

OFFICIAL MINUTES
MUNICIPAL FINANCE ADVISORY COMMISSION
REGULAR MEETING
THURSDAY, SEPTEMBER 13, 2012

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

Date/Time: September 13, 2012, 10:15 A.M.

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

Members Absent: Mr. Robert Burbank
Mr. John Schuyler

Others Present: William Plummer, OPM Staff
Mary Ann Welcome, First Selectman, Town of Winchester
Dale Martin, Town Manager, Town of Winchester
Henry Centrella, Finance Director, Town of Winchester
Joseph Mancini, Finance Director, City of West Haven
Vanessa Rossitto, CPA, Blum, Shapiro

Agenda Item 1: Call to Order

Chairman Hamilton convened a regular meeting of the Municipal Finance Advisory Commission (the "Commission") at approximately 10:15 A.M. Commission members introduced themselves to several municipal officials that were in attendance.

Agenda Item 2: Minutes of the March 15, 2012 MFAC Meeting

The March 15, 2012 minutes were approved by all members present with abstentions from Commissioners Buch and Sielman who were not present for the March 15th meeting.

Agenda Item 3: Town of Winchester – June 30, 2011 Audit Issues

Commissioner Gillette recused himself as his firm is currently bond counsel for the Town.

Mr. Plummer explained that the Town was asked to meet with the Commission because for the past 4 fiscal years the Town had submitted its audit reports significantly past the December 31st due date required under State statutes. For the fiscal year ended June 30, 2011, the Town had yet to complete the audit that was due December 31, 2011 (over 8 months past the statutory due date) due to information not provided by the Town to its auditor, Blum, Shapiro.

Winchester's First Selectman, Town Manager, Finance Director and independent auditor introduced themselves to the Commission.

Commissioner Hamilton indicated that the Commission is an advisory commission charged primarily with assisting municipalities in Connecticut through providing advice and solutions on ensuring good sound financial operations, part of which would be a timely produced audit. With this goal in mind the Commission inquired of the Town officials present as to the status of the June 30, 2011 audit and the reasons why it has not been completed to date.

Town Manager Dale Martin provided the Commission with an overview of the Town and its political history. He believes the lack of stability in the Town Manager's position and the Board of Selectmen caused the Town to not give the proper weight to the auditor's finding, that has been consistently made over the past several years, of the lack of professional staff and control measures in the Town's finance office. The past problems in the Town's finance office noted by the auditor in prior years along with certain health issues of the Finance Director are the cause of the delay in providing the auditor the information needed to complete the audit. It was also indicated that the Finance Director had submitted retirement papers to the Town and that the Town would be seeking a new Finance Director shortly.

First Selectman Welcome concurred with Mr. Martin's comments and also indicated that the Town had not yet adopted a budget and was now proposing a 4th budget for FY 2012-13, and the Town officials' focus on the budget may also be a contributing factor to the delay in the audit, especially in past years where similar proposed budget rejections have occurred.

Commissioner Hamilton inquired with Ms. Rossitto from Blum, Shapiro as to the information she is seeking in order to complete the audit. Ms. Rossitto indicated she needed supporting documentation from the Town for certain cash transactions. Mr. Plummer indicated that this has been the issue that has been cited over the past 3 to 4 months for the delay in completing the audit. Ms. Rossitto indicated some of the supporting documentation was provided but there were still documentation that has not been provided.

Commissioners posed questions related the staffing levels of the Town, a description of duties of key staff and various questions were posed on how cash transactions were processed, including the inter-relationship between the Board of Education and the Town's financial operations. Commissioners made certain inquiries with Ms. Rossitto related to the missing support documentation she needed to complete the audit. Ms. Rossitto indicated the items were more qualitative rather than quantitative at this point.

Commissioner Hamilton inquired with the Town as to the status of the missing documentation in terms of the likelihood of it being provided to the auditor in a short time period or if the documentation just doesn't exist. Mr. Centrella indicated that it was his hope to have the documentation to the auditor by the end of September and that he would be discussing it and his retirement in further in detail with Town Manager Martin.

Commissioner Dakers inquired of Mr. Plummer as to the status of the extension requests. Mr. Plummer indicated that the latest extension requests were not acted upon by OPM because OPM and the Town had agreed to a format whereby the latest extension requests would be approved once the Town had made progress in providing its auditor with the information needed to complete the audit. The Town had provided certain dates in the past that the information would be available to the audit firm but has not been able to meet those dates.

Commissioners provided advice to the Town on beginning the process to retain a new finance director with the possibility of an interim finance director or additional help in the finance office until a permanent finance director is retained.

Commissioner Hamilton asked if the Town would commit to providing the information to the auditor by the end of September and the Town indicated it would make such a commitment. Chairman Hamilton requested that Ms. Rossitto inform Mr. Plummer by the end of September whether the Town was able to provide the information by the date requested. Mr. Martin also indicated that he would keep Mr. Plummer apprised as to the status of retaining a permanent finance director.

Agenda Item 4: City of West Haven – Financial Condition Update

Ms. Sielman noted that her firm is the actuary for certain of the City's pension plans.

Mr. Plummer indicated that, on behalf of the Commission, OPM had requested certain financial data from the City and did receive the City's adopted FY 2012-13 budget. Certain data however, such as FY 2011-12 budget to actual financial information was not provided by the City. Joe Mancini, the City's Finance Director, introduced himself and provided an update on the City's finances. The City expects to finish FY 2011-12 with a \$400,000 to \$500,000 operating surplus. The City has in most part achieved its budgeted revenues but continued to experience revenue shortfalls in its prior years property tax collection revenue estimates. In regards to expenditures, the City again experienced over expenditures in the police department (substantial overtime costs).

For the FY 2012-2013 budget, the City recently eliminated its delinquent tax collector's position and the elected tax collector became a ceremonial position. The City was then

able to retain a professional Tax Manager. Mr. Mancini does not anticipate requesting any extension requests for submission of the June 30, 2012 audit report.

For the FY 2012-13 adopted budget, the City has budgeted to reduce the cumulative deficit by \$1 million. City also expects to reduction in debt service expenditures from a bond refunding that is expected to save the City \$1.3 million. This reduction in debt service costs was not budgeted for in the FY 2012-13 budget. The Allingtown Fire District is now part of the City and the City has absorbed the unfunded pension liabilities in the former district. However, additional taxes are being billed to the taxpayers in the former District for the additional costs to the City.

Agenda Item 5: Town of East Haven – Financial Condition Update

Town budgeted to increase fund balance by \$1.2 million for FY 2011-12 but expects to only have a surplus for that year of \$393,000, an approximate \$800,000 decrease in the anticipated surplus. It should be noted that the budget adopted was under the Town's former administration. It appears that the Town's former administration had anticipated certain cost savings through negotiations with town employees but these savings were not actually realized under the new administration. This caused amended increases to the original budget and/or over-expenditures regarding employee benefits, salaries in certain departments, and workers' compensation. With the \$200,000 fund balance that existed as of June 30, 2011 and the anticipated approximate \$400,000 operating surplus for FY 2011-12, the Town anticipates a \$600,000 fund balance. The Town has a substantial deficit in its Workers Compensation Fund that still has not been addressed.

For FY 2012-13, the Town has budgeted \$1.2 million towards the fund balance contribution. The Commissioners indicated they would wait and see how the new administration addresses the Town's finances going forward.

Agenda Item 6: Borough of Jewett City - Update.

Bill Plummer indicated that he had nothing new to report.

Agenda Item 7: Other Business

A brief summary of New London's fiscal situation was provided to the Commission.

Commissioner Dakers provided information to the Commission on legislation passed to develop a uniform chart of accounts for municipalities and boards of education. The State plans on working closely with municipalities and boards of education as the project moves ahead.

Adjournment: Meeting was adjourned at approximately 12:25 P.M.