

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

SPECIAL MEETING

THURSDAY, MARCH 19, 2015

Meeting Location: Office of Policy and Management
450 Capitol Avenue, Room 4A
Hartford, CT 06106

Date/Time: March 19, 2015, 10:00 A.M.

Members Present: Chairman Thomas Hamilton
Ms. Kathleen Clarke Buch
Mr. Douglas Gillette
Mr. John Schuyler
Ms. Rebecca Sielman
Ms. Diane Waldron

Members Absent: Mr. Robert Burbank
Mr. Robert Dakers

Others Present: April Capone, OPM Staff
Jean Gula, OPM Staff
William Plummer, OPM Staff
Morgan Rice, OPM Staff
Dale Martin, Town Manager, Town of Winchester
Candace Bouchard, Mayor
Brenda Fox-Howard, Finance Director, Town of Winchester
Christopher King, King & King, CPAs, Winchester Auditor
Kristin Wirtanen, State Treasurer's Office
Nicholas Pascale
Kurt A. Moffett

1. Call to order

Chairman Hamilton called the meeting to order at 10:03 a.m.

2. Approval of minutes to October 16, 2014 meeting

The minutes of the October 16, 2014 meeting were approved, with Commissioner Sielman abstaining.

3. Town of Winchester – Financial Condition Update / 2014 Audit Status

Prior to discussion on the Town's finances Commissioner Gillette stated for the record that his firm serves as bond counsel to the Town.

Chairman Hamilton asked Mr. Plummer for a brief update on the Town. Mr. Plummer indicated that the June 30, 2014 audit had not yet been submitted but that he was aware that the Board of Education recently was able to provide the Town's independent auditor with financial information that the auditor needed to proceed with the audit. It was now OPM's belief that significant progress on completion of the audit could be made. He also indicated that Town Manager Dale Martin had proposed the Town's 2015-16 budget which was currently going through the review stage. Mr. Plummer was also aware of certain education grant expenditures that were being reviewed by the State Dept. of Education and that the outcome of that review could have an effect upon certain future state grant funding.

Chairman Hamilton noted a number of financial related documents submitted by the Town for the meeting. He requested that Mr. Martin provide a status update on the Town's fiscal condition, including the status of submission of the June 30, 2014 audit report. Mr. Martin indicated his belief that all information necessary for the Town's independent auditor to complete the audit had now been turned over to the auditor. He noted that Chris King, from King and King, was present for today's meeting to provide a more detailed update on where the audit stands. Mr. Martin went on to describe the Town's recovery efforts for monies lost earlier due to fraud by a former finance director of the Town and that the Town will have recovered approximately \$2.5 million of the funds that were lost through the earlier fraud. He indicated that there have been significant improvements made to the Town's finance department. He has submitted a proposed budget that calls for a 0.85 mill tax rate increase, and he described the Town's budget procedures for adopting the budget. Mr. Martin indicated that he anticipated the budget most likely would be adopted in early June. Mr. Martin also described the Town's recent negotiations with its unions, including changes to the healthcare plan.

Chris King, the Town's auditor, described the reasons for the delays in the issuance of the audit. Preliminary audit results indicate a substantial improvement in the General Fund fund balance. However, part of that balance is not necessarily liquid and would not be immediately available to fund current operations. He indicated that the audit will likely still show a qualified opinion. He also described some of the items the State Dept. of Education is currently reviewing at the Board of Education.

Ms. Fox-Howard, the Town's finance director, indicated certain improvements made to the Town's financial accounting and reporting system and that the Town has had discussions with the Board of Education on using the same accounting system as the Town.

Ms. Fox-Howard and Mr. Martin answered questions from Commission members in regard to the financial information that was provided by the Town, including questions regarding cash projections, budget vs. actual revenue and expenditure projections for FY 2014-15, trial balance information, etc.

Chairman Hamilton emphasized the need to complete the June 30, 2014 audit and to ensure that the 2015 audit can be completed and issued in a timely manner. He thanked Winchester officials for attending the meeting.

4. West Haven –Financial Condition Update / 2014 Audit Status

Chairman Hamilton noted that there was no one officially representing the City for the meeting to update Commissioners on the City's finances, although there was a member of the City Council that was in attendance as a guest. Mr. Plummer stated that he was informed by the City's finance director, Kevin McNabola, that neither he nor Mayor O'Brien would be able to attend today's meeting as they had a previously scheduled meeting to attend. He indicated that updated financial information of the City was requested for the Commission's meeting and that the City did provide the recent actuarial report of its defined benefit pension plan, but no additional financial information was provided for Commissioners to review.

Chairman Hamilton asked Mr. Plummer if he could provide an update on the status of the audit or any recent developments that he was aware of in regards to the City's finances. Mr. Plummer indicated that the June 30, 2014 audit had not been completed, primarily due to certain OPEB actuarial information that was needed by the City's independent auditor. He did indicate that in speaking with the audit firm it was his impression that the City would be reporting some type of operating deficit for FY 2013-14. Mr. Plummer indicated that one of the reasons for the postponement of the regularly scheduled February Commission meeting was to have the 2014 audit completed and the results of the audit available for review by Commissioners. Unfortunately the City and its auditor requested additional time until the end of March for issuance of the 2014 audit. Mr. Plummer also indicated that he could not assure Commissioners that the audit would be issued by the end of March because the OPEB valuation issue that was holding up issuance of the report may not be resolved by that time.

Commissioners did express their disappointment with the lack of current financial information from the City and asked Mr. Plummer to draft a letter on behalf of the Commission seeking updated financial information and to provide the letter to Commissioners for review. Chairman Hamilton indicated that he understands that there may be times that the Mayor and/or finance director is unable to attend meetings due to prior commitments but that he would expect that the City would be able to provide updated financial data to the Commission. A discussion ensued as to the information the Commission would like to receive. Commissioner Gillette indicated his desire to review the City's proposed FY 2015-16 budget once it has been formally proposed and how, if any, it addressed the deficit that exists in the General Fund.

A brief discussion by Commissioners of the actuarial pension report occurred. Commissioners noted that the pension report did indicate some improvement to the pension funding status of the City's defined benefit plan. It was also noted that the City had issued Pension Obligation Bonds several years ago for which there were certain statutory provisions with which the City is required to comply.

5. East Haven – Financial Condition Update

Commissioners discussed the results of the 2014 financial audit that was recently issued and the additional financial documents provided by the Town for today's meeting. In general, Commissioners expressed satisfaction with the audit results and financial documents regarding the Town's finances. Commissioners did note however the continued significant deficits in the Town's internal service funds and the material weakness noted in the 2014 audit report that has been reported going back to 2008 and which has not been corrected. Commissioners requested that Mr. Plummer request from the Town any financial plans the Town had developed to address the deficits in the internal service funds and to resolve the audit finding. Mr. Plummer pointed out that the Town was not formally under the purview of the MFAC but had voluntarily requested financial advice from the Commission several years ago and has continued to share financial information with the Commission. He indicated that he would transmit the Commission's request to the Town.

6. Borough of Jewett City – Update

Mr. Plummer indicated that there was nothing new to report regarding the Borough's finances at this time.

7. Other business

Mr. Plummer pointed to the pension related information that was included in the packet to Commissioners regarding the Town of Hamden's recent POB issuance. The information was being provided to the Commission because under Public Act 14-217, the Commission would be authorized to meet with the Town's Chief Finance Officer or Chief Executive Officer in any fiscal year that the Town fails to make its annual recommended contribution. A brief discussion ensued among Commissioners.

The meeting adjourned at approximately 11:44 a.m.