

# STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

## OFFICIAL MINUTES

### MUNICIPAL FINANCE ADVISORY COMMISSION

#### REGULAR MEETING

**WEDNESDAY, APRIL 19, 2017**

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

Date/Time: April 19, 2017, 10:00 A.M.

Members Present: Ms. Kathleen Clarke Buch  
Mr. Robert Burbank  
Mr. Douglas Gillette  
Mr. David LeVasseur  
Ms. Rebecca A. Sielman

Members Absent: Chairman Thomas Hamilton  
Mr. John Schuyler  
Ms. Diane Waldron

Others Present: Robert Dakers, OPM Staff  
Jean Gula, OPM Staff  
William Plummer, OPM Staff  
Morgan Rice, OPM Staff  
David Merchant, Mayor, Town of Plymouth  
Ann Marie Rheault, Finance Director, Town of Plymouth  
Philip Penn, School Business Manager, Town of Plymouth  
Robert Geiger, Town Manager, Town of Winchester  
Bruce Stratford, Finance Director, Town of Winchester

#### **1. Introduction/Call to order**

The meeting was called to order at 10:05 a.m. by Commissioner Buch. She announced that due to an unexpected event, Chairman Hamilton notified her and the

Office of Policy and Management (OPM) that he would not be able to attend today's meeting and requested that she chair the meeting in his place.

## **2. Approval of the Minutes to the September 15, 2016 Meeting**

The minutes of the September 15, 2016 meeting were approved by all Commissioners present, with the exception of Commissioners Burbank and Sielman who abstained as they were not in attendance for the September 15<sup>th</sup> meeting.

## **3. Town of Plymouth – Review of the results of the June 30, 2015 audit / Status of the 2016 outstanding audit and other related matters**

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

The Town of Plymouth's finance director, Ann Marie Rheault, pointed to the documents that the Town had provided for today's meeting. She indicated that the Town expects its audit firm to be out at the Town in the early part of May in regard to the June 30, 2016 audit. It is the Town's goal to have the audit completed by June 30, 2017.

Ms. Rheault summarized the results of the June 30, 2015 audit report. She did indicate that some departments' expenditures had exceeded appropriations as reflected in the FYE 2015 audit results. She reviewed some of the line items that had been over-expended.

Ms. Buch inquired about the property tax collection rates of the Town in terms of what the rate has historically been and what rates the Town had assumed in its budgets. A brief discussion ensued in this area.

Included in the packet of information submitted by the Town for today's meeting was a Draft Audit Report of the State Dept. of Administrative Services dated March 27, 2017, in regard to the results of the audit of school construction grants awarded to the Town for the New Terryville High School. The Town's school business manager, Philip Penn, directed Commissioners attention to that document to describe the results of the draft audit, which indicated that certain costs charged against the project were considered to be ineligible and based upon the audit of the project and the progress payments made by the State to date, the Town owes the State approximately \$3 million. However, Mr. Penn believes that the State's projection is in error due in large part to an incorrect student enrollment figure used in the State's calculation related to the project. The Superintendent of Schools and Mr. Penn are meeting with the State Office of School Facilities in regard to the draft audit results and what the Town believes were certain incorrect calculations used in determining amounts owed by the Town to the State for the school building project. Mr. Penn is hoping that as a result of the meeting and the Town's disagreement with certain aspects of the draft results, that there will be no monies that would have to be returned to the State. Ms. Buch inquired as to the reasonability of the Town's belief that it will not have to return monies to the State and Mr. Penn indicated that based

upon recent records the Town was able to obtain on the project that the State is unaware of, he believes that it is reasonable to assume that the ultimate outcome would be that the Town would not have to return any monies to the State. A discussion ensued as to certain receivables that were recorded in the FYE 2015 financial statements of the Town that may need to be written off which would lead to the reduction of the Town's fund balance.

Commissioner Buch inquired about the staffing levels within the Town's finance office and whether that was still an issue. Ms. Rheault indicated she had recently lost due to retirement a person that served as payroll clerk/staff accountant but the Town recently hired a new person for that position and is in the process of training the new individual for the duties in this position. She went on to indicate that the proposed FYE 2018 budget is seeking to move the temporary staff accountant position to a permanent part-time position. In the long-term she is hoping for stability in the finance office with the possibility of moving the part-time staff accountant to full-time if necessary, but will seek this change incrementally in future budgets.

Ms. Buch inquired about the Town's financial accounting system and Ms. Rheault indicated that it is still the Town's intent to obtain a financial accounting system that would meet the needs of the Town and its Board of Education and would be shared by both. Ms. Rheault went on to describe the Town's FYE 2018 budget proposal and the Town's budget process. The FYE 2018 budget will reflect the results of the Town's recent revaluation.

Commissioner Gillette directed Ms. Rheault to the FYE 2016 budget to actual projections document that the Town submitted for today's meeting. That document indicated that the unaudited results of operations for FYE 2016 resulted in a \$1.2 million operating deficit for that year. Ms. Rheault acknowledged the unaudited operating deficit for FYE 2016 and the primary factors that led to such a deficit. The Town has taken certain actions to assist in preventing the over-expenditures that occurred in that year from occurring again (legal services, employee benefits, etc.). The most significant factor leading to the operating deficit in FYE 2016 was the revenue shortfalls in property taxes and charges for services. A discussion ensued as to why revenues were overestimated in these areas and what the Town was doing to prevent such revenue shortfalls in future budgets.

Ms. Rheault and Mr. Penn described certain cost savings efficiencies that they were in the process of implementing. A discussion ensued on these cost savings measures and the controls the Town intended to or have put in place to ensure that various departments stay within their budgeted spending amounts.

Commissioner Buch thanked Town representatives for attending the meeting.

#### **4. Proposed amendments to Chapter 117 of the General Statutes – Municipal Deficit Financing**

Robert Dakers of OPM, who serves in the position as Chief Financial Officer of the State of Connecticut, introduced himself to the Commission. He indicated that Governor had proposed legislation as part of the budget bill in regard to municipal financial accountability. One of the primary reasons for the proposed legislation is that the Governor's proposed budget called for significant increase in State aid to certain municipalities facing fiscal challenges and therefore the legislation would provide a level of review/accountability in regard to the finances of such municipalities. This proposed legislation, if adopted would impact the Municipal Finance Advisory Commission (MFAC) as it creates a 4-tier system where municipalities that met certain criteria (fund balance, bond ratings, equalized mill rates, level of state assistance, level of revenue increase) would be placed in one of the four tiers. Based upon the legislation and the latest financial information available, approximately 25 municipalities would fall into one of the four designated tiers. Mr. Dakers provided a summary of the criteria for the different tiers and described the accountability provisions that the municipalities in each tier would be subject to. He also noted that municipalities in tier one would generally be under the purview of the MFAC. Municipalities that were designated in tiers two to four would be under the purview of the Municipal Accountability Review Board (MARB), which would be comprised of the Secretary of OPM (chair of the Board), the State Treasurer (co-chairperson of the Board), the municipality's chief elected officer, the chief executive officer of a bargaining unit representing employees of the municipality, and a member of the council of government of the region in which the municipality is located. The proposed legislation also revised certain statutory provisions in regard to issuance of deficit obligation bonds and bonds issued with capital reserve provisions.

A discussion ensued among Commissioners and Mr. Dakers regarding certain provisions of the proposed legislation. Mr. Dakers provided further information on how a municipality would be designated as a tier 4 municipality and the additional accountability provisions called for under the proposed legislation for municipalities in this tier.

Commissioner Buch thanked Mr. Dakers for the presentation.

## **5. Town of Winchester – Review of the Results of the June 30, 2016 audit and financial condition update**

Commissioner Gillette indicated that his firm is bond counsel for the Town.

Bruce Stratford, the Town's finance director introduced himself and pointed out that the June 30, 2016 audit report issued in March 2017 was the earliest that an audit report had been issued for the past several years. He then proceeded to review the results of the June 30, 2016 audit. The audit results showed a positive results of operations with fund balance of the General Fund increasing from \$5.2 million as of June 30, 2015 to \$6.2 million as of June 30, 2016, representing approximately 18.7% of FYE 2016 General Fund expenditures.

Results of the FYE 2016 State Single Audit identified no material weaknesses or significant deficiencies in internal controls which is in contrast with prior years reports which indicated a number of such internal control weaknesses.

Town Manager Robert Geiger introduced himself and described some of the efficiencies the Town was implementing or planned to implement. He also indicated that the Town and the Town school system were still pursuing a common software financial accounting system. Mr. Geiger and Mr. Stafford went over the budget to actual results to date for FYE 2017 and directed Commissioners to the information submitted for today's meeting by the Town. A brief discussion also ensued in regard to the FYE 2018 proposed budget.

Commissioner Sielman expressed some concerns in regards to the Town's defined benefit pension plan and the assumptions for the plan as well as the amortization period for amortizing the unfunded liability of the plan. Mr. Stratford acknowledged that certain assumptions were being changed or were under consideration for changes that would address many of Ms. Sielman's concerns. Ms. Sielman inquired about the unfunded OPEB obligations and Mr. Stratford indicated that the first item that is currently being looked at is a review of the OPEB currently being offered to employees. Commissioner Buch inquired whether the Town had a 5-year plan and Mr. Geiger indicated that he is currently developing such a plan, although certain aspects of the 5-year plan are difficult to project.

Commissioners expressed appreciation for the Town's presentation.

**6. City of West Haven - Review of the results of the June 30, 2016 audit, financial condition update and other related matters**

Commissioner Sielman indicated that her firm provides certain actuarial services to the City.

Ms. Buch commented that she did not observe any representative from the City of West Haven in attendance to provide a presentation to the Commission on the City's finances. Mr. Plummer stated that Kevin McNabola, the finance director of West Haven, had notified him that due to a scheduled vacation, he would not be able to attend today's meeting. Furthermore, OPM had expected the City to have completed its FYE 2016 audit in time for today's meeting so that Commissioners would have the latest audit report available to review. However, the City's FYE 2016 audit report has not been issued. Mr. Plummer directed the Commission's attention to certain financial documents submitted by the City for today's meeting. He acknowledged that the FYE 2017 budget to actual information submitted by the City would only provide limited information to the Commission as the information submitted did not include expenditures occurred by the Board of Education for FYE 2017.

A brief discussion ensued in regard to the proposed FYE 2018 budget document that was presented. Commissioners also noted the City had indicated at the last Commission meeting which City officials attended that it would be issuing deficit

financing bonds to eliminate the deficit. Mr. Plummer indicated that based upon discussions earlier with the City, it was his belief that the City was awaiting the results of the FYE 2016 audit before proceeding with the deficit financing.

**7. Borough of Jewett City – Update**

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

**8. Approval of 2017 meeting dates**

The proposed Calendar Year 2017 meeting dates for the Commission were reviewed by Commissioners. It was noted that the first proposed scheduled meeting (February 15, 2017) had been cancelled. The Commissioners unanimously approved the following schedule of Calendar Year 2017 meeting dates, with all meetings to be held at 10:00 A.M. in Room 4A of the offices of the Office of Policy and Management, 450 Capitol Avenue in Hartford:

Meeting Dates

Wednesday, April 19, 2017

Wednesday, June 21, 2017

Wednesday, September 20, 2017

Wednesday, December 6, 2017

**9. Other Business**

None.

**10. Adjourned.**

Meeting adjourned at approximately 11:47 p.m.

Respectfully submitted,

Douglas W. Gillette  
Commission Secretary

# STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

## OFFICIAL MINUTES

### MUNICIPAL FINANCE ADVISORY COMMISSION

#### SPECIAL MEETING

**WEDNESDAY, JULY 12, 2017**

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

Date/Time: July 12, 2017, 10:00 A.M.

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

Members Absent: Mr. Robert Burbank

Others Present: Jean Gula, OPM Staff  
William Plummer, OPM Staff  
Morgan Rice, OPM Staff  
David Merchant, Mayor, Town of Plymouth  
Ann Marie Rheault, Finance Director, Town of Plymouth  
Philip Penn, School Business Manager, Town of Plymouth  
Kevin McNabola, Finance Director, City of West Haven

#### **1. Introduction/Call to order**

The meeting was called to order at 10:02 a.m. by Chairman Hamilton.

#### **2. Approval of the Minutes to the April 19, 2017 Meeting**

The minutes of the April 19, 2017 meeting were approved by all Commissioners present, with the exception of Chairman Hamilton, and Commissioners Dakers, Schuyler and Waldron, who abstained. At the time of the April 19<sup>th</sup> meeting,

450 Capitol Avenue Hartford, Connecticut 06106-1379  
[www.ct.gov/opm](http://www.ct.gov/opm)



Commissioner Dakers was not a member of the Commission and the remaining abstentions were due to absences from the April 19<sup>th</sup> meeting.

### **3. Town of Plymouth – Status of the 2016 outstanding audit and other fiscal related matters**

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

Chairman Hamilton requested that the Town update the Commission as to the status of the June 30, 2016 audit. The Town of Plymouth's finance director, Ann Marie Rheault, indicated that the Town would not meet its earlier projected July 31<sup>st</sup> date that it had provided the Commission for completion of the FY 2015-16 audit. One of the primary reason for the latest delay was due to staffing issues in the finance office (unexpected absence, retirement, etc.). She also noted that having to administer payroll on a weekly basis can be time consuming. Ms. Rheault and School Business Manager Philip Penn went on to describe other matters that have occurred throughout the year which have slowed the completion of the audit. Ms. Rheault indicated that she believes that once the FY 2015-16 audit is completed, the Town will be able to complete its future audits in a more timely manner, beginning with the FY 2016-17 audit.

Commissioners inquired about the specific issues holding up completion of the audit. Commissioner Buch inquired about the financial accounting system currently being used by the Town and whether the Board of Education used the same financial accounting system as the Town side of Government. Ms. Rheault indicated that the system in use was out-of-date and that the goal was for the Town and Board of Education to retain a new and common financial accounting system for their use. Chairman Hamilton advised that implementing a new financial accounting system can be difficult and suggested that the Town consider retaining a project manager to assist. A discussion ensued as to the number of full-time and part-time positions currently staffing the finance office and whether there were plans for additional staffing. Chairman Hamilton indicated his belief that a permanent full-time staff accountant would provide much benefits to the finance department.

Chairman Hamilton noted that the Town had provided for today's meeting updated projections regarding FY 2015-16 General Fund Operating Results. Ms. Rheault indicated that the latest projections indicate a \$1.2 to \$1.3 operating deficit for FY 2015-16. Commissioner Dakers inquired as to what the Town's fund balance was going into FY 2015-16 and Ms. Rheault indicated that with the projected FY 2015-16 operating deficit, the Town's fund balance would likely fall to approximately \$1.1 million as of June 30, 2016. Commissioners noted that the Town's preliminary information for FY 2016-17 indicated a small operating surplus and inquired as to the confidence the Town had in this projection. The Town indicated that it was confident in the FY 2016-17 projected surplus. Commissioner Dakers inquired about whether the Town was undergoing any cash flow difficulties and Ms. Rheault indicated that cash flow can become challenging in June but that the Town is able to manage any such challenges.



Commissioners inquired with the Town regarding its assumptions in adopting its FY 2017-18 budget. The Town indicated there was a recent valuation which the Town took into account in its recent adopted budget. A discussion ensued on the budget assumptions. Commissioner Buch inquired about expiration of union contracts and anticipated negotiations of such contracts. Ms. Rheault provided an update of the various expiration dates of the various bargaining unit contracts and current and anticipated negotiations of expiring contracts. Mr. Penn indicated that the Teachers' contract is expiring in FY 2017-18. Commissioners and the Town also discussed the Town's pension plans including its pension asset investments.

Commissioners expressed their appreciation for the Town's attendance and presentation.

#### **4. City of West Haven - Review of the results of the June 30, 2016 audit, financial condition update and other related matters**

Commissioner Sielman indicated that her firm provides certain actuarial services to the City.

Kevin McNabola, the City's Finance Director referenced the documents he had provided to OPM for its review and for today's meeting. In particular, he directed Commissioners to the PowerPoint presentation document "Moving West Haven Forward" that presented an overview of recent actions that the City had taken to improve its financial practices and its finances.

Mr. McNabola presented a list of actions the City has taken over the past year regarding its finances including ending the practice of budgeting for certain non-recurring revenues, reducing tax collection rate assumption to be in line with prior actual collection rates, not filling certain positions within the Police Department, cost savings from actions by the City such as restructuring of its employee health care plan, changes to its workers' compensation plan, etc.. Mr. McNabola also described certain ordinances the City had adopted in regard to its financial practices including a balance budget ordinance and an ordinance to issue deficit bonds to eliminate its deficit that existed as of June 30, 2016.

Commissioners made a number of inquiries in regard to the ordinances and some of the actions the City had recently taken to change its financial practices. Mr. McNabola indicated certain unanticipated over-expenditures by the Board of Education in the FY 2015-16 budget related to special education costs which was not communicated to the City until the end of the fiscal year. Since then he has put into place certain controls and met with the Board of Education in order to avoid such unanticipated over-expenditures on a go forward basis. Although the Board of Education may again over-expend its special education budgeted amount for FY 2016-17, other savings are anticipated in the Board of Education budget to offset these over-expenditures. A detailed discussion ensued as to how the City budgeted for its excess cost expenditures and how it managed such costs regarding filing for

reimbursements and in how such costs were estimated by the City. Commissioners made a number of recommendations to Mr. McNabola in this area.

Inquiries were made by Commissioners in regard to the City's FY 2017-18 adopted budget and the budget assumptions made. Mr. McNabola indicated that the intent of the various actions undertaken recently by the City in terms of the ordinances and changes in financial practices, was to ensure that once the deficit financing had occurred the City would not fall back into such a deficit position in the future. If a deficit was to occur, the City now had an ordinance established to ensure that the deficit is eliminated. Commissioner Dakers inquired about the bonds the City is seeking to issue in regard to building of a new high school. Mr. McNabola described the amount of debt that will be issued, the amount of debt the City expects the State to pay, how the additional debt service costs will be absorbed, etc. Mr. McNabola indicated that the City expects that certain earlier debt issued by the City will have been fully amortized in a few years enabling the City to absorb the debt service from the bonds for deficit financing and the high school project.

Commissioners thanked Mr. McNabola for attending the meeting and providing his presentation.

## **5. Borough of Jewett City – Update**

Mr. Plummer directed Commissioners to a recent article on the Borough adopting its FY 2017-18 budget.

## **6. Other Business**

### Town of Winchester:

Mr. Plummer indicated that the Town of Winchester had inquired as to need for its continuance under the purview of the Commission. Commissioner Gillette noted that his firm serves as Bond Counsel for the Town. Mr. Plummer pointed to a document included for today's meeting that provided a 10-year history of audit report submission dates and the number of audit findings from such audit reports. In addition, a summary of fiscal information on the Town's fund balance and other financial information was provided to the Commission. The Commission indicated the significant progress by the Town from when it first came under the purview of the Commission. Commissioners indicated their desire to review the Town's upcoming FY 2016-17 audit report including the submission date of the report. Until then, it would appear that the Town would not have to be present for Commission meetings unless specifically requested.

Commissioner Sielman excused herself from the meeting at 11:40 a.m.

### Municipal Audit Reports:

Mr. Plummer advised Commissioners that there were still six municipal FY 2015-16 audit reports that have not been submitted to OPM. He provided the Commission

with information on the projected submission dates of each report other than that for the Town of Hamden, for which he could not establish a projected filing date. The reports were due by December 31, 2016, and under State law OPM is not permitted to grant filing extensions beyond June 30, 2017. Commissioners expressed their concerns for the significant delay in filing the reports and requested that OPM keep it apprised of the report submissions. The Commission expressed their belief that the Secretary of OPM be notified of the delayed filings.

**7. Adjourned.**

Meeting adjourned at approximately 11:45 p.m.

Respectfully submitted,

Douglas W. Gillette  
Commission Secretary

# STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

## OFFICIAL MINUTES

### MUNICIPAL FINANCE ADVISORY COMMISSION

#### SPECIAL MEETING

WEDNESDAY, DECEMBER 13, 2017

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

Date/Time: December 13, 2017, 10:00 A.M.

Members Present: Chairman Thomas Hamilton  
Ms. Kathleen Clarke Buch  
Mr. Robert Dakers  
Mr. Douglas Gillette  
Mr. John Schuyler

Members Absent: Mr. Robert Burbank  
Ms. Rebecca A. Sielman  
Ms. Diane Waldron

Others Present: Jean Gula, OPM Staff  
William Plummer, OPM Staff  
Morgan Rice, OPM Staff  
David Merchant, Mayor, Town of Plymouth  
Ann Marie Rheault, Finance Director, Town of Plymouth  
Philip Penn, School Business Manager, Town of Plymouth  
Kevin McNabola, Finance Director, City of West Haven  
Nancy Rossi, Mayor, City of West Haven  
State Senator Gayle Slossberg

#### 1. Introduction/Call to order

The meeting was called to order at 10:03 a.m. by Chairman Hamilton.

#### 2. Approval of the Minutes to the July 12, 2017 Meeting

The minutes of the July 12, 2017 meeting were approved by all Commissioners present.

**3. Town of Plymouth –Status of the June 30, 2016 and June 30, 2017 audits. Other fiscal related matters.**

Chairman Hamilton requested that Mr. Plummer provide an update on the status of the Plymouth audit submissions to OPM. Mr. Plummer indicated that the Town had yet to complete its FYE 2016 audit although a partial draft audit report was available. Due to the delay in completing the FYE 2016 audit, the FYE 2017 audit report would not be submitted by the December 31, 2017 deadline but he was unsure as to whether the 2017 records were available to be provided to the audit firm to complete the FYE 2017 audit once the FYE 2016 audit had been completed and the report issued.

Ms. Rheault, Plymouth's Finance Director, explained that there was a short list of items that the audit firm was still seeking from the Town in order to complete the FYE 2016 audit and issue the audit report. She believes that she will be able to provide those items to the audit firm in a short period of time. Commissioner Schuyler asked whether the 2017 records were also being worked on side by side with the 2016 information needed for the auditor. This would enable the audit firm to begin work directly on the FYE 2017 audit once the FYE 2016 audit was completed. Ms. Rheault indicated that her focus was on getting the FYE 2016 audit completed. Once that was done she would focus on the 2017 financial records of the Town.

Chairman Hamilton inquired whether Ms. Rheault could confirm that the FYE 2016 audit report would be issued by the end of December. Ms. Rheault indicated that she could not make such a confirmation. Commissioner Dakers indicated that State Law in regard to the submission of municipal audit reports did not contemplate audits not being completed in excess of the maximum of six months in extensions that can be granted to a municipality for the submission of its audit report from the audit due date. He is aware that the Town experienced fraud by a former finance director which resulted in inaccurate and incomplete financial records but, as the Town indicated, that incident became known in and around October 2014. Other municipalities have experienced similar fraud which caused delays in their subsequent audit submissions but were able to recover and produce accurate and timely financial records leading to the timely issuance of the annual audit in a shorter time period. In the case of Plymouth it is still taking the Town a year or more from the audit due date to complete the FYE 2016 audit.

Commissioner Buch inquired with Ms. Rheault as to the underlying reason for the continuing hold up in getting the audit firm the information it needs to complete the audit. Ms. Rheault indicated that the primary reasons are the finance office staffing shortage and need for her to focus on non-audit matters such as budget matters. A discussion ensued as to staffing level needs of the finance office, correction of audit findings from prior year single audit reports and any concerns that the audit firm may

have in regard to disclosure of the Town's finances caused by the continued delayed audit results.

Commissioners questioned whether the Town would be able to start issuing timely financial audit reports if temporary staffing were available to the Town to get its records up-to-date or would the Town then fall back into a pattern of late audits. Ms. Rheault appeared to indicate that the influx of additional help would certainly help the Town's delayed audit situation. Commissioners indicated that the Town should seek outside assistance such as an outside firm that could dedicate a team of accountants to get the Town's records updated and ready to be audited or someone such as a former finance director who could readily assist the Town with its financial records. Chairman Hamilton commented that Mayor Merchant should strongly consider such an approach with the goal that the outside help have the Town's 2017 records available in an auditable manner in a reasonable time so that the FYE 2017 audit report can be issued no later than June 30, 2018. It is his opinion that a delay in the issuance of the FYE 2017 audit report past June 30, 2018 would be unacceptable. Mayor Merchant indicated that he would be committed to an approach that utilizes outside help and requested that OPM get back to him on suggested individuals/firms who could assist the Town.

Commissioners reviewed the financial information provided to the Commission for today's meeting and a discussion ensued on the Town's finances, including the partial draft FYE 2016 financial audit report. The draft FYE 2016 report indicated a negative FYE 2016 results of operations for the General Fund of approximately \$652,000 with a fund balance of \$1.6 million in the General Fund as of June 30, 2016. The Town is projecting a small General Fund operating surplus for FYE 2017, however it is also projecting an unassigned fund balance as low as \$320,000 as of June 30, 2017, a significant decline when compared to the \$1.6 million unassigned fund balance that existed as of June 30, 2015. The Town also informed the Commission that it was recently informed by Standard & Poor's rating agency that its credit rating would be downgraded. Commissioners indicated that it would keep the OPM Secretary apprised of the Plymouth audit submission situation.

Commissioners expressed their appreciation for the Town's attendance and presentation.

#### **4. City of West Haven - Update**

Chairman Hamilton acknowledged West Haven's attendance at today's meeting including the City's recently elected Mayor, Nancy Rossi, and the City's Finance Director, Kevin McNabola. He also acknowledged attendance at today's meeting of State Senator Gayle Slossberg, who includes West Haven among the municipalities she represents.

Mr. Plummer pointed to the significant amount of financial information that Finance Director Kevin McNabola had provided for today's meeting. He indicated that the City had recently filed for a 30 day extension for the submission of its FYE 2017

audit report past the December 31<sup>st</sup> filing date and that the City had recently issued deficit financing bonds.

Chairman Hamilton requested that Mr. McNabola go over the details of the deficit financing and update the Commission on the City's finances. Mr. McNabola indicated that in November 2017 the City issued approximately \$27 million in bonds, financing \$16.9 million of the General Fund deficit that existed as of June 30, 2016 and \$9.6 million of capital infrastructure projects. Mayor Rossi's term commenced on December 3, 2017, and she promptly instituted a hiring freeze and a spending freeze for City departments, and has enacted other policies to reduce spending. Mr. McNabola described various ordinances that had been adopted, including a balanced budget ordinance, to assist in preventing/eliminating future deficits. Mayor Rossi indicated that it was her intent to ensure that financially sound practices and policies such as the balanced budget ordinance are actually implemented and being followed by the City.

Mr. McNabola indicated that the City was placed into a tier III status under the 2017 Municipal Accountability Review Board ("MARB") legislation once it issued the deficit financing bonds. Chairman Hamilton indicated that it was his belief that the City would be transitioning from the Commission's to the MARB's oversight as a result of issuing the deficit financing bonds and asked Commissioner Dakers to confirm. Commissioner Dakers affirmed Chairman Hamilton's belief and indicated that Mayor Rossi had reached out to Secretary Barnes and recently met with him in regard to MARB oversight and how that would affect West Haven. Commissioner Dakers pointed out that municipalities could apply to the Secretary of OPM to be designated as a tier III municipality but in the case of West Haven such application was unnecessary as issuing the deficit financing bonds automatically placed the City into tier III. Commissioner Dakers provided a general description of the MARB legislation including how that would affect the Commission and West Haven as a tier III community. The City officials made several inquiries to Commissioner Dakers on procedural matters related to the MARB, its powers and funding under the MARB legislation.

A discussion ensued among the Mayor, Finance Director and Commissioners on various economic development projects and the status of those projects. Mayor Rossi indicated her intent to seek the details on each of the City's on-going projects in order to determine what actions need to be taken to move the projects along and to ensure that the City generates sufficient monies from the projects. She also indicated that she is aware that annual audits have not been completed on time in the past and that she will be focusing her efforts to ensure that future audits are completed in a timely manner. It was noted that the City did not retain an auditor until October for the FYE 2017 audit that is due December 31st.

Commissioner Buch pointed out that in the past the City had significantly underestimated its health insurance costs, which was a significant factor leading to recent operating deficits in the General Fund. She also recommended that the City establish an OPEB Trust Fund to begin to set aside monies in funding its OPEB liabilities. A discussion ensued regarding the City's health insurance plan and



suggestions by the Commission for reducing costs, increasing the accuracy of projected costs, actuarial information, insurance carriers, etc. The Commission also discussed with the City its retirement benefits and bargaining unit contracts that would soon be subject to negotiations.

The City officials went over its projected results for FYE 2017 and FYE 2018. The City is projecting a General Fund operating deficit of approximately \$106,000 for FYE 2017. The City officials indicated that it could potentially be facing a \$6.9 million to \$8.9 million operating deficit for FYE 2018. They believe the City can lower that projected deficit for FYE 2018 by close to \$2.0 million due to the timing of debt service payment related to the recent bond issuance whereby \$2.0 million in debt service budgeted to be paid in FYE 2018 will be delayed to FYE 2019.

Commissioners thanked Mayor Rossi, and Mr. McNabola for their attendance and presentation, and State Senator Slossberg for her attendance and participation in discussions.

**5. Town of Winchester**

Mr. Plummer directed Commissioners to the financial information that the Town had submitted for today's meeting. He reminded Commissioners that at the last meeting, Commissioners indicated that they would like to see the results and the timing of the completion of the FYE 2017 audit before deciding whether a recommendation should be made to the Secretary of OPM that the Town no longer be under the purview of the Commission. Commissioners requested OPM to continue to monitor the Town until the FYE 2017 audit report has been submitted for review by Commissioners.

**6. Borough of Jewett City – Update**

Mr. Plummer indicated there was nothing new to report on the Borough's finances.

**7. Approval of 2018 Meeting Dates**

Commissioners reviewed the proposed meeting dates of the Commission for Calendar Year 2018 and the following dates were unanimously approved, subject to adjustment of the September meeting date to accommodate for the Yom Kippur religious holiday: Wednesday, April 18th; Wednesday, July 18th; Wednesday, September 19<sup>th</sup>; and Wednesday, December 12th. All the meetings would commence at 10:00 a.m., and be held in the offices of the Office of Policy and Management at 450 Capitol Avenue in Hartford.

**8. Other Business**

None

**9. Adjourned.**

The meeting was adjourned at 12:27 p.m.

Respectfully submitted,

Douglas W. Gillette  
Commission Secretary