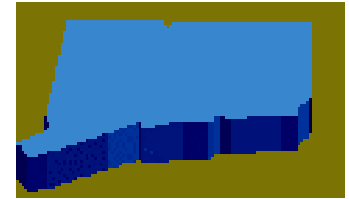


# GFOA-CT

Government Finance Officers Association of Connecticut

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Quarterly Newsletter

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## *President's Message*

*By Kate Clarke-Buch*

Happy New Year! I hope everyone had happy and healthy holidays! The Fall meeting at the Aqua Turf in Southington was successful. Many thanks to Bob Curry and Sal Pandolfo for putting the meeting and luncheon together. Thank you also to the speakers. The winter started off well. The UCONN Huskies won their first ever bowl game and (knock wood) snow fall is down from last year – at least in Fairfield County. Our winter meeting is looking good too! It is scheduled for February 3<sup>rd</sup>, at the Marriott in Rocky Hill. It promises to be an interesting and informative day. Please join us! Plans are already underway for "Connecticut Night" at the National Conference in San Antonio. Tom Hamilton (Norwalk) is heading up that committee. Next year, the New England States GFOA Conference will be held in Connecticut. Jeff Smith is in charge of planning. We'll be hearing more on that before long!

## *Accounting Standards Committee*

*By James Jaskot*

Since the last newsletter, the GASB has issued one Statement, and two Exposure Drafts (ED's), one of which resulted in a Technical Bulletin (TB). A summary of these two pronouncements follows, along with an overview of the remaining ED:

*GASB Statement 46, Net Assets Restricted by Enabling Legislation, an amendment of GASB Statement No. 34*

The GASB issued Statement 46, *Net Assets Restricted by Enabling Legislation, an amendment of GASB Statement No. 34* in December of 2004. This Statement is intended to assist governments in applying the phrase *legally enforceable* to enabling legislation restrictions on net assets. "Enabling Legislation" seems to be more of an issue at the state level since states, being sovereign, are free to repeal what they legislate. When enforceability becomes a question, the guidance will help determine how restricted fund balances are subsequently reported. Net assets at the end of the reporting period that are restricted by enabling legislation should be disclosed in the notes to the financial statements. This Statement is effective for periods beginning after June 15, 2005. It may be ordered by telephoning the GASB Order Department at 1-800-748-0659, and asking for the Product Code No. GS46.

*GASB TB No. 2004-2, Recognition of Pension and Other Postemployment Benefit Expenditures / Expense and Liabilities by Cost-Sharing Employers*

The GASB issued TB No. 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures / Expense and Liabilities by Cost-Sharing Employers* in December of 2004. The TB clarifies accounting requirements for employers' contractually required contributions to cost-sharing pension plans in Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and other postemployment benefit (OPEB) plans in Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The TB clarifies that a cost-sharing employer should recognize the contractually required contributions assessed for the employer's financial reporting period as expenditures of that period, and should recognize any unpaid contributions assessed for that period as liabilities, in governmental fund financial statements prepared on the modified accrual basis of accounting. The amount of expense recognized in government-wide financial statements prepared on the accrual basis of accounting would generally be the same. The TB is effective for financial statements for periods ending after December 15, 2004, with respect to pension transactions (earlier application is encouraged), and should be applied simultaneously with the implementation of Statement 45 with respect to OPEB transactions. The TB may be ordered by telephoning the GASB Order Department at 1-800-748-0659, and asking for the Product Code No. GTB04-2.

*ED, Accounting for Termination Benefits*

An ED on *Accounting for Termination Benefits* is expected to result in a Statement sometime during the second quarter of 2005. The proposed Statement would establish accounting guidance for state and local governmental employers regarding benefits provided to employees who terminate employment. These early retirement and severance benefits, provided as the result of voluntary or involuntary terminations, include cash payments (one-time or a series), enhancements to defined benefit pension or OPEB formulas, healthcare coverage when none otherwise would be provided, continued access to health insurance through the employer's group insurance plan, career counseling, and outplacement services. The proposed Statement would require employers to recognize, in financial statements prepared on the accrual basis of accounting, the cost of voluntary termination benefits when the offer is accepted and the cost of involuntary termination benefits when a plan of termination has been approved and communicated to the employees. In addition, the proposal would establish measurement and disclosure requirements for termination benefits. If enacted, the proposed standards would become effective in two parts. For termination benefits provided through an existing defined benefit OPEB plan, implementation would be required simultaneously with the requirements of Statement NO. 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other Than Pensions*. For all other termination benefits, the proposed Statement would be effective for financial statements for periods beginning after June 15, 2005. Earlier application would be encouraged. The ED may be ordered by telephoning the GASB Order Department at 1-800-748-0659, or downloading from the GASB website, [www.gasb.org](http://www.gasb.org). The comment period on the ED concludes on March 11, 2005.

***Legislative Committee***

***By Jim Finch & Mike Walsh***

The Legislative Committee of the Connecticut GFOA is seeking a sponsor for legislation which will expressly enable municipalities to establish other post employment benefit (OPEB) trust funds. Currently a handful of communities are setting aside funds under a variety of statutes, however, our goal is to provide a legislative remedy specifically geared toward addressing OPEB issues. Thankfully Douglas Gillette of Day Berry & Howard has provided the committee with draft legislation, which if approved would establish OPEB trust funds and allow municipalities to issue bonds to fund their OPEB liabilities. Essentially the legislation amends the pension statutes which seemed to be a reasonable approach given the relative similarities between OPEB and pension liabilities.

In December Mike Walsh and Jim Finch working with our GFOA lobbyist M.P. Guinan met with State Treasurer Denise Nappier and her staff to review the proposed legislation. The Treasurer found no immediate problems with the draft and

pledged to review it further. The committee has also forwarded a draft to the Office of Policy and Management, the Connecticut Conference of Municipalities and Representative Cameron Staples.

A draft of this legislation is attached to the newsletter.

## ***GFOA National Conference – San Antonio, TX.***

***By Tom Hamilton***

The GFOA national conference will be held in San Antonio, Texas this year, from June 26, 2005 to June 29, 2005. The GFOA of Connecticut is planning a dinner event for Monday evening, June 27, 2005.

The event this year will be held at the Don Strange Ranch of Texas, located in Hill Country approximately 40 minutes outside of San Antonio. Although the ranch has an authentic look and feel, it was constructed as a full facility event venue. We have planned a Texas-style evening, complete with venison quesadillas, Hill Country sausage, Texas ribeye steak, and grilled chicken.

Our entertainment plans are still being formulated, but it will most certainly be appropriate to our western locale. Dress for the evening will be casual. Country/Western dress is encouraged!

Bus transportation from one of the main conference hotels will be provided, leaving at 6:00 PM. Return buses will be staggered to accommodate both the early and late crowd.

We hope that you will be able to join us in San Antonio. Sponsors are currently being sought, and ticket information will be announced soon. For further information, please feel free to contact me at (203) 854-7870 or [thamilton@norwalkct.org](mailto:thamilton@norwalkct.org)

## ***John T. Walsh Scholarship Committee***

***By Bill Hogan***

The Walsh Scholarship is now in its ninth year and has surpassed over \$25,000 in awards. This year the committee intends to once again fund an annual scholarship to the GFOA's Advanced Government Finance Institute held each year at the University of Wisconsin. It is awarded to a senior level municipal finance officer who have demonstrated leadership and active participation in the GFOA-CT. Alan Desmarais Director of Finance from the Town of Manchester and Glenn Klocko, Comptroller with the City of Bristol have attended the Institute through the Walsh Scholarship.

The Institute is a five-day intensive program that provides senior level finance professionals the opportunity to analyze long-term finance issues in an academic environment. This year's seminar will be held August 14-19<sup>th</sup>.

**For more information on the *Advanced Government Finance Institute* go to <http://www.gfoa.org>**

Walsh Scholarship information and the application will be distributed to CT- GFOA members in early 2005.

*The John T. Walsh Scholarship Committee* is comprised of William J. Hogan, Director of Finance with the Town of Newington, Catherine S. Boone, Deputy State Treasurer and William J. Cochran, former Director of Finance with the City of Hartford. All are former employees of Mr. Walsh.

## ***GFOA Advanced Government Finance Officers Institute***

***By Glenn Klocko***

As the recipient of the 2004 John Walsh Scholarship to the Advanced Finance Institute of the GFOA located on the University of Wisconsin campus in Madison, Wisconsin, I've been asked to write about the experience. I'm grateful to the nominating committee, (all of whom worked for John at one time or another during the course of John's long career) for their support of me as this year's 'winner' of the scholarship award.

Alan Desmarais, a previous Walsh Scholarship recipient, told me prior to my attending that he really enjoyed the week long Advanced Institute when he attended. He described the experience as 'outstanding'. Interestingly, when I first arrived at the housing building to check in, I met Joanne Howard, a GFOA representative of the program. Upon introducing myself as being from Connecticut, she said: "then you must know, Alan Desmarais, an outstanding student of this Institute." Instantly, I knew that Joanne felt any Connecticut representative to the institute had a highly regarded previous reputation to live up to. I'm proud to write that Connecticut continued its status, but not at first.

Troublemaker. That's the title Joanne labeled me after the first day of classes. So much for speaking up to professor's on debatable topics and so much for Connecticut's reputation. I've got more to say I thought to myself. I'll get back to this troublemaker story in a moment.

Actually, after the second day of morning and afternoon sessions, my classmates started to question the 'advanced' in the GFOA's chosen topics of learning and the level of experience as well as the skill sets of those attending after we learned that 23 out of 42 attendees had 3 to 5 years experience with only a handful, say 6 or so, with more than 15+ years experience. It seemed the more seasoned pros were slightly bored early on. However, that thought soon changed.

The professors were excellent. They were highly experienced and highly motivated to teach us on a variety of topics suited to all levels of experience. With professors being from the academia world, the class quickly challenged the first two professors who were co-teaching a session. The professors placed cost as a low factor of importance when explaining a financial situation. Several members of the class quickly jumped all over them. I guess I wasn't the only member of the class with potential for troublemaker status.

Any way, we were given a case study to present at the end of the week. There were actually three case studies with six groups presenting. Doubling up on cases was necessary. The case hung over our heads all week like a long term paper due in college. Case groups were up early before breakfast and out late after dinner preparing for presentations. The cases were basic stuff for the more experienced of the groups; budgetary challenges, merging of operations and my group case...a mounting loss in the pension fund unnoticed until the auditors stepped in.

In addition to the case and financial topics, the course reviewed: team building skills, balancing work with life skills, GASB updates, and other less financial and more philosophical, yet useful issues. I didn't realize how 'advanced' the course work really was until I thought about the topics and issues and what we learned well after the course was over, on the flight home.

What was expected to be a financially challenging course was actually that and a great deal more. The course challenged you to work as and contribute to a team effort, or fall victim of group criticism. You learned from others input and experiences, either in the sessions, over lunch, during dinner, or certainly during case preparation. As a class, we spent much time together and made friends. Did I forget to mention the days were long and intense? By the way, all fifty states were not represented in the class, and if willing to pay, you may apply and attend on your own or at your communities' expense. Attendee's however, were from all over the country. In addition, we did have several "students" from Canada which provided a nice additional perspective for us (U.S.) natives. We learned a great deal about ourselves, our limitations, our understanding of others in and out of the workplace, and what multitude of factors contribute to the success of organizations we work for as well as what it really means to be successful as an individual...from the 'balanced life' session. One professor used his team building skill he was taught in Vietnam as a platoon leader, passing a volley ball. That session really impressed everyone.

Well, guess what? I lost my troublemaker status at the end of the week due to the fact that our group case presentation won first place by class vote! In the end, this time, it served me well to be somewhat outspoken.

We presented our response to the case in the form of a skit. We were not unique. Others did the same. In our skit, I played the town manager, and a Canadian colleague was my Director of Finance. Other members of the skit played council members, finance staff, as well as independent auditors. We weathered the storm of class questions and dazzled them with our wit and talent... and after all was said and done and the vote was in, Joanne never mentioned 'troublemaker' the rest of the week.

In summary, it was a very good experience. I often reminisce of the lessons learned (I will always keep the text) and friends made. One day I wore my Uconn 2004 dual championship shirt and cap sitting next to a lady student from Tennessee. We had a good-natured verbal exchange about Uconn versus Tennessee coaches, players, and fans.

If you or your organization can afford the cost and time away, I highly recommend the Advanced Institute college campus experience. You will certainly gain a wide variety of new knowledge to bring home and to work from the professors, guest speakers, and your colleagues from around the United States and Canada. Thank you GFOA-Ct.

***AN ACT CONCERNING THE CREATION, MANAGEMENT AND FUNDING OF MUNICIPAL POST-EMPLOYMENT HEALTH AND LIFE BENEFIT SYSTEMS.***

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

Section 1. Section 7-450 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Any municipality or subdivision thereof may, by ordinance, establish pension[ **and** ], retirement [or other post-employment health and life benefit](#) systems for its officers and employees and their beneficiaries, or amend any special act concerning its pension[ **or** ], retirement [or other post-employment health and life benefit](#) system, toward the maintenance in sound condition of a [pension](#), retirement [or other post-employment health and life benefit](#) fund or funds, provided the rights or benefits granted to any individual under any municipal [pension](#), retirement or [**pension**][other post-employment health and life benefit](#) system shall not be diminished or eliminated. The legislative body of any such municipality, by a two-thirds vote, may provide for pensions to persons, including survivors' benefits for widows of such persons, not included in such [pension or](#) retirement [**or pension** ]system.

(b) (NEW)The provisions of subsection (a) shall not operate to invalidate the establishment of any post-employment health and life benefit system duly established prior to the effective date of section 1 of this act by any municipality or subdivision thereof pursuant to the provisions of any public or special act, charter, special act charter, home-rule ordinance, local ordinance or local law.

Sec. 2. Section 7-450a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Any municipality, in which a pension[ ~~or~~], retirement or other post-employment health and life benefit system applicable with respect to any employees of such municipality has been established by ordinance or under the authority of any public or special act, charter or special act charter, shall have prepared, no less often than once every five years commencing July 1, 1977, an actuarial evaluation of such system, including evaluation of accumulated or past service liability and the annual liability related to benefits currently earned under such system. Such evaluation shall be prepared by an actuary enrolled by the joint board for the enrollment of actuaries established under Subtitle C of Title III of the federal act entitled Employee Retirement Income Security Act of 1974, and such evaluation shall be prepared on the basis of such assumptions as to interest earnings, mortality experience, employee turnover and any other factors affecting future liabilities under such system, which in the judgment of such actuary represent the best estimate as to future experience under such system.

(b) No ordinance or act altering the pension[ ~~or~~], retirement or other post-employment health and life benefit system shall be enacted until the legislative body, as defined in subsection (3) of section 7-425, has requested and received a qualified cost estimate from such enrolled actuary.

(c) Any municipality subject to the requirements in subsection (a) of this section shall have prepared, within six months following the adoption of any amendment to such system increasing benefits to any extent, in addition to such evaluations as required under subsection (a), a revision of the last preceding evaluation reflecting the increase in potential municipal liability under such system. If such amendment is adopted within one year preceding a date on which an actuarial evaluation is required under subsection (a), an additional evaluation shall not be required.

(d) Any actuarial evaluation prepared for a municipality in accordance with this section shall be delivered to the chief fiscal officer of such municipality who shall file a certified copy thereof with the town or city clerk for custody in the manner of other public records. A summary of such evaluation, including a statement prepared by the actuary as to the amount of annual payment that should be made for proper funding on the basis of such evaluation with respect to benefits currently earned and the accumulated or past service liability, shall be included in the first annual report of the municipality next following completion of each such evaluation.

Sec. 3. Subsection (a) of section 7-403a of the general statutes, as amended by section 1 of public act 04-116, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) [~~Upon~~]Notwithstanding the provisions of section 7-450(a), as amended by section 1 of this act, upon the recommendation of the chief executive officer of a municipality and approval of the budget-making authority of the municipality, the legislative body of any municipality, as defined in section 7-369, may, by a majority vote, create a loss and retiree benefits reserve fund.

Sec. 4. Subsection (b) of section 7-374b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) [~~Any~~]Notwithstanding the provisions of section 7-374(c), as amended by section 5 of this act, any municipality may authorize the issuance of bonds, notes or other obligations in accordance with the provisions of this chapter for the purpose of funding a loss and retiree benefits reserve fund established pursuant to section 7-403a.

Sec. 5. Section 7-374c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For purposes of this section:

(1) "Actuarial valuation" means a determination certified by an enrolled actuary, in a method and using assumptions meeting the parameters established by generally accepted accounting principles, of the normal cost, actuarial accrued liability, actuarial value of assets and related actuarial present values for a pension [or post-employment health and life benefit](#) plan of a municipality as of a valuation date not more than thirty months preceding the date of issue of the pension [or other post-employment benefit](#) deficit funding bonds, together with an actuarial update of such valuation as of a date not more than three months preceding the date of notification of the secretary by the municipality, in accordance with subdivision (1) of subsection (c) of this section, of its intent to issue the pension [or other post-employment benefit](#) deficit funding bonds.

(2) "Actuarially recommended contribution" means the lesser of the annual employer normal cost or the recommended annual required contribution to the pension [or post-employment health and life benefit](#) plan of the municipality, each of which is established by the actuarial valuation and determined by an enrolled actuary in a method and using assumptions meeting the parameters established by generally accepted accounting principles provided such contribution shall, in a time and manner to be prescribed by regulations adopted by the secretary, in consultation with the Treasurer, be at least equal to the amount actuarially determined necessary to maintain the pension [or post-employment health and life benefit](#) plan's funding ratio substantially the same as immediately succeeding the deposit of the proceeds of the pension [or other post-employment benefit](#) deficit funding bonds in such pension [or post-employment health and life benefit](#) plan.

(3) "Chief executive officer" means such officer as described in section 7-193.

(4) "Enrolled actuary" means a person who is enrolled by the Joint Board for the Enrollment of Actuaries established under subtitle C of title III of the Employee Retirement Income Security Act of 1974, as from time to time amended.

(5) "General obligation" means an obligation issued by a municipality and secured by the full faith and credit and taxing power of such municipality.

(6) "Municipal Finance Advisory Commission" means the Municipal Finance Advisory Commission established pursuant to section 7-394b.

(7) "Municipality" means a municipality, as defined in section 7-369.

(8) "Obligation" means any bond or any other transaction which constitutes debt in accordance with both municipal reporting standards in section 7-394a and the regulations prescribing municipal financial reporting adopted by the secretary pursuant to said section 7-394a.

(9) "Pension [or other post-employment benefit](#) deficit funding bond" means any obligation issued by a municipality to fund, in whole or in part, an unfunded past benefit obligation. "Pension [or other post-employment benefit](#) deficit funding bond" shall not include any bond issued by a municipality pursuant to and in accordance with the provisions of subsection (g) of this section to pay, fund or refund prior to maturity any of its pension [or other post-employment benefit](#) deficit funding bonds previously issued, or any bond issued prior to January 1, 1999, but may include any bond issued by a municipality prior to January 1, 1999, for the sole and exclusive purposes of (A) applying the provisions of subsection (f) of this section in lieu of subsection (c) of section 7-403a as the municipality may determine, and (B) requiring the municipality to apply and comply with the provisions of subsections (c) and (d) of this section.

(10) "Secretary" means the Secretary of the Office of Policy and Management or the secretary's designee.

(11) "Treasurer" means the Treasurer of the state of Connecticut or the Treasurer's designee.

(12) "Unfunded past benefit obligation" means the unfunded actuarial accrued liability of the pension [or post-employment health and life benefit](#) plan determined in a method and using assumptions meeting the parameters established by generally accepted accounting principles.

(13) "Weighted average maturity" means (A) the sum of the products, determined separately for each maturity or sinking fund payment date and taking into account any mandatory redemptions of the obligation, of (i) with respect to a serial obligation, the principal amount of each serial maturity of such obligation and the number of years to such maturity, or (ii) with respect to a term obligation, the dollar amount of each mandatory sinking fund payment with respect to such obligation and the number of years to such payment, divided by (B) the aggregate principal amount of such obligation.

(b) Except as expressly provided in this section, no municipality shall issue any pension [or other post-employment benefit](#) deficit funding bond.

(c) Any municipality [\[which\] may in accordance with the following requirements authorize and issue pension or other post-employment benefit deficit funding bonds to fund the payment of costs related to the issuance of such bonds and all or a portion of an unfunded past benefit obligation: \(i\) with respect to a pension plan, provided that the municipality has no outstanding pension or other post-employment benefit deficit funding bonds\[, other \] issued to fund in whole or in part an unfunded past pension obligation, other than an earlier series of such obligations issued under subsection \(b\) of section 7-374b or this section to partially fund an unfunded past pension obligation, or \(ii\) with respect to a post-employment health and life benefit plan, provided that the municipality has no outstanding pension or other post-employment benefit deficit funding bonds issued to fund in whole or in part an unfunded past post-employment health and life benefit obligation, other than an earlier series of such obligations issued under this section to partially fund an unfunded past post-employment health and life benefit obligation](#)[\[may authorize and issue pension deficit funding bonds to fund all or a portion of an unfunded past benefit obligation, as determined by an actuarial valuation, and the payment of costs related to the issuance of such bonds in accordance with the following requirements\].](#)

(1) The municipality shall, within the time and in the manner prescribed by regulations adopted by the secretary or as otherwise required by the secretary, notify the secretary of its intent to issue such pension [or other post-employment benefit](#) deficit funding bonds and shall include with such notice (A) the actuarial valuation, (B) an actuarial analysis of the method by which the municipality proposes to fund any unfunded past benefit obligation not to be defrayed by the pension [or other post-employment benefit](#) deficit funding bonds, which method may include a plan of issuance of a series of pension [or other post-employment benefit](#) deficit funding bonds, (C) an explanation of the municipality's investment strategic plan for the pension [or post-employment health and life benefit](#) plan with respect to which the pension [or other post-employment benefit](#) deficit funding bonds are to be issued, including, but not limited to, an asset allocation plan, (D) a three-year financial plan, including the plan of finance for such pension [or other post-employment benefit](#) deficit funding bonds, prepared in the manner prescribed by the secretary, (E) documentation of the municipality's authorization of the issuance of such pension [or other post-employment benefit](#) deficit funding bonds, and (F) such other information and documentation, as defined in regulations, as is required by the secretary or the Treasurer to carry out the provisions of this section.

(2) So long as the pension [or other post-employment benefit](#) deficit funding bonds or any bond refunding such bonds are outstanding, the municipality shall (A) meet any actuarially recommended contribution in each fiscal year of the municipality commencing with the fiscal year in which the bonds are issued, and (B) notify the secretary annually, who shall in turn notify the Treasurer, of the amount and the rate of any such actuarially recommended contribution and the amount and the rate, if any, of the actual annual contribution by the municipality to the pension [or post-employment health and life benefit](#) plan to meet such actuarially recommended contribution.

(3) The municipality shall not issue pension [or other post-employment benefit](#) deficit funding bonds prior to, nor more than six months subsequent to, receipt of the written final review required under subsection (d) of this section. A municipality may renotify the secretary of its intention to issue pension [or other post-employment benefit](#) deficit funding bonds and provide the

secretary with updated information and documentation in the manner and as described in subdivision (1) of this subsection, and request an updated final review from the secretary if more than six months will elapse between the receipt of the prior final review of the secretary and the proposed date of issue of the pension [or other post-employment benefit](#) deficit funding bonds.

(d) Upon receipt of notification from a municipality that it intends to issue pension [or other post-employment benefit](#) deficit funding bonds, the secretary shall inform the Treasurer and the Municipal Finance Advisory Commission of such notification. The secretary and the Treasurer shall review the information and documentation required in subsection (c) of this section and within fifteen days shall notify the municipality as to the adequacy of the materials provided and whether any additional information is required. The secretary and the Treasurer shall issue a written final review to the municipality verifying that the municipality has complied with the provisions of subdivision (1) of subsection (c) of this section and, including any recommendations to the municipality concerning the issuance of pension [or other post-employment benefit](#) deficit funding bonds, not later than thirty days following the receipt of such information and documentation. The secretary shall file a copy of such final review with the chief executive officer of the municipality and the Municipal Finance Advisory Commission. If the secretary and the Treasurer fail to provide a written final review to the municipality by the forty-fifth day following the receipt of such information and documentation, such final review shall be deemed to have been received by the municipality.

(e) Except as otherwise provided by this section, the provisions and limitations of this chapter shall apply to any pension [or other post-employment benefit](#) deficit funding bonds issued pursuant to the provisions of this section. Such pension [or other post-employment benefit](#) deficit funding bonds shall be general obligations of the municipality, and shall be serial bonds maturing in annual or semiannual installments of principal, or shall be term bonds with mandatory annual or semiannual deposits of sinking fund payments into a sinking fund. Notwithstanding the provisions of any other general statute or of any special act, charter, special act charter, home-rule ordinance, local ordinance or local law, (1) the first installment of any series of pension [or other post-employment benefit](#) deficit funding bonds shall mature or the first sinking fund payment of any series of pension [or other post-employment benefit](#) deficit funding bonds shall be due not later than eighteen months from the date of the issue of such series, provided that such first installment shall mature or such first sinking fund payment shall be due not later than the fiscal year of the municipality next following the fiscal year in which such series is issued, and the last installment of such series shall mature or the last sinking fund payment of such series shall be due not later than thirty years from such date of issue, (2) any such pension [or other post-employment benefit](#) deficit funding bonds may be sold at public sale on sealed proposal, by negotiation or by private placement in such manner at such price or prices, at such time or times and on such terms or conditions as the municipality, or the officers or board of the municipality delegated the authority to issue such bonds, determines to be in the best interest of the municipality, and (3) no municipality shall issue temporary notes in anticipation of the receipt of the proceeds from the sale of its pension [or other post-employment benefit](#) deficit funding bonds.

(f) Proceeds of the pension [or other post-employment benefit](#) deficit funding bonds, to the extent not applied to the payment of costs related to the issuance thereof, shall be deposited in the pension [or post-employment health and life benefit](#) plan of the municipality to fund the unfunded past benefit obligation for which the bonds were issued, and, notwithstanding any limitations on the investment of proceeds received from the sale of bonds, notes or other obligations set forth in section 7-400 may be invested in accordance with the terms of said pension [or post-employment health and life benefit](#) plan, as such terms may be amended from time to time.

(g) A municipality may authorize and issue refunding bonds to pay, fund or refund prior to maturity any of its pension [or other post-employment benefit](#) deficit funding bonds in accordance with the provisions of section 7-370c, provided, notwithstanding the provisions of said section 7-370c, the weighted average maturity of such refunding bonds shall not exceed the weighted average maturity of the outstanding pension [or other post-employment benefit](#) deficit funding bonds being paid, funded or refunded by such refunding bonds. The municipality shall notify the secretary, who shall in turn notify the Treasurer, of its intention to issue refunding bonds pursuant to this subsection, not less than fifteen days prior to the issuance thereof, and shall provide the secretary with a copy of the final official statement, if any, prepared for the refunding bonds, not more than fifteen days after the date of issue of such bonds.

(h) The secretary, in consultation with the Treasurer, shall adopt regulations, in accordance with the provisions of chapter 54, as necessary to establish guidelines concerning compliance with the provisions of subsections (c), (d) and (g) of this section.

Sec. 6. Subsection (b) of section 7-374 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) Limitation of indebtedness. No town and no municipality coterminous with or within such town shall incur any indebtedness in any of the following classes through the issuance of bonds which will cause the aggregate indebtedness, in that class, of such town and of all municipalities coterminous with and within such town, jointly, to exceed the multiple stated below for each class times the aggregate annual receipts of such town and of all municipalities coterminous with and within such town, jointly, from taxation for the most recent fiscal year next preceding the date of issue: (1) All debt other than debt for urban renewal projects, water pollution control projects, school building projects, as defined in section 10-289, and the funding of an unfunded past benefit obligation, as defined in section 7-374c, two and one-quarter; (2) debt for urban renewal projects, three and one-quarter; (3) debt for water pollution control projects, three and three-quarters; (4) debt for school building projects, as defined in section 10-289, four and one-half; (5) debt for the funding of an unfunded past benefit obligation, as defined in section 7-374c, ~~three; and (6)~~ with respect to a pension plan, three; (6) debt for the funding of an unfunded past benefit obligation, as defined in section 7-374c, with respect to a post-employment health and life benefit plan, three; and (7) total debt including subdivisions (1), (2), (3), (4), ~~(5)~~ and ~~[(5)](6)~~ of this subsection, seven. In the computation of annual receipts from taxation, there shall be included as such receipts interest, penalties, late payment of taxes and payments made by the state to such town and to municipalities coterminous with and within such town under section 12-129d and section 7-528. In computing such aggregate indebtedness, there shall be excluded each bond, note and other evidence of indebtedness (i) issued in anticipation of taxes; (ii) issued for the supply of water, for the supply of gas, for the supply of electricity, for the construction of subways for cables, wires and pipes, for the construction of underground conduits for cables, wires and pipes and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments which have been levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from any state or federal grant for which the town or municipality has received a written commitment or for which an allocation has been approved by the State Bond Commission or from a contract with the state, a state agency or another municipality providing for the reimbursement of capital costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for water pollution control projects in order to meet the requirements of an abatement order of the Commissioner of Environmental Protection, provided the municipality files a certificate signed by its chief fiscal officer with the commissioner demonstrating to the satisfaction of the commissioner that the municipality has a plan for levying a system of charges, assessments or other revenues which are sufficient, together with other available funds of the municipality, to repay such obligations as the same become due and payable; and (vi) upon placement in escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient, together with such investment earnings thereon as are to be retained in said escrow, to provide for the payment when due of the principal of and interest on such bond, note or other evidence of indebtedness. "Urban renewal project", as used in this section, shall include any project authorized under title 8, the bonds for which are not otherwise, by general statute or special act, excluded from the computation of aggregate indebtedness or borrowing capacity. In the case of a town that is a member of a regional school district, a portion of the aggregate indebtedness of such regional school district shall be included in the aggregate indebtedness of such town for school building projects for the purposes of this section. Such portion shall be determined by applying to the indebtedness of the district, other than indebtedness issued in anticipation of the receipt by the district of payments by its member towns or the state for the operations of such district's schools and of proceeds from any state or federal grant for which the district has received a written commitment or for which an allocation has been approved by the State Bond Commission or from a contract with the state, a state agency or another municipality providing for the reimbursement of capital costs but only to the extent such indebtedness can be paid from such proceeds, such member town's percentage share of the net expenses of such district for the most recent fiscal year next preceding the date of issue payable by such town as determined in accordance with subsection (b) of section 10-51.

