

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

SPECIAL MEETING

WEDNESDAY, JANUARY 22, 2020

Meeting Location: Board of Regents Conference Room
61 Woodland Street
Hartford, CT 06105

Date/Time: January 27, 2020, 10:00 A.M.

Members Present: Mr. Douglas Gillette
Ms. Kimberly Kennison
Mr. Michael LeBlanc
Mr. John Schuyler

Members Absent: Chair, Ms. Kathleen Clarke Buch
Ms. Diane Waldron
Ms. Rebecca A. Sielman

Others Present: Julian Freund, OPM Staff
Jean Gula, OPM Staff
William Plummer, OPM Staff
Morgan Rice, OPM Staff
Richard Ives, First Selectman, Town of Brooklyn
Kevin Kenzenkovic, Temporary Finance Director, Town of Ellington
Christopher King, Auditor, King, King & Associates, P.C.
Stephen Pedneault, Accountant, Forensic Accounting Services, LLC.
Ann Marie Rheault, Finance Director, Town of Plymouth
Glenn Rybacki, Day Pitney LLP

1. Introduction/Call to order

The meeting was called to order at 10:25 a.m. by Commissioner Kennison, who was chairing today's meeting in the absence of Chairperson Buch.

2. Approval of the Minutes to the October 16, 2019 Meeting

The minutes of the October 16, 2019 meeting were approved, with Commissioner Schuyler abstaining.

3. Town of Brooklyn – Update on Corrective Action on Audit Findings from the June 30, 2018 Audit / Status of June 30, 2019 Audit

First Selectman Ives introduced himself and announced that Kelly Vachon had resigned as the Town's finance director as of January 20, 2020. The Town has scheduled four interviews for next week to fill the finance director position. Commissioner Kennison recommended having someone from either the Town's audit firm or Mr. Pedneault, the Town's accounting consultant, sit in on the interviews to ensure the candidates have the expertise needed.

First Selectman Ives believes that the Town has committed the resources needed in the Finance Department for the department to operate in the manner needed for processing transactions and producing reports in a timely manner on a go forward basis. There are now three employees dedicated to payroll, receivables, and payables for the Town and the Board of Education (BOE). In addition, there is a human resource employee that helps with payroll and insurance functions.

Stephen Pedneault introduced himself to the Commission. He is a forensic accountant that was retained by the Town a year ago to assess the Town from a forensic aspect. While Mr. Pedneault determined that there were no forensic issues, he did identify several problems however with the fiscal controls and processes within the Town, including: (a) the understaffing in the finance department, (b) difficulties with the Board of Education payroll and payables system, whereby the Superintendent was the person processing payroll and payables, and (c) that the Town's accounting system was problematic and that none of the current employees were proficient with the system. Mr. Pedneault worked with the Town to bring in several individuals to implement the controls and procedures that were needed.

The Town believes that its records are now reconciled up until November 2019 and that the general ledger is in balance. Town staff is working with its auditors to provide them with the information required to complete the June 30, 2019 audit. The Town expects that the FY2018-19 financial statements will include a prior period adjustment to provide a clean start point for moving forward. The payroll process was outsourced due to difficulties using the Town's Infinite Visions accounting system for that function. Commissioner Kennison requested that the Town provide to the Commission a complete checklist of what has been reconciled on the balance sheet and what has not.

Mr. King from the Town's auditing firm stated that his firm started the audit on the Board of Education side since the Board's records were in a better condition for auditing relative to the Town's records. Therefore, there has been a delay in auditing the Town's records. It appears that the Town has now obtained the rest of the information the audit firm was seeking and Mr. King is in the process of scheduling the continuation of the Town-side audit. At this point, Mr. King does not perceive any obstacles to completing the June 30, 2019 audit, and anticipates having the audit completed and submitted by the end of February 2020.

4. Town of Ellington – Update on Corrective Action on Audit Findings from the June 30, 2018 Audit / Status of June 30, 2019 Audit

Commissioner Gillette stated for the record that his firm serves as bond counsel to the Town of Ellington.

Kevin Kenzenkovic started by saying he was the new Temporary Finance Director for the Town of Ellington, starting the position 10 days ago. The Town has had staffing issues which contributed to the findings in the June 30, 2018 audit. The Town is currently seeking a permanent Finance Director. The Town has had a history of developing its budget for the upcoming fiscal year and working on its audit for the prior fiscal year in the same timeframe. Mr. Kenzenkovic has proposed an earlier commencement of the audit process so that the audit and budget development are not being done simultaneously. Several questions were posed to Mr. Kenzenkovic regarding the current status of the June 30, 2019 audit. Mr. Kenzenkovic indicated that he wanted to discuss the audit with the audit firm before responding. He will be providing information to the Commission on the status of the audit once he has made contact with the audit firm.

5. Town of Plymouth – Results of June 30, 2019 Audit / Corrective Action Plan to Management Letter Findings

Ms. Ann Marie Rheault, Finance Director of the Town of Plymouth introduced herself to Commissioners and provided an update on the Town's financial condition. She referenced the information that she had earlier provided for today's meeting, noting that the FY 2018-19 audit report was timely submitted. The Town ended fiscal year 2019 with an overall general fund, fund balance of \$3,853,157 and an unassigned general fund balance of \$2,898,442.

Ms. Rheault described the corrective actions that the Town had taken to address the issues cited in the June 30, 2019 management letter. She described a number of fiscally sound actions the Town had recently taken including the use of the proceeds from the sale of Town property, and the Board of Education's move to the State partnership health insurance plan effective July 1, 2018. She described the implementation of certain internal controls regarding the Town and Board of Education computer systems, including obtaining security assessments and monitoring of these systems. Ms. Rheault indicated that FY 2019-20 would be the first year of full results using the recently implemented new accounting system. Ms. Rheault briefly went over the FY 2019-20 budget to actual results to date. Commissioners indicated that the Town appears to have made significant improvements to its finances and internal controls from when the Town first came before the Commission. Commissioners expressed their appreciation for her attendance and presentation at today's meeting.

6. Proposed Calendar Year 2020 Meeting Dates

The following list of proposed calendar year 2020 regular meeting dates was presented to and approved by the Commissioners: March 18th, May 27th, July 29th, September 30th, and December 9th.

7. Other Business

Commissioner Kennison indicated that the latest edition of Municipal Fiscal Indicators had not been posted yet, but is anticipated to be posted in the near future. Today's information packets included draft pages from the Municipal Fiscal Indicators for each of the municipalities that had been designated, or had preliminarily been indicated, as falling within one of the Tier categories established under Chapter 117 of the General Statutes. A discussion ensued among the Commissioners regarding the information.

8. Adjourned.

The meeting was adjourned at 11:45 a.m.

Respectfully submitted,

Douglas W. Gillette
Commission Secretary

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, MAY 27, 2020

Meeting Location: Telephonic Meeting

Date/Time: May 27, 2020, 10:00 A.M.

Members Present: Chair, Ms. Kathleen Clarke Buch
Mr. Douglas Gillette
Ms. Kimberly Kennison
Mr. Michael LeBlanc
Mr. John Schuyler
Ms. Rebecca A. Sielman (in attendance until 11:00 a.m.)
Ms. Diane Waldron

Members Absent: None

Others Present: Julian Freund, OPM Staff
Jean Gula, OPM Staff
William Plummer, OPM Staff
Morgan Rice, OPM Staff
Richard Ives, First Selectman, Town of Brooklyn
Stephanie Levin, Finance Director, Town of Brooklyn
Tiffany Pignatro, Finance Director, Town of Ellington
Ann Marie Rheault, Finance Director, Town of Plymouth
Sean O'Grady, Auditor, King, King & Associates

1. Introduction/Call to order

The meeting was called to order at 10:03 a.m. by Commission Chair Buch.

2. Approval of the Minutes to the January 22, 2020 Meeting

The minutes of the January 22, 2020 meeting were unanimously approved, with abstentions from Commissioners Buch, Sielman, and Waldron.

3. Town of Brooklyn – Results of the June 30, 2019 Audit Report including restatements and reclassifications / Update on Corrective Action Plan to address audit findings from the June 30, 2019 audit / Other fiscal related matters

First Selectman Ives and Finance Director Stephanie Levin introduced themselves. Ms. Levin provided an update on the steps that have been taken to date to correct the audit findings from the June 30, 2019 audit report. She indicated that the goal of the Town is to submit the June 30, 2020 audit report by the December 31, 2020 due date. Several questions were posed to the Town regarding whether the Town is able to produce monthly financial reports, information on the budget for FY 2020-21, and the effects that COVID-19 is having on the finances of the Town and the services provided by the Town. First Selectman Ives indicated that the Town levies taxes on a quarterly basis and there has been no noticeable impact from COVID-19 on tax collections to date.

Commission Chair Buch asked the town's auditor, Sean O'Grady of King, King, & Associates, to address the restatements indicated in the June 30, 2019 audit report. Mr. O'Grady provided information on the restatements. Commissioner LeBlanc noted that the July 1, 2018 fund balance restatement for the General Fund resulted in a significant reduction to fund balance of close to \$1.0 million, fortunately for the Town the 2018-19 surplus of approximately \$450,000 helped to restore a portion of the reduction in fund balance due to the restatement. A number of additional questions regarding the restatements were posed by Commissioners. Commissioners requested that additional details to delineate the specific reasons for the fund balance restatement and the restatement amounts should be provided to the Commission by the Town's auditor. Mr. O'Grady agreed to provide the written information.

Several additional questions were posed to the Town regarding its corrective action plan to address the audit findings from the June 30, 2019 audit. The Town indicated that it was working on implementing several elements of its intended corrective actions. Commissioners indicated that it would be seeking further updates on the corrective action plan for the July 29th Commission meeting.

Commissioners indicated their appreciation for the Town's presentation at today's meeting.

4. Town of Ellington – Status of Outstanding June 30, 2019 Audit Report / Update on Corrective Action on Audit Findings from the June 30, 2018 Audit / Other fiscal related matters

Commissioner Gillette stated for the record that his firm serves as Bond Counsel to the Town of Ellington.

Ms. Tiffany Pignataro, the new finance director of Ellington, updated the Commission on the status of the June 30, 2019 audit submission. She indicated that draft financial statements are expected by the second week of June and the audit report is expected to be issued by the 3rd week in June. A new audit firm has been retained for the June 30, 2020 audit and the Town expects to issue the report by the December 31, 2020 due date.

Commissioner Buch inquired with the Town on the status of the audit report findings included in the June 30, 2018 audit report. Ms. Pignataro provided an update on the two audit findings from the 2018 report. Ms. Pignataro also updated the Commission on the Town's intent to change its current accounting system due to deficiencies in the current system that is being used on the Town side.

Commissioner Kennison requested an update on the effects of COVID-19 on the Town's operations and finances. Ms. Pignataro provided a brief update.

5. Town of Plymouth - Discussion

Commissioner Sielman stated for the record that her firm provides actuarial services for the Town of Plymouth.

Ms. Ann Marie Rheault, Finance Director of the Town of Plymouth introduced herself to Commissioners and provided an update on the Town's finances, including how COVID-19 has affected the Town's operations and finances. The Town's 2020-21 budget was recently adopted without a mill rate increase as the Town was attempting to alleviate any further burdens on town residents due to COVID-19 impacts. Ms. Rheault indicated that a significant amount of the Town's tax collections are derived from escrow payments and the Town does not believe there will be any significant effect to the July collections due to COVID-19. The Town's tax collector is somewhat more concerned regarding the January 2021 collections.

Commission Chair Buch indicated that the Town was definitely on the right track in terms of its finances and improved internal controls. She would want to view the results of the June 30, 2020 audit to fully evaluate the Town's continuation on its improved fiscal and operational activities. Commissioner Gillette inquired on the Town's staffing in its finance office and whether the appropriate amounts have been budgeted to address any staffing needs as this was an area of concern in earlier years. Ms. Rheault indicated it was her belief that the FY 2020-21 budget does reflect the staffing needed in her office. Commissioner Waldron congratulated Ms. Rheault on the improvements made by the Town over the past several years. Commissioners indicated their appreciation with the Town's presentation at today's meeting.

6. Outstanding June 30, 2019 municipal audit reports

Mr. Plummer referred Commissioners to the June 30, 2019 outstanding municipal audit reports document that was earlier provided to Commissioners for today's meeting. He indicated that to the best of his knowledge the delays in the submission of the audit reports were not a result of COVID-19 impacts and that many of the municipalities on the list have been ones that have submitted late audit reports in the past.

7. Tiers Status Report

Commissioner Kennison provided an update on the April 2020 Tiers Report including a description of the identifiers used in the report and the municipalities that were eligible for tier designation. She indicated that her office met with or offered to meet

with certain municipalities that were new to the tiers eligibility list before finalizing the report. Feedback from municipalities that she and her staff met with were valuable and some of their concerns were addressed in the final version of the report.

8. Financial Reporting and Fiscal Health Monitoring System Project

Commissioner Kennison indicated that she, Julian Freund and Bill Plummer made a presentation at the CTCPA conference held in May. She referenced the PowerPoint presentation that was provided to the Commission earlier and that was used in the May presentation at the CTCPA conference.

Bill Plummer provided a description of the current process in use to collect and produce municipal fiscal indicators and other reports and the new process under development which would result in a more automated process and allow OPM staff additional time for data analysis. OPM staff would continue to conduct a limited amount of quality control review of each municipality's data submission.

Commissioner Kennison indicated that OPM is also seeking to use the same system that will be used by municipalities to submit their financial audit report information to OPM to also collect the information OPM seeks from municipalities to comply with their uniform chart of accounts reporting. She went on to provide further information on the integrated approach that OPM is developing regarding data collection, data reporting and data analysis which will support the work of the Municipal Finance Advisory Commission, the Municipal Accountability Review Board, OPM and other state and municipal stakeholders. The enhanced data to be presented will continue to be useful to municipal taxpayers interested in the finances of their local governments.

9. Other Business

No other business.

10. Adjourned.

The meeting was adjourned at 11:13 a.m.

Respectfully submitted,

Douglas W. Gillette
Commission Secretary

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

RESCHEDULED REGULAR MEETING

WEDNESDAY, SEPTEMBER 16, 2020

Meeting Location: Telephonic Meeting

Date/Time: September 16, 2020, 10:00 A.M.

Members Present: Chair, Ms. Kathleen Clarke Buch
Mr. Douglas Gillette
Mr. Anthony Genovese
Ms. Kimberly Kennison
Mr. Michael LeBlanc
Mr. John Schuyler
Ms. Rebecca A. Sielman
Ms. Diane Waldron

Members Absent: None

Others Present: Julian Freund, OPM Staff
Jean Gula, OPM Staff
William Plummer, OPM Staff
Morgan Rice, OPM Staff
Richard Dziekan, Mayor, City of Derby
Andrew Baklik, Chief of Staff, Derby
Keith McLiverty, Interim Finance Director, Derby
Curt Leng, Mayor, Town of Hamden
David Garretson, Chief of Staff, Hamden
Patrick Donnelly, Deputy Chief of Staff, Hamden
Walter Morton, Director of Legislative Affairs, Hamden
Curtis Eatman, Director of Finance, Hamden
Rick Galarza, Deputy Finance Director, Hamden
David Panico, Hamden Bond Counsel, Robinson & Cole
John Accavallo, auditor for Derby, AO & Company
David Capelletti, auditor for Hamden, Clermont & Associates
Barry Bernabe, Financial Advisor, Phoenix Advisors

1. Introduction/Call to order

The meeting was called to order at 10:03 a.m. by Commission Chair Buch.

2. Approval of the Minutes to the May 27, 2020 Meeting

The minutes of the May 27, 2020 meeting were unanimously approved, with Commissioner Genovese abstaining.

3. City of Derby Presentation

Commissioner Gillette noted for the record that his firm is Bond Counsel for the City, therefore he is recusing himself.

Mayor Dziekan introduced himself to Commissioners and stated that the City is completely committed to its financial plan for improving its financial condition. He indicated that he would have the City's Acting Finance Director, Keith McLiverty, walk Commissioners through the details of the financial plan that had been provided to Commissioners earlier for today's presentation. He also acknowledged the presence today of his Chief of Staff Andrew Baklik, the City's Auditor, John Accavallo and the City's Municipal Advisor, Barry Bernabe.

Mr. McLiverty introduced himself. He provided an explanation of what led to the City reporting a cumulative negative General Fund balance as of June 30, 2018 and continuing for June 30, 2019. He indicated that the deficit was primarily the result of a mistake in the finance office whereby the City incorrectly budgeted and accounted for the Alliance Grant by double counting the grant in FY 2016-17 and 2017-18. The incorrect budgeting/accounting resulted in a revenue shortfall of \$1.2 million for the grant in each of those years. The error was not identified until sometime during FY 2017-18, causing the City's auditor to restate the July 1, 2017 beginning fund balance of the City to a lower amount. The cumulative effects of these overestimations of the Alliance Grant led to the General Fund cumulative deficit as of June 30, 2018.

In addition, there were two other factors contributing to the negative fund balance: (1) the City overestimated certain formula grants in its adopted budgets as a result of not paying close attention to the municipal grant numbers presented in the State's biennial budget; and (2) an increase in medical costs in FY 2017-18 above what the City had been projecting for its self-insurance medical plan.

The City now has in place a financial plan to eliminate the deficit and to restore its fiscal condition. Mr. McLiverty described the City's 8-point recovery plan that involved a combination of debt restructuring, sale of assets, mill rate increases, adjustment to its long-term costs, tax lien sale, structured organizational changes, grand list growth, and fund balance replenishment. He indicated that the financial plan was presented to S&P rating agency and that despite reporting a negative fund balance, the City's bond rating was lowered by only one notch from AA- to A+.

In order to effectively address the audit findings, the City engaged its auditor to conduct a “Best Practice” agreed upon procedures to identify best practices to be used towards developing and implementing corrective actions to eliminate the audit findings in the audit reports that have been in existence for a number of years, including the matters described in the management letter. A significant part of the corrections included the restructuring of the finance department.

The City’s auditor John Accavallo indicated that the City had not been fulfilling the basic duties required of any municipality. This included not doing basic reconciliations, not having a centralized finance office, not performing monthly closings, not making adjusting entries when needed, etc. He indicated that he has observed a definite improvement in a number of these areas, including a good tone from the top from management and communication among departments.

A number of questions were posed by Commissioners including funding of the City’s pension plan in accordance with the actuarial determined contribution over the next several years and how the City budgets for these contributions, the internal control deficiencies and how the audit findings may impact the auditor’s opinion on the financial statements, the effects of COVID on the City’s adopted budget, etc.

Commissioners congratulated the City for developing its 8-point recovery plan and for appearing before the Commission. Commissioners indicated that they would provide OPM a list of items that they would be seeking from the City for the next meeting with the City.

4. Town of Hamden Presentation

Mayor Leng introduced himself and acknowledged several other individuals that were in attendance for Hamden’s presentation. Mayor Leng provided a history of some of the circumstances that has led to the Town’s current fiscal situation and the actions the Town has taken during that time to resolve its financial challenges. However, the Town is projecting that it will report an operating deficit in the \$4 to \$6 million range for FY 2019-20, which will cause Hamden to report a cumulative General Fund deficit in the \$2 to \$4 million range as of June 30, 2020.

Mayor Leng indicated his strong belief that the current plan he and his finance team have developed will be successful in moving the Town towards sound financial footing. There are three phases of the recovery plan.

Phase 1 of the recovery plan began with the FY 2020-21 budget and included successful negotiations with Hamden’s unions for medical insurance cost savings and reduced cost of living adjustments to its pension plan. There was also a restructuring of debt service and a mill rate increase. Although the restructuring of debt service will create cost savings in FY 2020-21, the Town’s adopted FY 2020-21 budget reflects the full debt service cost prior to the restructuring, creating opportunities to reduce or eliminate the projected June 30, 2020 deficit. Mayor Leng acknowledged that the FY 2020-21 adopted budget assumed \$6 million in revenues for lost tax and other municipal revenue

and expenditure reimbursements due to COVID-19. If that revenue item does not materialize, he believes that the FY 2020-21 budget has a sufficient surplus built in whereby at least 50% of the \$6 million revenue shortfall could be absorbed in the budget. Hamden's finance department has recommended that the Town begin to seek either expenditure cuts or raise additional revenues if the COVID-19 revenues are not realized by November of 2020.

Phase 2 of the recovery plan is designed to tackle the Town's structural imbalance between revenues and expenditures. Currently, the Town does not generate sufficient recurring revenues to cover its recurring expenditures. To that regard the Town has established a Fiscal Stability Committee made up of legislative council members, Hamden citizens, administrators, the Mayor, Council President, School Superintendent, the Board of Education Chair, and the Finance Director.

Phase 3 of the recovery plan is the Town's longer-term plan towards fiscal improvement. This would include further changes in its pension and medical plans for additional cost savings and a possible restructuring of its outstanding pension obligation bonds.

Rick Galarza, Hamden's Assistant Finance Director, provided a description of the Town's two internal service funds, the medical fund and the workers compensation fund, that both reported deficits as of June 30, 2019. He believes the deficit is partially due to the incurred but not reported liability being reported and believes the IBNR will be reduced in the future. The Town is exploring a number of steps to reduce its internal service fund costs to eliminate the deficits in these funds.

Commissioners inquired about the Town's debt service restructuring plan, the assumed COVID-related revenue adopted in the FY 2020-21 budget, the commitment on the part of the residents to fixing the fiscal problems of the Town, how the amount for pension contribution is budgeted in comparison to the timing of the information provided by the actuary, etc. Chairperson Buch commented that she believes the fiscal stability commission is an excellent idea. Commissioner Kennison inquired about whether the June 30, 2019 audit had identified audit findings for that year as her Office had not been provided with any documents. The Town's auditor indicated that there was a management letter issued to the Council and Board of Education. Ms. Kennison requested that the management letter be provided to OPM.

Commissioners congratulated Hamden for developing its current recovery plan and for appearing before the Commission. Commissioners indicated that they would provide OPM with a list of items that they would be seeking from the Town for the next meeting with the Town.

5. Other Business

None.

6. Adjourned.

The meeting was adjourned at 12:04 p.m.

Respectfully submitted,

Douglas W. Gillette
Commission Secretary

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, SEPTEMBER 30, 2020

Meeting Location: Telephonic Meeting

Date/Time: September 30, 2020, 10:00 A.M.

Members Present: Chair, Ms. Kathleen Clarke Buch
Mr. Anthony Genovese
Ms. Kimberly Kennison
Mr. Michael LeBlanc
Mr. John Schuyler
Ms. Rebecca A. Sielman
Ms. Diane Waldron

Members Absent: Mr. Douglas Gillette

Others Present: Julian Freund, OPM Staff
Jean Gula, OPM Staff
William Plummer, OPM Staff
Morgan Rice, OPM Staff
Richard Ives, First Selectman, Town of Brooklyn
Stephanie Levin, Finance Director, Town of Brooklyn
Lori Spielman, First Selectman, Town of Ellington
Felicia LaPlante, Assistant Finance Director, Town of Ellington
Ann Marie Rheault, Finance Director, Town of Plymouth

1. Introduction/Call to order

The meeting was called to order at 10:04 a.m. by Commission Chair Buch.

In the absence of Commissioner Gillette, Commission Chair Buch designated Commissioner Kennison to serve as the Acting Commission Secretary for today's meeting.

2. Approval of the Minutes to the September 16, 2020 Meeting

The minutes of the September 16, 2020 meeting were unanimously approved by all members in attendance.

3. Town of Brooklyn –Unaudited Budget to Actual Results for FY 2019-20 / Most Current FY 2020-21 Budget to Actual Results with Adopted Budget Assumptions / Update on Implementation of Corrective Action Plan to Address Audit Findings from the June 30, 2019 Audit / Status of the June 30, 2020 Audit / Other Fiscal Related Matters.

Finance Director Stephanie Levin introduced herself to Commissioners and referenced the material she had provided for today's meeting. She indicated that the Town is in the middle of its FY 2019-20 audit process. Any information requested by the audit firm is being uploaded to the firm's website. The current plan is for the auditor to physically start work at the Town sometime in October. The goal is to have the June 30, 2020 audit completed on time to meet the December 31st statutory due date.

Ms. Levin stated that the Town levies taxes on a quarterly basis. She indicated that in regard to tax collection rates, she hasn't noticed any impact from COVID on collections for FY 2019-20 and on the July 2020 tax levy. The Town has applied for certain FEMA reimbursements for COVID related costs but so far has not received any funds.

Commission Chair Buch inquired as to other than property taxes, whether the Town was aware of other revenue sources being impacted by COVID. Ms. Levin indicated that any decrease in revenues was caused by the Town simply not being able to provide programs/services due to COVID. Therefore, the reduction in program revenues was offset by an equal reduction in program related expenditures. First Selectman Ives indicated that he continues to monitor property taxes and state revenues for any unanticipated shortfalls. Commissioner Kennison inquired about the audit findings reported in the June 30, 2019 audit and the implementation of corrective actions to resolve such findings. Ms. Levin described the actions taken to resolve the audit findings including the staffing of the finance office and that timely reconciliations are being made. The Water Pollution Control Authority finding is a work in-progress which the Town intends to fully address.

Commissioners thanked the Town for attending today's meeting and for its presentation to the Commission.

4. Town of Ellington – Review of the Results of the June 30, 2019 Audit / Unaudited Budget to Actual Results for FY 2019-20 / Most Current FY 2020-21 Budget to Actual Results with Adopted Budget Assumptions / Update on Implementation of Corrective Action Plan to Address Audit Findings from the June 30, 2019 Audit / Status of the June 30, 2020 Audit / Other Fiscal Related Matters.

Felecia LaPlante, the Town’s Assistant Finance Director, introduced herself and described the improved policies and procedures the finance office had put in place to address the June 30, 2019 audit findings. This would include the hiring of the Town’s current Finance Director, Tiffany Pignataro, who was unavailable to attend today’s meeting. The Town expects to have a draft of the June 30, 2020 preliminary financial statements by the end of October and is working with its current audit firm, Blum, Shapiro, to submit the June 30, 2020 audit by the December 31, 2020 statutory due date.

At the time the Commission last met with the Town in May, the June 30, 2019 audit report had not been issued. Commission Chair Buch therefore requested that Ms. Levin walk Commissioners through the June 30, 2019 audit results. Ms. Levin described the results of the June 30, 2019 audit report. She indicated that the reason for the property tax revenue shortfall as reported in the audit report was that the Town originally budgeted for a higher mill rate but when information became available to the Town from the State indicating that Ellington would receive a higher amount of state aid than what was originally budgeted in the 2018-19 budget, the Board of finance subsequently lowered the mill rate, resulting in the property tax revenue shortfall.

Several questions were posed by Commissioners and answered by Ms. LaPlante.

Commissioners thanked the Town for attending today’s meeting and for its presentation to the Commission.

5. Town of Plymouth - Unaudited Budget to Actual Results for FY 2019-20 / Most Current FY 2020-21 Budget to Actual Results with Adopted Budget Assumptions / Update on Implementation of Corrective Action Plan to Address Audit Findings and Recommendations from the June 30, 2019 Audit and Management Letter / Other Fiscal Related Matters.

Commissioner Sielman stated for the record that her firm provides actuarial services for the Town of Plymouth.

Ann Marie Rheault, the Town’s Finance Director, introduced herself. She indicated that the Town provided a general tax deferment to taxpayers on the July tax levy. The deferment has not caused a cash flow problem for the Town. Ms. Rheault indicated that the Town did reduce its assumed tax collection rate in formulating its FY 2020-21 budget. In addition, the Town Council did not want to raise taxes on its taxpayers due to other COVID hardships among its residents. Therefore, the Town budgeted \$290 thousand in fund balance towards balancing the FY 2020-21 budget. She is scrutinizing

revenues and expenditures in the hope that the \$290 thousand budgeted fund balance will not have to be used due to favorable budget results for FY 2020-21.

Commissioner Genovese indicated his concern with the Town budgeting for the use of fund balance to balance the FY 2020-21 budget. He indicated his hope that this does not become a continuing practice. Ms. Rheault indicated that she hopes that the Town will soon realize some savings from the recent outsourcing of its dispatch services. She does believe that the Town Council understands that the use of fund balance should not be a regular practice under normal circumstances. Commissioner Waldron indicated that based upon \$40 million in annual revenues, the Town's unassigned fund balance was approximately 7.25% of its revenues and that the Town would want to replenish fund balance to increase this percentage. It was also recommended by Commissioners that the Town adopt a fund balance policy going forward.

Ms. Rheault discussed other matters relating to the Town including that the Town is currently without a Board of Education business manager and recently moved to a different accounting system.

Commissioners expressed their appreciation to Ms. Rheault for her attendance and presentation at today's meeting.

6. Update on OPM's Fiscal Health Monitoring System

Ms. Kennison provided an update on the Fiscal Health Monitoring System and work being done to complete the templates. She also provided some background information on other criteria that may cause certain municipalities to come under the purview of the Commission. As the information for meeting the criteria is preliminary, Commissioners believed that waiting on the FY 2019-20 audited information would be advisable before making a decision.

7. Other Business

None.

8. Adjourned.

The meeting was adjourned at 11:02 a.m.

Respectfully submitted,

Kimberly Kennison
Acting Commission Secretary –
September 30, 2020 Meeting

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, DECEMBER 9, 2020

Meeting Location: Telephonic Meeting

Date/Time: December 9, 2020, 10:00 A.M.

Members Present: Ms. Kathleen Clarke Buch, Chair
Mr. Douglas Gillette
Mr. Anthony Genovese
Ms. Kimberly Kennison
Mr. John Schuyler
Ms. Rebecca A. Sielman
Ms. Diane Waldron

Members Absent: Mr. Michael LeBlanc

Others Present: Julian Freund, OPM Staff
William Plummer, OPM Staff
Richard Ives, First Selectman, Town of Brooklyn
Stephanie Levin, Finance Director, Town of Brooklyn
Richard Dziekan, Mayor, City of Derby
Keith McLiverty, Interim Finance Director, Derby
Lori Spielman, First Selectman, Town of Ellington
Felicia LaPlante, Assistant Finance Director, Town of Ellington
Curt Leng, Mayor, Town of Hamden
Curtis Eatman, Director of Finance, Hamden
Rick Galarza, Deputy Finance Director, Hamden
Ann Marie Rheault, Finance Director, Town of Plymouth
Christopher King, King & King, Auditor for Brooklyn
David Panico, Hamden Bond Counsel, Robinson & Cole
John Accavallo, auditor for Derby, AO & Company
David Capelletti, auditor for Hamden, Clermont & Associates

1. Call to order

The meeting was called to order at 10:03 a.m. by Commission Chair Buch. She acknowledged the recent notification sent to fellow Commissioners by Commissioner Gillette announcing his retirement from the Commission effective with his retirement as a partner of his law firm on December 31st. She and other Commissioners congratulated him and expressed their appreciation to the work he has done on the Commission over the years.

2. Approval of the Minutes to the September 30, 2020 Meeting

The minutes of the September 30, 2020 meeting were unanimously approved, with Commissioner Gillette abstaining. Note: Commissioner Sielman joined the meeting at 10:40 a.m. and was not in attendance to vote on the approval of the minutes.

3. Town of Plymouth - Unaudited Budget to Actual Results for FY 2019-20 / Most Current FY 2020-21 Budget to Actual Results with projections through June 30, 2021 / Update on Implementation of Corrective Action Plan to Address Audit Findings and Recommendations from the June 30, 2019 Audit and Management Letter / Status of the June 30, 2020 Audit / Other Fiscal Related Matters

Plymouth's finance director, Ann Marie Rheault, introduced herself. She stated that currently, the Town's June 30, 2020 results to date show an operating surplus of approximately \$975,000. However, there are adjusting entries that still need to be made that could have an effect on this estimate. A 30-day extension request was filed for submittal of the June 3, 2020 audit report past the statutory December 31, 2020 due date. The Town is on schedule to submit the audit report by December 31st but an extension was filed in case of events that could cause the audit to be delayed such as finance staff being affected by COVID-19. Commissioners made inquiries regarding areas of savings that are projected, whether there were reimbursements projected related to COVID-19 expenditures, etc.

Ms. Rheault summarized the FY 2020-21 results to date and also described property tax collections to date. Back taxes collected to date are somewhat lower than past years but current year taxes are not showing any lag despite the deferment of taxes allowed by the Town.

Commissioners thanked Ms. Rheault for attending today's meeting to provide an update on the Plymouth's finances.

4. Town of Brooklyn - Unaudited Budget to Actual Results for FY 2019-20 / Most Current FY 2020-21 Budget to Actual Results with projections through June 30, 2021 / Update on Implementation of Corrective Action Plan to Address Audit Findings from the June 30, 2019 Audit / Status of the June 30, 2020 Audit / Other Fiscal Related Matters.

Stephanie Levin, the Town of Brooklyn's finance director, introduced herself to the Commission. Similar to Plymouth, Brooklyn has filed a 30-day extension for additional time past the December 31, 2020 due date to submit the June 30, 2020 audit report. This was done as there has been staff from the Town's finance office and from its audit firm who have been impacted by COVID-19. The goal is still to submit the report by December 31st but as a precaution the extension request was made.

Presently, the Town is expecting a surplus in its General Fund of approximately \$470,000 for FY 2019-20. \$200,000 of the surplus is from the Board of Education side of the budget and \$270,000 is from the Town side. Several questions were posed by Commissioners including as to the effect on the Town's fund balance from the projected operating surplus, the description of what was included in the miscellaneous revenue category for which actual revenues significantly exceeded the amount budgeted, the development of a policies and procedures manual, etc.

Ms. Levin indicated that the Town collects taxes quarterly and that she has not seen any significant impact on tax collections due to COVID-19.

5. **Town of Ellington** - Unaudited Budget to Actual Results for FY 2019-20 / Most Current FY 2020-21 Budget to Actual Results with projections through June 30, 2021 / Update on Implementation of Corrective Action Plan to Address Audit Findings from the June 30, 2019 Audit / Status of the June 30, 2020 Audit / Other Fiscal Related Matters.

Commissioner Gillette noted for the record that his firm serves as Bond Counsel for the Town, therefore he is recusing himself.

Felicia LaPlante, the Town of Ellington's assistant finance director, introduced herself to Commissioners. She described the corrective actions the Town has implemented to date to address the audit findings identified in the June 30, 2019 audit report. She also noted that the Town had successfully met its own target date by completion by October 30, 2020 of its June 30, 2020 audit report. She noted that the audit entries needed to produce the June 30, 2020 audit were significantly less than those for the June 30, 2019 audit. She described the progress in implementing Town's new accounting software. She described the audit results for FY 2019-20, including a General Fund operating surplus of \$2.1 million.

Commissioner Kennison commended the Town for completion of the June 30, 2020 audit in significantly less time than the June 30, 2019 audit and the improved financial results as identified in the June 30, 2020 audit report. She noted that there were several findings identified in the audit report and that OPM and the Commission would be seeking a detailed corrective action plan to address the findings. Several Commissioners commented on the improvements made by the Town.

6. **City of Derby** - Unaudited Budget to Actual Results for FY 2019-20 / Most Current FY 2020-21 Budget to Actual Results with projections through June 30, 2021 / Update on Implementation of Corrective Action Plan to Address Audit Findings and

Recommendations from the June 30, 2019 Audit and Management Letter / Status of the June 30, 2020 Audit / Other Fiscal Related Matters.

Commissioner Gillette noted for the record that his firm is Bond Counsel for the City, therefore he is recusing himself.

Finance Director Keith McLiverty introduced himself and others present for the City. He provided an update on the implementation of the corrective actions to resolve the audit findings identified in the June 30, 2019 audit report. He noted that a number of the corrective actions have been implemented while there are still a number of others that are in progress. The Town is committed to its 8-point financial plan which includes fully implementing the corrective action plan.

The Town is projecting a FY 2019-20 surplus of approximately \$600,000 to \$700,000 on the Town side and a surplus for FY 2019-20 of approximately \$380,000 on the Board of Education side of the budget. This is on top of the \$1.5 million in fund balance replenishment that was built into the FY 2019-20 adopted budget.

The Town saw no negative impact on property taxes in FY 2019-20 and has not seen any negative impact on property taxes so far in FY 2020-21. The Town has budgeted another \$1.5 million in replenishment of its fund balance for FY 2020-21 and to date anticipates to increase its fund balance by this amount for June 30, 2021.

The Town does not anticipate any significant delay in filing its June 30, 2020 audit report but may seek an extension later in December to ensure that it is in conformance with statutes as to the filing date of the audit.

Commissioners asked a number of questions as it relates to the June 30, 2019 audit findings, the unaudited operating results for FY 2019-20 and the projections to date in regard to the FY 2020-21 budget. Commissioners indicated their appreciation to the Mr. McLiverty for his presentation.

- 7. Town of Hamden - Unaudited Budget to Actual Results for FY 2019-20 / Most Current FY 2020-21 Budget to Actual Results with projections through June 30, 2021 / Update on Implementation of Corrective Action Plan to Address Audit Findings and Recommendations from the June 30, 2019 Management Letter / Status of the June 30, 2020 Audit / Other Fiscal Related Matters.**

Note: Commissioner Genovese departed from the meeting prior to the Hamden presentation.

Finance Director Curtis Eatman introduced himself and all in attendance for today's meeting representing the Town of Hamden.

Mayor Leng introduced himself to the Commission and expressed his intent to walk Commissioners through today's presentation on the Town's updated financial status.

The Town expects to move from a positive \$1.9 million cumulative General Fund fund balance as of June 30, 2019 to a negative \$2.5 million fund deficit as of June 30, 2020. This deficit is caused primarily by revenue shortfalls in several areas of the FY 2019-20 budget including: revenue shortfall of \$3.0 million in motor vehicle property taxes, \$1.0 million revenue shortfall for fees for services and \$1.6 million in revenue shortfall for miscellaneous revenues.

The Mayor described certain best practices that are being put into place such as funding pensions at the full actuarial recommended amount, implementation of a tax lien sale program to generate revenues, etc.

The Mayor has seen no negative effect from COVID-19 on property tax collection rates except in the area of motor vehicle taxes which are coming in slower than the same time frame in FY 2019-20.

For FY 2020-21 revenues are trending at \$4 million to \$6 million less than what was budgeted. However, expenditures are estimated at \$6 million to \$8 million less than budgeted as shown in the PowerPoint presentation provided

Questions were posed by Commissioners and recommendations made regarding a number of items including: (1) whether the Town has an updated capital plan and other long-term forecasting, and the need to continually update such capital plans and forecasts; (2) whether the Town has implemented an audit of the pension benefit calculations to ensure that no incorrect calculations are made as has occurred previously, and if not, that the Town should consider the same; and (3) the need for the Town to address the audit findings identified in its management letter and to provide an update on the implementation of its corrective action plan, etc.

Commissioners expressed their appreciation to Mayor Leng and his staff for attending today's meeting to provide an update on Hamden's finances.

8. Calendar Year 2021 Proposed Meeting Dates

The proposed following meeting dates for Calendar Year 2021 were reviewed and approved by the Commissioners:

Meeting Dates	Time	Location
Wednesday, February 17, 2021	10:00 A.M.	Telephonic Meeting
Wednesday, April 14, 2021	10:00 A.M.	Telephonic Meeting
Wednesday, June 16, 2021	10:00 A.M.	Telephonic Meeting
Wednesday, August 18, 2021	10:00 A.M.	Telephonic Meeting
Wednesday, October 13, 2021	10:00 A.M.	Telephonic Meeting
Wednesday, December 8, 2021	10:00 A.M.	Telephonic Meeting

9. Other Business

Commissioner Schuyler indicated that it was his intent to resign from the Commission as soon as another candidate would be available to fill his position. Commissioner Kennison described the process for filling vacancies on the Commission and indicated that she has requested recommendations from both Commissioner Gillette and Commissioner Schuyler to fill their vacated positions.

10. Adjourned.

The meeting was adjourned at 11:56 p.m.

Respectfully submitted,

Douglas W. Gillette
Commission Secretary