



# Senate

General Assembly

**File No. 521**

February Session, 2008

Substitute Senate Bill No. 685

*Senate, April 7, 2008*

The Committee on Government Administration and Elections reported through SEN. SLOSSBERG of the 14th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING A STATE MUNICIPAL FINANCE ASSISTANCE PROGRAM.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) (a) Not later than July 1,  
2 2009, the Auditors of Public Accounts shall establish a municipal  
3 finance assistance program. Such program shall: (1) Offer financial  
4 management assistance to municipalities of the state upon the request  
5 of the chief elected official or legislative body of any such municipality;  
6 (2) provide that any municipality that seeks such assistance shall  
7 submit to the Auditors of Public Accounts for review any documents  
8 relating to the budget of such municipality or any other financial  
9 matter for which such assistance is sought; and (3) enable the Auditors  
10 of Public Accounts to issue a report to the General Assembly, after  
11 consultation with such municipality, whenever such review indicates  
12 the likely need for state intervention or assistance to remedy any  
13 financial condition of such municipality.

14 (b) On or before January 1, 2010, and annually thereafter, the  
15 Auditors of Public Accounts shall report to the joint standing  
16 committee of the General Assembly having cognizance of matters  
17 relating to government administration on the utilization of such  
18 program by municipalities of the state.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

**GAE**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$
Auditors	GF - Cost	Significant	Significant

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill requires the Auditors of Public Accounts to establish a municipal finance assistance program. The Auditors must offer financial management assistance to any municipality that requests it.

The Auditors may have to offer financial management assistance to all of the state’s 169 municipalities. The bill is unclear as to what type of “financial management assistance” the Auditors are expected to provide.

There are two approaches to establishing a municipal finance assistance program; 1) hire additional full-time staff, or 2) contract with a certified public accounting (CPA) firm to perform this work. Both approaches will result in a significant cost to the Auditors.

If the Auditors have to provide financial management assistance to numerous municipalities, the agency would need to create a Municipal Financial Management Unit. This unit would employ 5 new positions; 4 auditors and one supervisor (the annualized cost for these 5 employees is \$455,000, plus fringe benefits). The FY 09 cost is estimated to be \$228,000, plus fringe benefits, based on half-year funding.

If the Auditors do not receive many municipal requests for financial management assistance, it is anticipated that they would contract a CPA firm to perform this work. The costs to provide this financial

service would depend on the size of the municipality and the complexity of the work.<sup>1</sup>

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

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<sup>1</sup> For reference to potential costs, in 2000, the Auditors contracted a CPA firm to conduct a performance audit of the University of Connecticut Health Center at a cost of \$582,000.

**OLR Bill Analysis****sSB 685*****AN ACT CONCERNING A STATE MUNICIPAL FINANCE ASSISTANCE PROGRAM.*****SUMMARY:**

This bill requires the state auditors to establish a municipal finance assistance program by July 1, 2009 and annually report to the Government Administration and Elections Committee on municipalities' use of it. The reports are due by January 1 each year, beginning in 2010.

The program must:

1. offer financial management assistance to municipalities if their chief elected official or legislative body requests it;
2. require any municipality seeking assistance to allow the auditors to review any budget documents or any other financial matter for which assistance is sought; and
3. enable the auditors to issue a report to the legislature, after consulting with the municipality, whenever a review indicates that state intervention or assistance will likely be needed to remedy any financial condition.

EFFECTIVE DATE: Upon passage

**COMMITTEE ACTION**

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 11      Nay 0      (03/19/2008)