



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

DRAFT MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, December 7, 2022

Meeting Location: Telephonic Meeting

Date/Time: December 7, 2022, at 10:00 A.M.

Members Present: Ms. Kathleen Clarke Buch, Commission Chair
Mr. Anthony Genovese
Ms. Kimberly Kennison
Mr. Glenn Rybacki (joined the meeting at 10:04 a.m.)
Mr. John Schuyler
Ms. Rebecca A. Sielman
Ms. Diane Waldron

Members Absent: Mr. Michael LeBlanc

Others Present: Simon Jiang, OPM Staff
William Plummer, OPM Staff
Michael Reis, OPM Staff
Morgan Rice, OPM Staff
Austin Tanner, First Selectman, Town of Brooklyn
Shelley Cates, Finance Director, Town of Brooklyn
Richard Dziekan, Mayor, City of Derby
Walt Mayhew, Chief of Staff, City of Derby
Nancy Balsys, Deputy Finance Director, City of Derby
Dr. Matthew J. Conway, Jr., Superintendent, Derby Public Schools
Robert Trainor, Business Manager, Derby Public Schools
Lauren Garrett, Mayor, Town of Hamden
Curtis Eatman, Finance Director, Town of Hamden
Rick Galarza, Deputy Finance Director, Town of Hamden
Joseph Kilduff, Mayor, Town of Plymouth
Victoria Carey, Vice-Chair Plymouth Board of Finance
Grace Zweig, Finance Director, Town of Plymouth

1. Call to order

The meeting was called to order at 10:01 a.m. by Commission Chair Buch.

2. Approval of the minutes to the October 12, 2022, meeting

The minutes were unanimously approved by all Commissioners in attendance.

3. Town of Brooklyn

Commissioner Buch inquired about the status of the Town's FY 2021 audit findings. Finance Director Shelley Cates noted that Brooklyn's written update to the Commission indicated that the Town was continuing to seek guidance from its independent auditor in regard to its FY 2021 audit findings including the need for an update to its policies and procedures manual. The Town has also had meetings with the WPCA and plans to bring WPCA oversight in-house. Commissioner Buch inquired about the Town's policy as it relates to transfers and when transfers are made to ensure that departmental appropriations are not over-expended. First Selectman Tanner provided a description of the transfer process and when transfer occur. Commissioner Kennison recommended that on a go-forward basis, the Town should provide a description of any assumptions, policies and practices that would be beneficial to Commissioners when reviewing the Town's financial information, such as the Town's assumptions and practices in regard to its adopted budgets. In regard to staffing, Ms. Cates indicated that the joint finance office (Board of Education and Town) was now fully staffed.

Commissioner Buch thanked First Selectman Tanner and Finance Director Cates for attending the meeting.

4. City of Derby

Commissioner Rybacki indicated that the City of Derby was a client of his firm.

In response to Commissioner Buch's inquiry, the City's Chief of Staff, Walt Mayhew indicated that the finance director position that is vacant had yet to be advertised. The City is first seeking to determine the salary level to list for the position. Mr. Mayhew provided a description of where the City stood in regard to the implementation of corrective actions to resolve each of the FY 2021 audit findings. Mr. Mayhew also indicated that the FY 2021-22 budget results indicated an approximate \$300,000 revenue shortfall in property tax collections. Commissioner Waldron indicated her concerns in regard to the apparent variance for workers' compensation as disclosed in the FY 2021-22 budget to actual results. She noted the unusual large negative expenditure balance reported by the City. A discussion incurred among Commissioners and the City regarding the reason for the unusual negative expenditure. Mr. Mayhew indicated that he would look further into this matter to determine the cause for the unusual entry. Commissioner Genovese indicated some concern that the City was moving ahead with an RFP for a new financial accounting system without having a finance director in place. Commissioner Kennison agreed with Commissioner Genovese's concerns and also expressed her concerns that the City has a history of not closing its books in a timely manner. She would like to see the City prioritize the closing

of its FY 2022 records and the filling of the Finance Director position before utilizing the resources needed to install a new financial accounting system. Mr. Mayhew indicated his agreement with the priorities outlined by Commissioner Kennison. However, it is his belief that the City would be able to move forward with the RFP as he and Ms. Balsys have significant amount of experience with financial accounting systems and that the City has the financial capacity to bring on outside consulting help if needed to assist with matters concerning a new financial accounting system including a new chart of accounts.

As a result of Commissioner Buch's inquiry, Mr. Mayhew provided a description of when departmental transfers are required to be made and the process for making the transfers. Commissioner Buch expressed her appreciation for the City's attendance.

5. Town of Hamden

Mayor Garrett acknowledged that the budgeted FY 2021-22 tax collection rate was 98.8% and the City came in with a 98.7%, resulting in a revenue shortfall of \$2.4 million. In FY 2022-23, the City budgeted its tax collection rate at 98.7%, a more conservative collection rate. Going forward, the City plans to use a more conservative collection rate than the 98.8% used in FY 2021-22. Ms. Garrett explained that the City experienced savings in salaries but that is primarily due to not being able to fill needed vacant positions. The City believes that its FY 2022 audit should be completed by mid-December and that audit is expected to report a fund balance of \$14.1 million (the highest the Town has had going back a number of years). The Town plans to have one additional debt restructuring in the summer of 2023, that is expected to bring the Town's fund balance to approximately \$22 million. These debt restructurings have been an integral part of the Town's plan to grow and restore its fund balance. Mayor Garrett emphasized that the proceeds from the recent sale of Wintergreen is not represented in the Town's General Fund, fund balance. Those proceeds have been transferred to the Town's capital and non-recurring fund. A discussion ensued among Commissioners and the Town regarding maintaining fund balance at an adequate level and what plans the Town has to ensure that its fund balance does not erode subsequent to the debt restructuring planned in 2023. Commissioner Buch indicated her desire for the capital plan to be provided to the Commission once it becomes available. Commissioner Kennison also indicated her desire for the Town to share its updated 5-year fund balance plan once it is finalized as expected to be updated in March of 2023.

Commissioner Buch thanked the Town for its presentation.

6. Town of Plymouth

Commissioner Sielman indicated that her firm provides actuarial services for the Town.

Mayor Kilduff announced that Victoria Carey, the Vice-Chair of the Board of Finance, was in attendance for today's meeting. Commissioner Buch inquired whether the Town's property tax collections were on target as expected and Mayor Kilduff indicated that tax collections were on target. Finance Director, Grace Zweig, provided a description of where the Town is in regarding to getting its FY 2022 and FY 2023 records up-to-date including its reconciliations. Commissioner Schuyler acknowledged the difficulties in getting bank reconciliations up-to-date when the Town has fallen significantly behind. He expressed that one key metric as to progress, is the dollar amount that remains unreconciled and not

updated in the accounting system. Commissioner Kennison brought to the Town's attention that the FY 2021 management letter has still not been issued by the Town's audit firm. She hopes that the audit firm has at least went over with the Town the items that will be included in the management letter. Mayor Kilduff acknowledged that the FY 2022 audit report will not be issued by the December 31st due date, but he is committed to ensuring that future audits are completed on time and issued by the December 31st due date. A discussion of staffing of the finance office ensued among Commissioners and the Town. Commissioner Buch expressed her strong belief that the timely recording of transactions and bank reconciliations are practices that must be adhered to and she hopes that significant progress is made by the next meeting with the Commission. Commissioner Buch thanked the Town for attending today's meeting.

7. Other Business

a) Status of Outstanding Municipal Audit Reports – June 30, 2021

Mr. Plummer provided a description of the outstanding FY 2021 audits and the additional list of those municipalities that did not submit their audit reports within the extension period allowed under State Law. Commissioners expressed concerns regarding the number of municipalities with significantly late audits and the extended delays in submitting the reports. In regards to OPM's work plan to provide a set of tools to promote timely audits, Commissioner Buch indicated that OPM may want to interview several of the Towns that submitted late audits to gain an understanding for the late audits as the extension requests submitted to OPM may not provide sufficient detail.

b) Calendar Year 2023 Proposed Meeting Dates

The meeting dates were reviewed and unanimously approved by all Commissioners in attendance.

c) Other

Commissioner Buch acknowledged Commissioner Schuyler's retirement from the Commission effective as of December 31st. Commissioners expressed their appreciation for his long length of service on the Commission and expertise. Commissioners wished him well in his post-retirement.

8. Adjourned.

The meeting adjourned at 11:16 a.m.

Respectfully submitted,

Kimberly Kennison
Acting Commission Secretary