recommendations and advise on corrective actions or ways to improve municipality's financial condition*
  - *3 to 4 meetings per year – monitoring implementation of remedial plans and condition*
- Paths to MFAC oversight
  - *Voluntary*
  - *Secretary of OPM has discretion and authority to refer municipalities to MFAC*
  - *Recent legislation added specific criteria for automatic referral*

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## Special Acts

- Special Acts – special legislation specific to municipalities in fiscal distress
  - *Bridgeport: several acts in 1980s and 1990s*
  - *Waterbury: twice in 1990s*
  - *Jewett City: 1993*
  - *West Haven: 1992*
- In each case, special legislation authorized local borrowing to address fiscal emergencies
- Imposed conditions and requirements for bond issuance
- Created oversight board or receivership with specified powers
- Other obligations on local government

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## Monitoring and Oversight of Municipal Fiscal Health

### Recent Changes

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>■ <u>Public Act 17-2 (2017)</u></li> <li>■ Established tiers of fiscal distress based on set of indicators               <ul style="list-style-type: none"> <li>- <i>4 tiers</i></li> </ul> </li> <li>■ Created oversight board for designated municipalities               <ul style="list-style-type: none"> <li>- <i>Municipal Accountability Review Board (MARB)</i></li> </ul> </li> <li>■ Several paths to MARB oversight</li> </ul> | <ul style="list-style-type: none"> <li>■ <u>Public Act 19-193 (2019)</u></li> <li>■ Established process for early detection of municipal fiscal distress</li> <li>■ Based on 7 fiscal indicators</li> <li>■ Automatic triggers for referral to MFAC               <ul style="list-style-type: none"> <li>▪ <i>May ultimately lead to referral to MARB</i></li> </ul> </li> </ul> |
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## Tier Designations (P.A. 17-2)

- Four Tiers
  - Oversight at Tiers I – III
  - Intervention and Control at Tier IV
- Criteria for Tiers I - III:
  - Fund Balance
  - Bond Rating
  - Reliance on State Aid
  - Tax Rate/Tax Base

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## Tiered Calculations - 1<sup>st</sup> Year

<u>DESIGNATED AND PRELIMINARY PROJECTED MUNICIPALITIES</u>										10/1/2018
Municipality	Moody's	S&P	Fitch	Fund Balance %	2016 State Aid %	2017 State Aid %	EqMR	Muni Rev Inc Factor	Designated Tier	
<u>Designated Municipalities</u>										
HARTFORD	B2	BB+		0.84%	49.51%	54.09%	36.53	-0.39%	Tier III	
WEST HAVEN - Deficit Bonds	Baa3	BBB		-10.60%	43.45%	41.38%	26.42	0.12%	Tier III	
<u>Preliminary Projected Tiers</u>										
<u>Tier III Municipalities</u>										
S2(B) BRIDGEPORT	Baa1	A	A	3.18%	41.06%	44.69%	35.82	-1.10%		
S2(B) NEW BRITAIN	Baa2	A+	A-	13.95%	43.62%	47.39%	33.50	-0.24%		
S2(A) NEW HAVEN	Baa1	BBB+	BBB	-0.58%	45.28%	48.47%	24.54	-0.22%		
<u>Tier II Municipalities</u>										
S2 BROOKLYN				4.51%	37.71%	34.27%	18.57	-3.67%		
S3 EAST HARTFORD	Aa3			9.63%	32.55%	36.07%	31.50	-0.36%		
S3 NAUGATUCK	Aa3	AA-	AA	9.98%	32.04%	34.05%	32.45	-0.48%		
S2 PLYMOUTH		A+		3.66%	33.07%	34.66%	26.60	-1.86%		
S5 SPRAGUE	Baa2			1.42%	41.83%	42.75%	21.61	-3.51%		
S3 TORRINGTON	Aa3	AA-		15.53%	27.45%	31.04%	31.35	-1.37%		
S3 WATERBURY	A2	AA-	AA-	5.09%	37.55%	42.51%	40.75	-0.33%		
<u>Tier I Municipalities</u>										
S2 HAMDEN	Baa2	A	BBB+	1.25%	20.26%	23.35%	31.64	-1.28%		

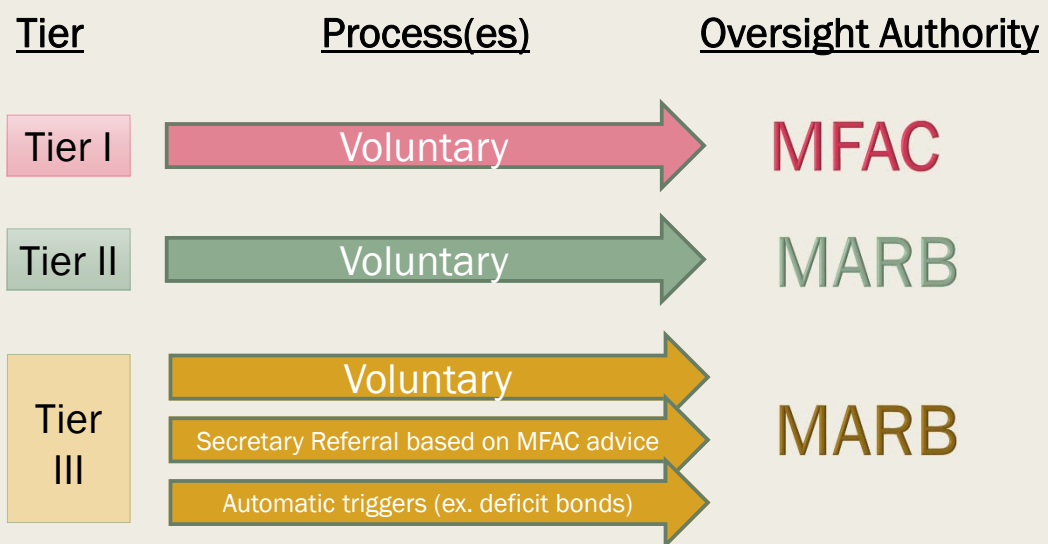
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## Municipal Accountability Review Board (MARB)

- 11 Member Board consisting of:
  - Secretary of OPM (or designee)
  - State Treasurer (or designee)
  - Appointed members with backgrounds in specified fields (municipal finance, legal, labor, etc.)
- Meet monthly as full board
  - subcommittee structure for each designated municipality
- Staffed by OPM

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## Paths to Oversight



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## Oversight at Tier I

- Tier I
  - *Oversight by MFAC*
  - *Requires development of three year financial plan*
  - *May require chief executive to appear before MFAC*
    - Provide information on financial condition
    - Provide remedial plan
    - Report on implementation of recommendations from commission
  - *Currently, no municipalities designated at Tier I*

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## Oversight at Tier II

- Tier II
  - *Oversight by MARB*
  - *Requires development of three year financial plan*
  - *MARB must approve certain elements of annual budget*
  - *MARB may require submittal of additional financial or related information*
  - *Tier II makes municipality eligible for Restructuring Funds*
    - If granted Restructuring Funds, annual budget subject to MARB approval
  - *Currently one municipality designated at Tier II*

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## Oversight at Tier III

- Tier III
  - Oversight by MARB
  - Requires development of three year financial plan
  - MARB must approve certain elements of annual budget
  - MARB approves most labor contracts
  - Review and comment on non-labor contracts, debt issuance, etc.
  - Tier III makes municipality eligible for Restructuring Funds
    - If granted Restructuring Funds, annual budget subject to MARB approval
  - Currently 2 municipalities designated at Tier III

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## MFAC Role in Tier III Referral

- MFAC reviews financial condition of municipalities meeting Tier III criteria
- Make recommendation to Secretary regarding referral of municipality to MARB
- Review and analysis based on range of indicators
  - Fund balance
  - Operating results
  - Debt management
  - Cash Mgt/Liquidity
  - Employee benefits
  - Tax base and demographics
  - Audit reports/findings
  - Budget analysis

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## MFAC Role in Tier III Referral

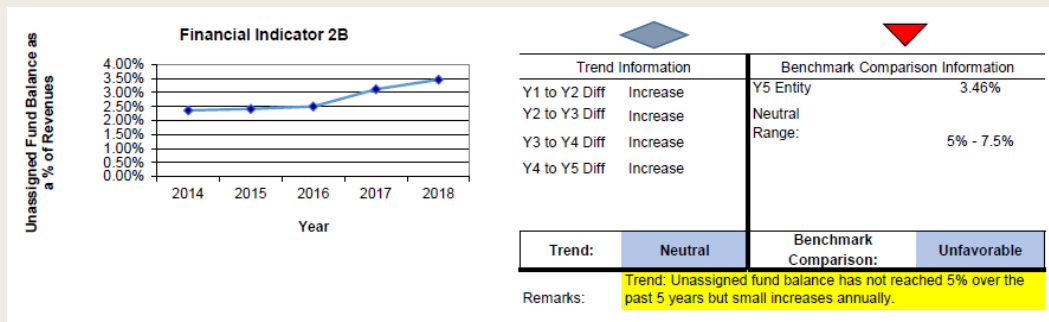
- Excerpt from multi-year trend analysis

Operating Results/Fund Balance						Neutral Range	Current Year Benchmark / Peer Group Evaluation	Multi-Year Trend Evaluation
	2014	2015	2016	2017	2018	Description		
1	Operating Surplus (Deficit) as a % of Revenues - General Fund					0% - 1.5%	Neutral	Neutral
2A	Total Fund Balance (Deficit) as a % of Revenues - General Fund					5% - 7.5%	Unfavorable	Neutral
2B	Unassigned Fund Balance (Deficit) as a % of Revenues - General Fund					5% - 7.5%	Unfavorable	Neutral
<b>Significant Fund Deficits - Non-Capital Projects Funds</b>								
3	Internal Service Fund					\$0 to (\$1,000,000)	Unfavorable	Unfavorable
Cash Management/Liquidity						Neutral Range	Current Year Benchmark / Peer Group Evaluation	Multi-Year Trend Evaluation
	2014	2015	2016	2017	2018	Description		
4A	TANs and Other S/T Notes Issued as % of Expenditures					Over 0% - 2%	Unfavorable	Unfavorable
4B	Interfund Loans Owed by the General Fund					-	N/A	Neutral

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## MFAC Role in Tier III Referral

- Excerpt from benchmark comparisons



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## Intervention and Control – Tier IV

- Tier IV
  - *Process for elevating municipality under Tier III oversight to Tier IV*
  - *High degree of control by MARB*
  - *Approval of budget and tax rate and ability to impose interim budget*
  - *Ability to impose binding arbitration re: labor contracts*
  - *Authority to approve/disapprove budget transfers (including BOE)*
  - *Authority to appoint financial manager*
  - *No municipalities at Tier IV*

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## MFAC Early Detection (P.A. 19-193)

- Municipalities meeting certain criteria automatically referred to MFAC
- Municipalities that meet any of 7 criteria based on audited financials:
  - *Negative fund balance*
  - *3 years of fund balance < 5%*
  - *2 consecutive years declining fund balance*
  - *3 consecutive years using TANs or BANs to meet cash liquidity*
  - *General Fund deficit of 1.5% in prior year*
  - *Average General Fund deficit of 2% over two years*
  - *Bond rating below A*
- New process – to be implemented beginning with FY 2019 data

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## Next Developments

- Automation of financial data
- Automation of analysis
- Fine-tune indicators/criteria (through legislative process)

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## CT Office of Policy & Management

*Thank you for your interest. Please feel free to contact us with any questions.*

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