

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, FEBRUARY 17, 2021

Meeting Location: Telephonic Meeting

Date/Time: February 17, 2021, 10:00 A.M.

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

Members Absent:

Others Present: Julian Freund, OPM Staff
William Plummer, OPM Staff
Michael Reis, 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
Curt Leng, Mayor, Town of Hamden
Scott Jackson, Director of Finance, Hamden
Rick Galarza, Deputy Finance Director, Hamden

1. Call to order

The meeting was called to order at 10:02 a.m. by Commission Chair Buch. Commissioner Kennison introduced Michael Reis, who recently joined the Office of Policy and Management in the Office of Finance. Mr. Reis is a certified public accountant who had previously been employed by the accounting firm of CohnReznick.

Commissioner Buch indicated that the City of Derby had requested to be moved up on the agenda due to a previously scheduled engagement; therefore, she will now ask the City to provide its presentation. All other items previously scheduled to come before Derby's presentation would be moved back on the agenda.

2. City of Derby - Status of the June 30, 2020 Audit / Most Current 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 / Other Fiscal Related Matters.

Interim Finance Director Keith McLiverty introduced himself and provided an update on certain activities that had occurred since the Commission last met with the City in December of 2020. These activities included two additional staffing members in the City's finance department to assist with timely reconciliations and other finance office matters. The City has established a search committee for a finance director to replace Mr. McLiverty as it is his intent to resign from the position once the City has chosen someone to replace him. The City is seeking to retain a finance director that is a certified public accountant (CPA) or with the skills set of a CPA.

Mr. McLiverty stated that the Board has recognized the importance of re-building fund balance based upon recent actions the Board has taken to restore fund balance.

Commissioner Kennison inquired about a number of the audit findings and the status of implementing the corrective actions planned. Mr. McLiverty walked Commissioners through the updated corrective action plan that was provided for today's meeting. Commissioners also made inquiries in regard to several of the items included in the unaudited budget results for FY 2019-20 and the projections in regard to the FY 2020-21 budget. Commissioner Kennison noted that it appeared that petty cash was being recorded as an expenditure on the budgetary operating statement. She inquired with Mr. McLiverty as to why such a line item was not a balance sheet item instead of being included as an expenditure. Mr. McLiverty acknowledged that petty cash was being recorded incorrectly and that he would seek to make the change to properly record this item. Mr. McLiverty provided answers to a number of additional questions posed to him by Commissioners.

Inquiries from Commissioners were also made on the status of the development of the FY 2021-22 budget. Mr. McLiverty provided details regarding the City's plan to restoring fund balance and increasing the contributions to the pension plan in FY 2021-22. Commissioner Sielman expressed her concerns with the actuarial assumptions of the City's defined benefit pension plan.

Commissioner LeBlanc inquired as to when the City is expected to issue its June 30, 2020 audit report. According to Mr. McLiverty the City believes it can issue the audit report by the end of February or soon after the end of February.

Commissioners expressed their appreciation to the City for its presentation.

3. Approval of the Minutes to the December 9, 2020 Meeting

Commissioner Genovese noted that at the December 9th meeting he had to leave the meeting just prior to the Town of Hamden's presentation. Commissioners requested that Commissioner Genovese early departure be reflected in the December 9th minutes and that the minutes be amended for this. The minutes of the December 9, 2020 meeting were unanimously approved with the amendment by all Commissioners in attendance, except for Commissioner LeBlanc who was not in attendance for the December 9th meeting.

4. Town of Brooklyn - Status of the June 30, 2020 Audit / Most Current 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 / Other Fiscal Related Matters.

Stephanie Levin, the Town of Brooklyn's finance director, introduced herself and First Selectman Ives to the Commission. She indicated that she expected the June 30, 2020 audit report to be submitted by Friday of the week. Inquiries were made in regard to the reasons for the delay in completion of the audit and the software being used by the Town for its accounting system. Ms. Levin provided answers to the questions posed.

Commissioner Kennison inquired as to the projected operating results for FY 2019-20. Ms. Levin indicated that she expects a positive results from operations of approximately \$450,000 or slightly higher. Commissioner Buch inquired as to audit findings expected to be included in the June 30, 2020 audit report and Ms. Levin indicated she believed there would be an audit finding and described the anticipated finding.

Ms. Levin provided an update on the finances of FY 2020-21. First Selectman Ives indicated that he has noticed no reduction in property tax collections from what the Town normally collects. The Town's grand list for FY 2021-22 increased by over 13% as there was a revaluation for that year. Several questions were posed by Commissioners and answered by Ms. Levin and First Selectman Ives in regard to results to date for FY 2020-21 and the development of the FY 2021-22 budget.

Commissioners expressed their appreciation to First Selectman Ives and Ms. Levin for their presentation at today's meeting.

5. Town of Hamden – Results of the June 30, 2020 Audit – financial statements and audit findings / Most Current FY 2020-21 Budget to Actual Results with projections through June 30, 2021 / Other Fiscal Related Matters.

Mayor Leng introduced himself to the Commission and indicated that he would walk Commissioners through some of the financial matters related to the Town before handing off the remaining presentation to the finance team. He indicated that the June 30, 2020 audit report had been completed and although the Town reported a \$2.3 million cumulative General Fund deficit, it is less than the \$6.0 to \$8.0 million deficit the Town had originally anticipated. The reduction in the anticipated deficit was due to the significant work and cooperation made by departments throughout the Town.

Finance Director Scott Jackson indicated that the June 30, 2020 independent audit was relatively clean with a relatively minor delay in issuance of the report. He has recommended to the Council that the Town establish an audit committee to work on any issues related to the audit. Mr. Jackson indicated that although the Town reported a deficit as of June 30, 2020, from a cash and liquidity perspective the Town ended fiscal year 2020 in a positive position.

He referred Commissioners to the information provided by Hamden for today's meeting and walked Commissioners through the information provided on the FY 2020-21 budget. Several questions were posed by Commissioners regarding the information. Commissioner Buch inquired about the use of the proceeds of the bond premium referenced by Mr. Jackson and whether it would be used towards debt service. Deputy finance director Rick Galarza provided further information on the bond premium. Inquiries were also made in regard to the deficits reported in the internal service funds and the projected savings in the current year. Mr. Jackson and Mayor Leng provided more details on the anticipated medical savings. A number of other questions were posed by Commissioners including the level of debt of the Town and any anticipated significant debt issuances, changes to benefit terms for new hires as it relates to pension and OPEB, etc.

Commissioner Sielman indicated that she had significant concerns in regard to the actuarial assumptions for the Town's pension plan and the lack of an experience study for the pension plan. A discussion ensued among the Town and Commissioners.

Commissioners expressed their appreciation to Mayor Leng and his staff for today's presentation.

6. **Information Updates – Data Submissions - Town of Ellington and Town of Plymouth:** Commission Chair Buch acknowledged the information provided and requested that Commissioners contact OPM should there be any questions in regard to the information.

7. **Fiscal Health Monitoring System (FHMS) Project Update:** Commissioner Kennison provided an update to Commissioners on the progress made to date on the FHMS project and the communication that was recently made to municipalities in regard to the transition of Municipal Fiscal Indicators and the Uniform Chart of Accounts to a new platform.

Commissioner Genovese inquired as to the process to release a municipality from the purview of the MFAC and the process as to recommending a municipality be considered to be under the purview of the Municipal Accountability Review Board (MARB). A discussion ensued as to when the next set of municipal fiscal indicators would be available to allow Commissioners to assess the finances of municipalities. Some Commissioners believed that there may be a need as to possible additions to the data sets collected in order to provide further analysis.

8. **Other Business:** None

9. **Adjourned.**

The meeting was adjourned at 11:39 p.m.

Respectfully submitted,

Kimberly Kennison
Acting Commission Secretary

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, MAY 5, 2021

Meeting Location: Telephonic Meeting

Date/Time: May 5, 2021, 10:00 A.M.

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

Members Absent: Mr. Anthony Genovese

Others Present: Julian Freund, OPM Staff
William Plummer, OPM Staff
Michael Reis, OPM Staff
Stephanie Levin, Finance Director, Town of Brooklyn
Richard Dziekan, Mayor, City of Derby
David Taylor, Interim Finance Director, Derby
Andrew Baklik, Chief of Staff, Derby
Curt Leng, Mayor, Town of Hamden
Scott Jackson, Director of Finance, Hamden
Rick Galarza, Deputy Finance Director, Hamden
Adam Sendroff, Chief of Staff, Hamden

1. Call to order

The meeting was called to order at 10:02 a.m. by Commission Chair Buch. She announced that Glenn Rybacki was in attendance for his first meeting as a member of the Municipal Finance Advisory Commission (MFAC), replacing Doug Gillette who had resigned from the Commission several months ago. Mr. Rybacki introduced himself and gave a brief description of his work experience and background in municipal finance.

2. Approval of the minutes to the February 17, 2021 meeting

The minutes to the February 17, 2021 meeting were unanimously approved by all Commissioners in attendance except for Mr. Rybacki, who abstained as he was not a member of the Commission back in February and did not attend the meeting.

3. Town of Brooklyn - Review of the June 30, 2020 audit report submitted on February 27, 2021 / Most current FY 2020-21 budget to actual results with projections through June 30, 2021 / Proposed FY 2021-22 budget with assumptions (if available) / Update on implementation of Corrective Action Plan to address audit findings from the June 30, 2020 audit report and management letter / Other fiscal related matters

Finance Director, Stephanie Levin introduced herself to the Commission and indicated there was a small increase to the unassigned fund balance but the increase was smaller than anticipated due to a prior period restatement of the fund balance that lowered the July 1, 2019 beginning fund balance from what was reported as of June 30, 2019.

Ms. Levin provided an update on audit findings reported in the June 30, 2020 audit report. She indicated that there was a repeated internal control weakness in regard to a material weakness in internal control over financial reporting. She provided a description of the progress made to date in correcting that deficiency. Ms. Levin also indicated that there was a finding in regard to the town's relationship with the Water Pollution Control Authority (WPCA) and that she is working to correct that finding.

Commissioner Buch asked several questions in regard to the Town's relationship with the Authority including whether the Town appointed the members of the WPCA and whether the Authority served any other towns besides Brooklyn. From Ms. Levin's response, commissioners indicated their belief that the WPCA is a reporting component of the Town and has authority over the WPCA.

Questions were also posed by Commissioners in regard to the number of people in the finance office of the Town and their level of experience and training in governmental accounting, the status of the update to the accounting manual that the Town had previously indicated it had been working on, whether the Town had established a fund balance policy, the number of tax levies in Brooklyn's fiscal year, etc.

According to Ms. Levin, in regard to the projected results for FY 2020-21, the Town is projecting revenue results in excess of \$300,000 over what was budgeted. In regard to expenditures, the Town is projecting expenditures \$250,000 less than what was budgeted.

With these favorable projections, Ms. Levin believes that the Town will not need to utilize the \$453,000 fund balance that was budgeted to finance the FY 2020-21 budget.

Commissioners requested that OPM draft a letter to the Town in regard to certain actions that the Commission would be seeking from the Town.

4. **City of Derby** - Review of the June 30, 2020 audit report. If the June 30, 2020 audit report will not be issued prior to the meeting date, an update on the status of the audit accompanied by the most current unaudited budget to actual results for FY 2019-20 / Most current FY 2020-21 budget to actual results with projections through June 30, 2021 / Proposed FY 2021-22 budget with assumptions (if available) / Update on implementation of Corrective Action Plan to address the latest audit findings including findings from the Management Letter / Other fiscal related matters

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

David Taylor introduced himself as the interim finance director of the City. He provided a status update of the FY June 30, 2020 audit report submission. He expects the audit to be completed by the end of May. Commissioner Kennison inquired on the status of reconciliations that contributed to the audit delay. Mr. Taylor indicated that the reconciliations were now completed.

In regard to the FY 2020-21 projected results, Mr. Taylor indicated that the City as of today had collected 100% of the taxes levied for that year. The City's latest FY 2020-21 projections show a projected \$1.8 million increase to its fund balance. This would be on top of the \$1.5 million increase in fund balance that the City is estimating will be reported in its FY 2019-20 audited financial statements.

Other fiscal improvements recently made include establishing a medical reserve of \$350,000 and an increase in funding to the pension plan. The City's FY 2021-22 budget is not complete, the final vote for adoption will be made on May 18th. There will be a potential tax increase even though the mill rate will be reduced as the grand list was higher with the recent revaluation. Mr. Taylor also went over some of the major items in the proposed FY 2021-22 budget.

According to Mr. Taylor, as to the corrective action plan, a number of the corrective actions planned to correct the latest audit findings have been executed. Commissioner Kennison inquired about the status of several of the audit findings, as the schedule provided by the City was not clear. Commissioners made recommendations to Mr. Taylor on reporting on the audit findings status to the Commission on a go forward basis. Commissioners indicated their desire for an updated schedule.

Commissioners inquired as to what was the City's tax collection rate for FY 2020-21 and the assumed tax collection rates in the FY 2021-22 budget. Commissioners also questioned as to whether the City was self-insured for health insurance and had established a separate health insurance fund. Commissioner Waldron indicated her belief that the Commission should make a recommendation to the City that it set up a separate health insurance fund and that the City begin to establish a health insurance reserve in case claims exceed the amounts budgeted for the year. Currently, the City accounts for its health insurance activities through the General Fund.

The Commission made several recommendations to the City and requested that OPM draft a letter on behalf of the Commission in regards to those recommendations.

5. **Town of Hamden** - Most current FY 2020-21 budget to actual results with projections through June 30, 2021 / Proposed FY 2021-22 budget with assumptions (if available) / Status, review & implementation of the Corrective Action Plan to address the audit findings identified in the June 30, 2020 audit report / Status & review of the June 30, 2020 Management Letter / Other fiscal related matters

Scott Jackson introduced himself as Hamden's finance director. He indicated that before he provided an update on the Town's finances, Mayor Leng would be making some comments first. Mayor Leng indicated that the Town had made progress on its finances since Hamden had met with the Commission back in February. He provided a description of some of the progress made and indicated that the cost-cutting measures being implemented should collectively generate millions in savings. The pension audit was recently completed and presented to the Pension Board, the Mayor's FY 2021-22 recommended budget was presented to the legislative council in March and the Council has been working on that budget since.

Mr. Jackson indicated that based upon the March 31st 2021 projections, the Town is projecting for FY 2020-21, a \$8.8 million revenue shortfall with expenditures of \$8.2 million less than what was budgeted. This would result in a \$600,000 operating loss for FY 2020-21. That projection however, does not take into account any Covid funds provided to the Town from the federal government. Hamden is schedule to receive at least \$11 million in funding that will ultimately result in a significant operating surplus for FY 2020-21 with the receipt of this funding.

Commissioners made inquiries regarding Hamden's tax collection rates, the funding status of the pension plan, the projected revenue shortfalls in several areas as presented in Hamden's FY 2020-21 budget to actual results documents. Commissioner LeBlanc specifically inquired of Mr. Jackson, whether it was his belief that the Town would be able to bring all of the projected Corona Virus relief funding from the Federal Government into Hamden's General Fund. Mr. Jackson indicated that there were no guidelines yet from the Federal Government but that the Town had not made any specific plans on spending those funds. A discussion ensued among the Town and Commissioners in regard to the American Rescue Plan Act (ARPA) funds. Mr. Galarza, the Town's deputy finance director described the "Plan B" that the Town had developed as part of its deficit mitigation plan to re-establish its fund balance.

Commissioner Schuyler indicated that it would be helpful to the Commission if the Town provided in writing for each of its models/plans (for deficit mitigation/fund balance), the assumptions related to each model/plan and the status on each. A discussion also ensued among Commissioners and the Town as to the short term and long term implications of the projected refundings and the terms of those refundings.

Commissioner Buch identified several items that she would want the Town to provide to the Commission and requested that OPM draft a letter to the Town in regard to these

items. It was also indicated that the June 30, 2020 management letter had yet to be provided to OPM or the Commission for its review.

6. Information Updates – Data Submissions - Town of Ellington and Town of Plymouth

Commission Chair Buch acknowledged the information provided by the Towns of Ellington and Plymouth. Commissioners indicated that they had no questions or comments regarding the information submitted.

7. Outstanding June 30, 2020 Municipal Audit Reports

Commissioner Buch requested that Mr. Plummer provide an update on the outstanding June 30, 2020 audit reports. Mr. Plummer referenced the list of municipalities with outstanding June 30, 2020 audit reports and the 3-year history of submission dates for those municipalities. A discussion ensued among Commissioners as to the cause of the delayed audits and remedies. Commissioners indicated that a letter should be sent to each municipality that consistently submitted their audit reports significantly past the December 31st due dates. It was indicated that those municipalities whose reports were submitted significantly late for the 2020 audit filing and that exhibited a pattern of consistent significant delayed filing be contacted. The letter should indicate the consistent delayed filing of the audit report and what corrective actions these Towns plan to take to submit their reports on time going forward.

8. Fiscal Health Monitoring System (FHMS) Project Update: Commissioner Kennison provided an update to other Commissioners on the progress made to date on the FHMS. FHMS was recently transitioned into a production state but allows for OPM to internally continue to conduct testing. She is seeking for Commissioners to provide feedback by actually testing the system and entering their data into the tiles within the next few weeks. She also indicated that there was a recent communication made to municipalities for each municipality to identify the contact information of its chief executive officer (CEO) and chief fiscal officer (CFO). The communication also requested that the municipality's CEO designate who would be the primary user from the municipality for the FHMS. Commissioner Kennison indicated that the FHMS is scheduled to go live within the next several weeks with the first item being municipalities to appoint their audit firm for the June 30, 2021 audit period.

• Other Business: West Hartford Notice of Intent to Issue Pension Obligation Bonds (POBs)

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

Commissioner Kennison requested that Commissioner Sielman provide the details regarding West Hartford's intent to issue the POBs. Ms. Sielman provided a brief update of the Town's plan regarding the pension bond issuance.

9. Adjourned.

The meeting was adjourned at 11:52 p.m.

Respectfully submitted,

Kimberly Kennison
Acting Commission Secretary



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

RESCHEDULED REGULAR MEETING

WEDNESDAY, JUNE 30, 2021

Meeting Location: Telephonic Meeting

Date/Time: June 30, 2021, 10:00 A.M.

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

Members Absent: None

Others Present: Julian Freund, OPM Staff
William Plummer, OPM Staff
Michael Reis, OPM Staff
Richard Ives, First Selectman, Town of Brooklyn
Stephanie Levin, Finance Director, Town of Brooklyn
Richard Dziekan, Mayor, City of Derby
David Taylor, Interim Finance Director, Derby
Andrew Baklik, Chief of Staff, Derby
Curt Leng, Mayor, Town of Hamden
Scott Jackson, Director of Finance, Hamden

1. Call to order

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

2. Approval of the minutes to the May 5, 2021 meeting

The minutes to the May 5, 2021 meeting were approved by all Commissioners except for Commissioner Genovese who abstained as he was not in attendance.

3. Town of Brooklyn

- Most current FY 2020-21 budget to actual results with projections through June 30, 2021.
- Adopted FY 2021-22 budget with assumptions.
- Review of Town of Brooklyn's response to MFAC letter.
 - Revised corrective action plan
 - Management letter status update
- Other fiscal related matters.

Finance Director, Stephanie Levin referenced the materials that the Town had provided on where the Town currently stands in regard to its revenues collected and expenditures incurred to date for FY 2020-21. She believes all significant revenues have been recorded but there are payroll expenditures that would still need to be recorded for FY 2020-21.

Commissioner Buch inquired about several of the recommendations included in the June 3, 2021 letter to Brooklyn that was sent by OPM on behalf of the Commission. First Selectman Ives and Ms. Levin provided the following responses:

- the WPCA be reported as part of the Town and recorded under the Town's accounting system. First Selectman Ives has discussed with the WPCA and has received some pushback. Discussions are still on-going but he believes that ultimately the WPCA will be folded in under the Town.
- the training of the Town's finance staff, Ms. Levin has reached out to staff to communicate training opportunities that they may be interested in, including the training offered by the GFOA of Connecticut.
- the Town establish a written fund balance policy, Ms. Levin indicated that this particular item is on the agenda for the next Board of Finance meeting.

Commissioners posed several questions concerning the FY 2020-21 and FY 2021-22 budget information provided by the Town that First Selectman Ives and Ms. Levin provided answers to.

The Town's revised corrective action plan indicated that the Town had made progress but still needed to conduct additional work to resolve the inaccurate reporting in its interfund accounts. Ms. Levin provided some additional details on what remains to be completed to resolve this audit finding.

Ms. Levin and First Selectman Ives announced that Ms. Levin would be leaving the Town of Brooklyn in mid-August. The position has been posted for the past two weeks. Commissioners expressed their appreciation with the work Ms. Levin has done since she has taken over the finance director position for both the Town and Board of Education. Commissioners thanked the Town for its presentation at today's meeting.

4. City of Derby

- Review of the results of the June 30, 2020 audit report or a status update on the audit.
- Most current FY 2020-21 budget to actual results with projections through June 30, 2021.
- Adopted FY 2021-22 budget with assumptions.
- Review of City of Derby's response to MFAC letter.
 - Revised corrective action plan
 - Plan to prevent late audit filings
- Other fiscal related matters.

Commissioner Rybacki noted for the record that the City of Derby is a bond counsel client of his firm.

Interim Finance Director, David Taylor introduced himself and noted that Mayor Dziekan and Chief of Staff Andrew Baklik were in attendance for the meeting.

Mr. Baklik indicated that Agata Herasimowicz was hired as the City's Finance Director and would be starting in that position as of July 1st. Mr. Taylor, Interim Finance Director would stay on for a week from the starting date of Ms. Herasimowicz to ensure a smooth transition. Mr. Taylor would then return to his position at Robert Half. The Board of Alderman has approved the funding of a deputy finance director position and the City will soon seek to fill this position.

Commissioner Buch inquired about several of the recommendations included in the June 3, 2021 letter to the City that was sent by OPM on behalf of the Commission. Mr. Taylor provided the following responses:

- to establish an internal service fund to account for its self-insured employee health plan, the City will consider the recommendation once the new finance director has started. As to funding a reserve account for unanticipated costs related to its self-insured health plan, the City has contributed to date approximately \$350,000 towards a reserve account.

- to ensure that the June 30, 2021 audit report is completed on time and to address the late issuance of audit reports going forward. Mr. Taylor described a list of steps the City has taken or is in the process of taking.
- an update on the status of the corrective actions, the City plans to take to address several of the open audit findings from the June 30, 2019 audit report was provided by Mr. Taylor.

Commissioner Waldron inquired about the \$2 million Alliance Grant that was included in the City's FY 2020-21 budget but for which appeared to have yet to be received according to the budget document provided by the City to the Commission. Mr. Taylor indicated that there was an error in the City budget in that the Alliance grant was provided directly to the Board of Education and should not have been budgeted as being a receipt of the City. That \$2 million grant has already been received by the Board of Education.

Commissioner LeBlanc inquired as to the assumptions in regard to certain revenue items included in the FY 2021-22 adopted budget of the City. Mr. Taylor indicated that based upon feedback from the City's legislative representatives, he believes that the revenue budgeted for these items were realistic.

Commissioner Sielman indicated that it appears that a number of municipalities may have incurred a good rate of return on their investments for fiscal year 2020-21. It is her belief however, that municipalities should be conservative in their assumptions, including their investment rate of return assumptions. Municipalities need to resist the temptation to lower their annual contributions to their pension plans.

Commissioner Genovese indicated he wanted to impart on the new finance director the commitment to continue to address the internal control deficiencies.

Commissioner Kennison requested that Mr. Taylor provide details on the assumptions used in the City's adopted FY 2021-22 budget. Mr. Taylor provided a description of the assumptions used. Commissioner Kennison also questioned Mr. Taylor as to the projected submission date of the June 30, 2020 outstanding audit report of the City. Mr. Taylor indicated that the report would be submitted by July 15, 2021.

Commissioner Buch indicated that the Commission would be sending a letter to the new finance director to reiterate several of the recommendations in the June 3rd letter sent on behalf of the Commission as well as several other recommendations.

Additional questions were posed by Commissioners and answered by Mr. Taylor.

Commissioners thanked the City for its presentation.

5. Town of Hamden

- Most current FY 2020-21 budget to actual results with projections through June 30, 2021.
- Adopted FY 2021-22 budget with assumptions

- Status of the Corrective Action Plan – June 30, 2020 audit findings.
- Review of Town of Hamden’s response to MFAC letter.
 - Detailed bond refunding plan.
 - 5-Year (or longer) capital plan.
 - Alternative plans for use of ARPA funds.
 - June 30, 2020 management letter.
- Other fiscal related matters.

Mayor Leng provided an overall picture of the Town’s current finances and recent actions taken to improve upon its finances. He described some of the cost savings built into the FY 2021-22 adopted budget. The Mayor indicated that based upon projected results for FY 2020-21, the fund balance deficit that existed as of June 30, 2020 would be eliminated. The fund balance restoration strategy that was implemented for the FY 2020-21 budget was again built into the FY 2021-22 adopted budget.

Scott Jackson, Finance Director followed with specific details. He indicated that the Town’s \$2.3 million fund balance deficit that existed as of June 30, 2020 is projected to move to a positive fund balance of at least \$5.0 million as of June 30, 2021. Significant savings are projected in the areas of debt service and medical insurance from the transition to health savings accounts for employees. In regard to the FY 2021-22 adopted budget, the budget did not include \$4.2 million in state aid that the Town plans to receive.

Mr. Jackson provided a description of the Town’s fund balance restoration strategy. Commissioner Buch inquired whether the Town has a written fund balance policy. Mr. Jackson indicated that at this time, there was not a policy regarding fund balance. Commissioner Buch indicated that she would recommend that the Town’s legislative council should adopt a fund balance policy.

Questions were posed by Commissioners in regard to the June 30, 2020 management letter and the auditor’s recommendations. Mr. Jackson and Mayor Leng provided responses.

Commissioner Schuyler acknowledged the fiscal progress made by the Town of Hamden. He indicated that the Town however, would need to address a number of other areas such as its long-term debt, the funding of its pension plan, the financing of its capital projects, etc.

Several other questions were posed by Commissioners, including questions on the use of bond premiums. These questions were answered by Mr. Jackson.

Commissioner Buch indicated that the Commission had yet to receive several of the documents requested in the June 3rd letter sent by OPM on behalf of the Commission. She therefore will request that OPM transmit another letter to Hamden for several of the open items and any additional items that Commissioners are seeking.

Commissioners thanked the Town for its presentation.

6. Information Updates

- Town of Ellington data submission.
- Town of Plymouth data submission.

Commissioners indicated that they had no questions regarding the information submitted by the Towns of Ellington and Plymouth for today's meeting.

7. Outstanding June 30, 2020 Municipal Audit Reports

A brief overview of the outstanding June 30, 2020 audit reports was provided by Mr. Plummer.

8. FHMS Project Update

Commissioner Kennison provided an update on the Fiscal Health Monitoring System.

9. Other Business

- Naugatuck Notice of Intent to Issue Pension Obligation Bonds
- [Municipal Fiscal Indicators](#)

Mr. Plummer provided a brief description of the Borough of Naugatuck's plan to issue pension obligation bonds.

Commissioner Kennison provided a description of the latest edition of Municipal Fiscal Indicators and a description of its transition to a new platform.

10. Adjournment

The meeting adjourned at 11:35 a.m.

Respectfully submitted,

Kimberly Kennison
Acting Commission Secretary



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, AUGUST 18, 2021

Meeting Location: Telephonic Meeting

Date/Time: August 18, 2021, 10:00 A.M.

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

Members Absent: Ms. Diane Waldron

Others Present: Julian Freund, OPM Staff
William Plummer, OPM Staff
Michael Reis, OPM Staff
Morgan Rice, OPM Staff
Richard Ives, First Selectman, Town of Brooklyn
Stephanie Levin, Finance Director, Town of Brooklyn
Patricia Buell, Superintendent, Brooklyn Schools
Richard Dziekan, Mayor, City of Derby
Agata Herasimowicz, Finance Director, Derby
Andrew Baklik, Chief of Staff, Derby
Curt Leng, Mayor, Town of Hamden
Scott Jackson, Director of Finance, Hamden
Rick Galarza, Deputy Finance Director, Hamden
Adam Sendroff, Chief of Staff, Hamden

1. Call to order

The meeting was called to order at 10:02 a.m. by Commission Chair Buch.

2. Approval of the minutes to the June 30, 2021 meeting

The minutes to the June 30, 2021 meeting were approved by all Commissioners in attendance.

3. Town of Brooklyn

- Current FY 2020-21 Budget to Actual results with projections through June 30, 2021
- FY 2021-22 Budget adopted on June 28, 2021 and budget assumptions
- Corrective Action Plan June 30, 2020 Audit and Management Letter findings status update
- Finance Director search status
- Other fiscal related matters

First Selectman Ives introduced finance director Stephanie Levin and Superintendent of Schools Patricia Buell. Ms. Levin provided an update on the FY 2020-21 preliminary budget to actual results as of June 30, 2021 and indicated that the Town side was unofficially closed for FY 2021 with certain transfers remaining to be approved by the Board of Finance. On the school side there were still open items that needed to be completed including the reporting of expenditures for FY 2021 regarding EastConn. Projected positive results for FY 2020-21 indicates that the Town will not need to utilize the fund balance it had budgeted towards financing the FY 2021 budget.

The FY 2021-22 Budget was adopted in June 2021. The Town collects its taxes quarterly and first quarter tax collections have been strong. Corrective action plans are on-going and the Town hopes to resolve within the next couple of months. Brooklyn has appointed an internal candidate to fill the new finance director position. Ms. Levin has been providing training to her successor and is making herself available over the next several months. As was recommended by the Commission, the Town has developed a fund balance policy and will be presenting it to the Board of Finance for its review.

Commissioner Buch inquired as to whether the Town expects the June 30, 2021 audit to be submitted by the annual December 31st due date. Ms. Levin indicated that the auditor is scheduled to arrive at the Town in November. Ms. Levin was seeking to move this date up to October or earlier and has advised her successor of this so that she can seek an earlier date. A discussion ensued on the proper fund to account for donations received by the Town, and the establishment of a policy for use of these donations. Commissioner LeBlanc inquired whether the Town would be able to submit the Education Financial System (EFS) report in time to the State Dept. of Education. Ms. Levin indicated she was finalizing that report and plans to submit on-time. Commissioners expressed some concerns in regard to staffing as the finance director position would be filled by an internal candidate whose position would need to be filled. Assurance was provided that open positions would be filled.

Several Commissioners expressed their satisfaction with the work that had been done by Ms. Levin since her arrival and the progress that the Town has made to date in regard to its finances and financial practices. Commissioners expressed their appreciation for the Town's attendance and presentation at today's meeting.

4. City of Derby

- Review of the June 30, 2020 Audit Results
- Corrective Action Plan June 30, 2020 Audit and Management Letter findings status update
- Current FY 2020-21 Budget to Actual results with projections through June 30, 2021
- FY 2021-22 Adopted Budget and budget assumptions
- Response to August 3, 2021 letter to City of Derby on behalf of the MFAC
- Other fiscal related matters

Commissioner Rybacki noted for the record that the City of Derby is a bond counsel client of his firm.

Agata Herasimowicz introduced herself as the recently hired finance director of the City of Derby. She provided Commissioners with a summary of the audit results for the June 30, 2020 audit, including the positive audit results for FY 2019-20 whereby the City's fund balance went from a deficit position as of June 30, 2019 to a positive cumulative fund balance as of June 30, 2020. Based upon her review of the FY 2020-21 budget to actual results, it appears that the City will be able to build upon its fund balance. However, she is still awaiting updated information from the Board of Education and that information will be needed before she can provide final projections for FY 2020-21.

Ms. Herasimowicz indicated that she was aware that the June 30, 2020 audit was not completed until July of 2021. She is very familiar with the audit process and intends to work with the auditor to put together a schedule of target dates on audit related matters.

A discussion ensued among Commissioners and the City in regard to the accounting system currently being used by the City and the City's intent of changing to a new accounting system in the future. Commissioner Kennison indicated that she agrees that migrating to a new financial accounting system was a priority but that the timing of implementing the new system should be strategically planned. Considering that Derby was significantly late in submitting its June 30, 2020 audit, the City should ensure that implementing a new accounting system would not cause a delay in the issuance of the June 30, 2021 audit report. Commissioner LeBlanc indicated that the target date for the new system may need to be July 1, 2022, understanding that work would need to be done prior to actual implementation. He also indicated that the City may need to ensure that the financial resources are available in time for implementing a new accounting system, even if those resources were not specifically included in the FY 2021-22 budget. Commissioner Genovese indicated that the City may want to consider migrating the Board of Education to the new system as there are multiple benefits with the Town and Board of Education using the same accounting system.

Commissioner Schuyler indicated that the City needed to put more resources towards improvements not only to its financial accounting systems but also to its other financial processes and practices. Commissioner Genovese indicated that Ms. Herasimowicz

should reach out to other finance directors of municipalities as a resource as they have a vast amount of knowledge and experience which could be of assistance.

In response to Commissioner LeBlanc's inquiry, Mr. Baklik indicated that the City's pension plan was approximately 79% funded. He also indicated that Ms. Herasimowicz had the full support of the current administration and that is the reason why the City waited to fill the deputy finance director position as it wanted to ensure Ms. Herasimowicz had input in that hiring.

Commissioner Sielman indicated that in her role as an actuary and based upon her experience, one of the most responsible actions a municipality can take to address its pension and OPEB unfunded liabilities is to ensure that these liabilities are being accurately measured using conservative assumptions. The City should then develop a plan to fund its unfunded liabilities over an appropriate period of time. In her review of the June 30, 2020 audit report of the City, it indicates that the City has contributed less than the actuarial recommended amount for a number of years. The City should work with its actuary to establish actuarial contribution levels that it can fit within its budgetary structure and maintain the discipline to make such contributions each and every year. She also recommended that the City undertake an actuarial experience study of its pension plan to ensure that its assumptions are appropriate. In addition, she recommends that an actuarial valuation be conducted every year.

Commissioner Buch expressed her appreciation to the City for today's presentation. She indicated that the City should feel free to reach out to members of the Commission on any financial related matter it believes members could provide advice on.

5. Town of Hamden

- Current FY 2020-21 Budget to Actual results with projections through June 30, 2021
- FY 2021-22 Adopted Budget and budget assumptions
- Response to August 3, 2021 letter to Town of Hamden on behalf of the MFAC
 - Detailed bond refunding plan
 - 5-Year (or longer) capital plan
 - Plans for use of ARPA funds
 - Fund Balance Policy
- Corrective Action Plan June 30, 2020 Audit and Management Letter findings status update
- Other fiscal related matters

Mayor Leng introduced finance director Scott Jackson, deputy finance director Rick Galarza, and his chief of staff Adam Sendroff to the Commission.

As requested by Commissioner Buch, Mayor Leng provided a brief update on the City's finances. He indicated the City's finances were trending in the right direction, with a strengthening financial position. The City recently had a very successful bond refinancing, resulting in a \$2.1 million saving. The Town underwent credit rating reviews by Fitch and S&P, resulting in an upgrade from S&P from a negative outlook to a stable outlook. There was no change to the Fitch rating. Mayor Leng indicated that he understands that the Town still has a number of fiscal challenges remaining.

Mr. Jackson went through the FY 2021-22 adopted budget information that was provided to the Commission. He indicated that there was a half a mill rate increase that would allow the Town to make its full pension contribution and allow the Town to continue to build upon its fund balance. As to results for FY 2020-21, the Town is projecting a surplus of approximately \$10 million. Certain department expenditures are not final, but Mr. Jackson does not believe this will significantly impact the \$10 million projected surplus.

The Town has developed a 5-year capital plan with a proposed cost of \$10.2 million for FY 2021-22. In addition, the Town is reviewing fund balance policies from other municipalities to assist with developing a fund balance policy which will be shared with the Town council once fully developed. As to the audit findings identified in the June 30, 2020 audit report, the Town does not disagree with any of those findings and is working to resolve the findings. Mr. Jackson provided to Commissioners a description of actions taken to date to correct the audit findings.

Commissioner LeBlanc requested an update on phase 2 of the bond restructuring plan as was referenced in the materials provided for today's meeting. Mr. Jackson indicated that phase 2 was still planned and that the timing of the restructuring plan may be moved up to take advantage of today's interest rate market.

Commissioner Kennison indicated that some of the reports provided for today's meeting generated from its MUNIS accounting system, did not utilize the full reporting capabilities of MUNIS. She indicated that certain OPM staff could assist the Town with generating reports out of MUNIS and offered assistance from OPM to that regard. Commissioner Buch indicated that the Town should be able to generate a year-to-date budget report and that a presentation at the department level would provide the necessary information for the Commission. Mr. Jackson indicated that the Town would be able to generate such a report but that he may follow-up with OPM as to specifics as to what is to be included in the report.

Commissioner Sielman indicated that her recommendation to Hamden would be similar to the recommendation she made to Derby in regard to addressing the Town's pension and OPEB unfunded liabilities. She referenced the concerns raised in the July 2021 S&P credit report regarding the unfunded pension and OPEB liabilities of the Town and that she had similar concerns. She indicated that the plan had a low funded ratio and was concerned as to the liquidity needs of the closed pension plan. The interest rate assumption and the amortization period both appear to be high. Similarly, the OPEB unfunded liability is quite high and absent any prefunding, the Town will ultimately face rapid increasing pay-as-you-go costs. Therefore, the Town should develop a plan to begin prefunding its OPEB liabilities. Mr. Jackson indicated that the retirement board has given him the authority to negotiate for an experience pension plan study and that he plans to have such a study conducted.

Commissioners expressed their appreciation for the presentation put forth today by the Town.

6. ARPA Funding Overview

Mr. Julian Freund provided an overview on ARPA funding as it related to Connecticut municipalities. He also provided information on the amount of funding that is to be provided to the municipalities currently meeting with the MFAC and municipalities under the oversight of the Municipal Accountability Review Board (MARB). He indicated the final rule had yet to be issued.

Commissioners expressed their appreciation to Mr. Freund for his presentation.

7. Information Updates

- Town of Ellington data submission.
- Town of Plymouth data submission.

Commissioners indicated that they had no questions regarding the information submitted by the Towns of Ellington and Plymouth for today's meeting.

8. FHMS Project Update

Commissioner Kennison provided an update on the Fiscal Health Monitoring System and the next steps. Several Commissioners indicated that they would be willing to participate as beta-testers for the next phase of the project.

9. Other Business

- Naugatuck Pension Obligation Bonds

Ms. Kennison referenced the document provided to the Commission earlier as required under the Pension Obligation Bond (POB) statute in regard to OPM and the State Treasurer's review of Naugatuck's intent to issue POBs.

10. Adjournment

The meeting adjourned at 11:57 a.m.

Respectfully submitted,

Kimberly Kennison
Acting Commission Secretary



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, DECEMBER 8, 2021

Meeting Location: Telephonic Meeting

Date/Time: December 8, 2021, 10:00 A.M.

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

Others Present: Julian Freund, OPM Staff
William Plummer, OPM Staff
Michael Reis, OPM Staff
Morgan Rice, OPM Staff
Kimberly Masson, State Treasurer's Office
Austin Tanner, First Selectman, Town of Brooklyn
Rushie Bean, Finance Director, Town of Brooklyn
Richard Dziekan, Mayor, City of Derby
Andrew Baklik, Chief of Staff, City of Derby
Agata Herasimowicz, Finance Director, City of Derby
Lori Spielman, First Selectman, Town of Ellington
Lauren Garrett, Mayor, Town of Hamden
Sean Grace, Chief of Staff, Town of Hamden
Rick Galarza, Deputy Finance Director, Town of Hamden
Grace Zweig, Interim Finance Director, Town of Plymouth
David Cappelletti, Clermont & Associates, Independent Auditor

1. Call to order

The meeting was called to order at 10:02 a.m. by Commission Chair Buch. She noted that there were several new municipal officials in attendance and therefore requested that Commissioners introduce themselves.

2. Approval of the minutes to the August 18, 2021 meeting

The minutes to the August 18, 2021 meeting were approved by all Commissioners except for Commissioner Waldron who abstained as she was absent from the August 18th meeting and Commissioner Schuyler who joined the meeting at 10:13 a.m. subsequent to the approval of the minutes.

3. Town of Brooklyn

- FY 2020-21 Unaudited Operating Results
- FY 2021-22 Budget to Actual results with projections through June 30, 2022 (including collection rates on FY 2021-22 quarterly taxes levied to date)
- Status Update:
 - Corrective Action Plan - June 30, 2020 Audit and Management Letter findings
 - June 30, 2021 audit
 - Use of ARPA funds and impact on the Town's finances
- Other fiscal related matters

First Selectman Austin Tanner introduced himself and Finance Director Rushie Bean. He noted that he was recently elected as First Selectman and this was the first MFAC meeting that he was attending. He requested information as to the reasons that led Brooklyn to meet with the Commission. Commission Chair Buch explained the role of the Commission and that Brooklyn has been meeting with the Commission due to certain fiscal and financial reporting problems that had been earlier identified. The objective of the Commission is to provide advice to municipal officials to improve upon their municipalities' finances and financial practices. She noted that further deterioration in these areas could lead to additional oversight by the State and the Commission's intent is to prevent the need for such additional oversight.

Finance Director Rushie Bean introduced herself and noted that she had taken over the Finance Director position approximately four months ago. She referenced the materials provided to the Commission for today's meeting. She walked Commissioners through the materials that were provided. FY 2020-21 unaudited results indicate that the Town is projected to have a \$486,000 General Fund operating surplus. For FY 2021-22, approximately 56% of property taxes levied have been collected to date. She described additional revenue items that had been received by the Town. She updated the Commission on the implementation of the corrective action plan for its FY 2020 audit findings.

Commission Chair Buch inquired about the status of the June 30, 2021 audit report and whether the Town had set a targeted fund balance percentage as it was indicated that the Town was projecting a fund balance in the 5% range as of June 30, 2021. Ms. Bean indicated that although the Town's independent auditor believes the audit report could be issued by the December 31st deadline, the auditor could not guarantee issuance by that date. Therefore, the Town requested and was granted an extension until January 31, 2022 for submission of the June 30, 2021 audit report. The Town indicated that its targeted fund balance % was 10%. First Selectman Tanner indicated that the Town had set a 3-year time frame for meeting this target. The Town recently approved a fund balance policy.

Commissioner Kennison inquired about the Town's use of ARPA funds. The Town indicated it had yet to use such funds but had set up a Commission that would assist the Town in developing plans as to what projects ARPA funds would be spent on. In regard to Commissioner LeBlanc's inquiry as to staffing, the Town was able to quickly back-fill all open positions in the finance office.

Commission Chair Buch thanked First Selectman Tanner and Finance Director Bean for attending today's meeting and providing an update to the Commission.

4. City of Derby

- FY 2020-21 Unaudited Operating Results
- FY 2021-22 Budget to Actual results with projections through June 30, 2022 (including collection rate on the July 2021 tax levy)

- Status Update:
 - Corrective Action Plan - June 30, 2020 Audit and Management Letter findings
 - June 30, 2021 Audit
 - Anticipated New Accounting System
 - Staffing in the Finance Office (new deputy Finance Director)
 - Use of ARPA funds and impact on the City's finances
- Other fiscal related matters

Commissioner Rybacki noted for the record that the City of Derby was a client of his firm.

Finance Director Agata Herasimowicz introduced herself. She indicated that she started with the City as its Finance Director in July of 2021. She provided an update to the Commission on the work that she has been doing the past several months to "clean-up" the Town's finances. She has also made recommendations to the Board of Education as to the hiring of professional staff for the Education finance office. She is still awaiting updated information from the Board of Education that would solidify her FY 2020-21 projected results for the Board of Education. Her latest projections indicate an increase to fund balance as a result of the projected operating surplus for FY 2020-21. (Note: materials submitted by the City project an increase in fund balance from \$4.3 million as of June 30, 2020 to \$6.2 million as of June 30, 2021.) However, she understands that this is a projection and that it is not confirmed until the audit has been completed. She plans to introduce a fund balance policy to the new board for its review and approval. She noted that a significant portion of the projected FY 2020-21 surplus is due to the fund

balance replenishment of approximately \$1.8 million that was budgeted in the FY 2020-21 budget.

A discussion ensued among Commissioners and Ms. Herasimowicz regarding property taxes which was projected to result in a revenue shortfall for FY 2020-21. Commissioners inquired as to whether the assumed tax collection rate was the cause but Ms. Herasimowicz indicated concerns as to the accuracy of the grand list which may have been the cause of the property tax shortfall. She intends to conduct further analysis to determine the exact cause of the revenue shortfall. Commissioners also discussed with the City its intent to move to a new financial accounting system and the timing of such a transition, the staffing in the City's finance office, other revenue shortfalls projected for FY 2020-21, establishing separate internal service funds for self-insured costs, including health insurance, integration of both the Board of Education and City on the new financial accounting system that the City is seeking, reviewing pension and OPEB funding policies and practices, including assumptions, and the use of ARPA funds.

Commissioners indicated that Ms. Herasimowicz had a number of items that she would need to address in regard to the City's finances and financial practices. They indicated that she would need to have the necessary resources available in order to successfully address these challenges. To that regard, Commissioners requested that OPM draft a letter on the Commission's behalf reaffirming the following:

- The City's financial accounting system needs to be updated (both the City and its Board of Education should be integrated on the new system), appropriate staffing is needed in the finance office (City and Board of Education), the City should ensure the timely implementation of its corrective action plan, the City should ensure it is using accurate grand lists in regards to budgeting its property tax revenues, regular monthly reconciliations should be done by the Board of Education and provided to the City in a timely manner, the City should ensure that there is timely closing of its financial records and timely submissions of its audit reports, the City should ensure that a plan is in place for the proper use of ARPA funds and that such plan best meets the needs of Derby and its residents.

It was also recommended that the Board of Education officials be invited to the February 2022 MFAC meeting.

Commissioners thanked the City for its presentation at today's meeting.

5. Town of Hamden

- FY 2020-21 Unaudited Operating Results
- FY 2021-22 Budget to Actual results with projections through June 30, 2022 (including collection rate on the July 2021 tax levy)
- Status Update:
 - Corrective Action Plan - June 30, 2020 Audit and Management Letter findings
 - Development of Fund Balance Policy
 - Completion of the 5-Year capital plan
 - Bond Restructuring Plan
 - Use of ARPA funds and impact on the Town's finances
- Other fiscal related matters

Mayor Lauren Garrett introduced herself as the recently elected Mayor for the Town of Hamden. She also introduced her Chief of Staff, Sean Grace, Deputy Finance Director, Rick Galarza, and the Town's independent auditor, David Cappelletti. She indicated that in regard to the vacant director of finance position, she has made an offer to an individual to fill the vacancy and believes that she will have a new Finance Director in place by the next MFAC meeting.

Mr. Galarza provided an update on the Town's finances. For FY 2020-21 the Town is projecting a \$4 million operating surplus which would eliminate the General Fund cumulative deficit that existed as of June 30, 2020. The Town anticipates requesting for an extension of time for submittal of the June 30, 2021 audit report as the Town is awaiting pension information from its actuarial firm. The Town expects to submit the audit by the end of January 2022. For FY 2021-22, a 4-month budget vs. actual report though October 2022 was provided. Those results are trending favorably. Mr. Galarza also noted that in the FY 2021-22 budget, Covid related funds were not budgeted in the General Fund but instead in a separate fund outside the General Fund. He also indicated that there are no current liquidity needs. Vacancies are being filled on a case-by-case basis based upon priority needs. The Town's pension plan was funded at 101% of the actuarial determined employer contribution. Preliminary discussions are taking place in regard to the Town's outstanding pension obligation bonds (POBs) as the Town will soon reach the date where it will have the opportunity to refinance its outstanding POBs.

Commission Chair Buch inquired as to what was the source of the \$4 million projected increase to fund balance. She noted that the Town did not provide FY 2020-21 projected results. Mr. Galarza provided a brief summary as to the source, that being primarily debt service savings. The Town is still developing its fund balance policy, which it will present to the Council once fully developed. At this point a fund balance targeted percentage has not been finalized. Commission Chair Buch inquired about the findings in the June 30, 2020 management letter as she noted that the information requested for today's meeting on the status of the management letter findings had not been provided. Mr. Galarza requested that the Town's auditor, David Cappelletti, provide an update to the Commission. Mr. Cappelletti indicated there had been some progress on the management letter findings but there are still open items. He went on to describe the progress made and the remaining open items.

Commissioner Genovese indicated that he was disappointed that the Town had not submitted FY 2020-21 unaudited results. He would like to see such results accompanied by a fund balance analysis presenting prior years' fund balances, projections for FY 2020-21 and for subsequent years. Commissioner Schuyler indicated that he did not think it would be financially sound for the Town to seek from its actuaries a reduction to its ADEC as the Town had indicated that it may approach its actuaries on this since the Town' investment returns have been significantly higher for the past few years than the 6.5% investment return assumption for the Town's defined benefit plan. Commissioner Rybacki indicated that it appeared that there was a deficit mitigation plan developed earlier and inquired as to whether there had been any updates to that plan. Several other items were discussed among Commissioners and the Town including the development of the FY 2022-23 budget, budgetary practices, development of a long-term plan for the funding of the pension and OPEB plans including sound funding practices (including considering an experience study of the pension plan).

Commission Chair Buch requested that OPM draft a letter on behalf of the Commission that includes recommendations for a plan to fund pension and OPEB liabilities, adoption of a fund balance policy, update on its corrective action plan, update on its deficit mitigation plan, transmitting the FY 2020-21 unaudited results to Commissioners as soon as possible, use of ARPA funds to date and any plan developed for future use of ARPA.

Commissioners thanked the Town for its presentation at today's meeting.

6. Information Updates

- Town of Ellington data submission.

Commission Chair Buch acknowledged the receipt of financial information from the Town updating the Commission on Ellington's finances.

Commissioner Rybacki noted for the record that the Town is a client of his firm.

- Town of Plymouth data submission.

Commission Chair Buch noted that the Town had not submitted any information for today's meeting. Interim Finance Director Grace Zweig introduced herself and indicated that as she had started as Finance Director just 3 weeks ago and had not received the information request from the Commission until the due date, she was not able to prepare the information in time for today's meeting. She also indicated that Joseph Kilduff had recently been elected and was now the Mayor. Commission Chair Buch requested that Ms. Zweig provide the information that had been requested to OPM so that OPM could forward the information to the Commission.

7. FHMS Project Update

Commissioner Kennison provided a brief update on OPM's recent implementation of its Fiscal Health Monitoring System(FHMS) including the annual financial data report (AFDR). Mr. Plummer provided additional information regarding feedback from municipalities on the new system and additional supporting materials made available by OPM to assist municipalities with their reporting.

8. Other Business

- 2022 Calendar Year Meetings

Commission Chair Buch referenced the proposed calendar year 2022 meetings of the Commission. Commissioner Kennison noted that there was a change made to one of the original proposed meeting dates but the revised October date had been communicated in the revision document provided. Commissioners unanimously approved the proposed 2022 calendar year meeting dates.

- Other

Commissioner Kennison informed the Commission of the City of Norwich recent notification to OPM of its intent to issue \$145 million in pension deficit bonds.

Commissioner Sielman indicated that for the record, she is the actuary for Norwich.

Commissioner Rybacki indicated that for the record, his firm is bond counsel for Norwich.

9. Adjournment

The meeting adjourned at 11:54 a.m.

Respectfully submitted,

Kimberly Kennison
Acting Commission Secretary