



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, FEBRUARY 16, 2022

Meeting Location: Telephonic Meeting

Date/Time: February 16, 2022, 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. Diane Waldron

Members Absent: Ms. Rebecca A. Sielman

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
Walt Mayhew, Chief of Staff, City of Derby
Agata Herasimowicz, Finance Director, City of Derby
Lori Spielman, First Selectman, Town of Ellington
Tiffany Pignataro, Finance Director, Town of Ellington
Lauren Garrett, Mayor, Town of Hamden
Curtis Eatman, Finance Director, Town of Hamden
Sean Grace, Chief of Staff, Town of Hamden
Rick Galarza, Deputy Finance Director, Town of Hamden
Joseph Kilduff, Mayor, Town of Plymouth
Grace Zweig, Finance Director, Town of Plymouth
David Cappelletti, Clermont & Assoc., Hamden Auditor

1. 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 December 8, 2021 meeting

The minutes to the December 8, 2021 meeting were approved by all Commissioners present. Commissioner Genovese attended the meeting at 10:17 a.m. and was not in attendance to vote on approval of the minutes.

3. Town of Brooklyn

Finance Director Rushie Bean introduced herself and Mayor Austin Tanner to Commissioners. Commission Chair Buch indicated that she had reviewed the updated material provided by the Town and inquired as to the status of the June 30, 2021 audit report. Ms. Bean indicated that the audit firm is in its final review process and believes that the audit will be completed within the next week. Commission Chair Buch made inquiries regarding the Town's tax collection rates to date, ARPA, the timeline for the upcoming FY 2022-23 proposed budget, etc. Commissioner Kennison indicated that overall expenditures were definitely in line with FY 2021-22 budget, but expressed some concerns on certain department expenditures to date being higher than what she would expect. Ms. Bean provided responses to the inquiries. Commissioner LeBlanc inquired as to projected operating results for FY 2020-21. Ms. Bean indicated that a rough estimate would be a \$400,000 General Fund operating surplus that would bring the cumulative fund balance to approximately \$1.2 million as of June 30, 2021. She emphasized that these were her estimates at this time as the audit has not been completed. Several other questions were posed by Commissioners and answered by Mayor Tanner and Finance Director Bean. Commission Chair Buch thanked both Town officials for their presentation at today's meeting.

4. City of Derby

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

Mayor Dziekan introduced himself, his new Chief of Staff Walt Mayhew and Derby's Finance Director Agata Herasimowicz to the Commission. Commission Chair Buch indicated she had reviewed the materials provided by the City for today's meeting including the City's response to the recommendations recently made to the City by the Commission. She inquired whether the City was conducting regular actuarial valuations of its pension and OPEB plans and whether the results of these valuations were being reflected in the City's financial audit reports. Finance Director Herasimowicz affirmed that valuations were occurring on a regular basis and the results were disclosed in the annual audit reports. She responded to other questions posed by Commission Chair Buch including that she expected a 2.5% growth in the City's grand list for FY 2022-23, that she had provided a fund balance policy to the Board for its review and is hoping that a fund balance policy will be adopted. Commissioner LeBlanc requested that the City keep

the Commission updated on the actuarial risk assessment particularly any effects it may have on adjustments to the actuarial assumptions and impact on the actuarial liability.

As a result of an inquiry by Commissioner Rybacki, Finance Director Herasimowicz clarified that only the City's OPEB plan was being funded on a pay-as-you-go basis, the City's pension plan is not funded on a pay-as-you-go basis. She also indicated that the City did hire a deputy finance director who has been assigned certain special projects. Commissioner Kennison asked for more clarification from the City as to whether the deputy finance director was tasked with doing work typically done by the finance office and reported directly to the finance director. She also inquired as to the staffing level and positions of the finance office as there had been concerns in the past that the finance office was not adequately staffed to complete the work of the finance office and to resolve a number of the audit findings that have been repeated over a number of years. Finance Director Herasimowicz provided a detailed description on staffing in the finance office and longer-term planned staffing levels in the finance office. A discussion ensued between the City and Commissioners regarding the staffing of the finance office. Commissioner Schuyler indicated that City officials must prioritize the finance office and provide it with the resources it needs. Commissioner Waldron stated that it also appears that staffing levels at the Board of Education was inadequate and that this would need to also be addressed. Commissioners also made other inquiries regarding the City's anticipated new financial accounting system, turnover of the finance director position due to election of a new administration, remaining items needed to be provided to the auditor in order to complete the June 30, 2021 audit, status of the audit findings and anticipated date of submission of the FY 2021 audit report. Finance Director Herasimowicz provided responses to the questions posed.

Commission Chair Buch thanked the City for its presentation.

5. Town of Ellington

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

Finance Director Tiffany Pignataro introduced herself to Commissioners. Commission Chair Buch indicated that from her review of the materials provided, it appears that the City's finances were doing well and she had no questions for the Town. Commissioner Kennison inquired about the audit finding from the prior year audit. Ms. Pignataro indicated that the prior year audit finding in regard to the depreciation concern had been resolved. She also indicated that the Town had instituted a fund balance policy and had a rating upgrade in June of 2021. Commissioners congratulated the Town for its improved finances.

A motion was made to release the Town of Ellington from the oversight of the Commission. The motion was unanimously approved with Commissioner Rybacki abstaining.

6. Town of Hamden

Mayor Lauren Garrett introduced herself to Commissioners and indicated that the Town had hired Curtis Eatman in January as its new finance director. She is requesting that the Charter Review Commission change the charter as it now states that the finance director serves coterminously with the Mayor. She is seeking to allow the finance director position be allowed to serve overlapping terms with the Mayor. She believes that the City's finances are doing well and is projecting a \$6.5 million unassigned fund balance as of June 30, 2021. The City also developed a fund balance policy that was voted favorably out of committee and will be presented to the full council for approval next week. Pension contributions were fully funded at 100% of the actuarial determined contribution levels for the past two years. The City will no longer budget for Quinnipiac University revenues as this revenue source has resulted in a revenue shortfall in the past.

Finance Director Eatman walked Commissioners through the materials the Town had submitted for today's meeting in regard to its FY 2020-21 unaudited results, its FY 2021-22 budget vs. actual results to date, and its debt financing plan. He also provided a status update on certain of the audit findings identified in the June 30, 2020 audit report and verbal responses to several of the recommendations made by the Commission in its January, 2022 letter to the Town.

Commission Chair Buch indicated that from her review of the information provided to the Commission by Hamden in regard to the unaudited results for FY 2020-21 and FY 2021-22 results to date, the information was inadequate. Commissioner Schuyler inquired as to whether the Town had made any adjustments to its actuarial assumptions for its pension plan. Deputy Finance Director Galarza indicated that no changes had yet to be made but that the Town would review the results of the actuarial study to determine the need for changes once the study had been completed. Commissioner Genovese inquired whether there were any other managerial strategies that the Town planned to implement to control its OPEB liabilities. Mr. Galarza described certain plans in regard to bargaining union contracts and other strategies to address its OPEB liabilities. Commissioner Genovese indicated that the Town should seek to prioritize these strategies as the unfunded OPEB liabilities are of a significant amount and would only grow if left unaddressed. Commissioner LeBlanc described certain strategies that the City of Waterbury had implemented to assist in controlling its OPEB liabilities. As a result of an inquiry by Commissioner LeBlanc, Mr. Galarza provided further details on the Town's debt financing strategy and that the savings anticipated over the next several years would be used to build upon its fund balance. A discussion ensued among Commissioners and the Town regarding the debt financing strategy. As a result of questions posed by Commissioner Kennison, Finance Director Eatman indicated that in regard to ARPA the Town has retained outside consultants to assist with proper use of ARPA funds. Commission Chair Buch indicated that she would like to see detailed budget vs. actual reports from the Town's financial systems for the next meeting so that questions can be posed based upon such information. She thanked the Town for attending today's meeting and for its presentation.

7. Town of Plymouth

Commission Chair Buch noted that the Town had not provided any information to the Commission for today's meeting. Mayor Joseph Kilduff introduced himself to Commissioners and indicated that this was the first meeting that he had attended. He explained that by charter the FY 2022-23 proposed budget was due and therefore the Town was unable to provide the information requested for today's meeting as it had focused on the budget materials that were due. He understands the importance of the Commission and will ensure that the information is provided for subsequent meetings. Commission Chair Buch thanked Mayor Kilduff for his assurance to provide the information for future meetings. It was also indicated by Finance Director Zweig that the June 30, 2021 audit report was expected to be completed by March 31, 2022 as there had been unexpected vacancies in the finance office causing the delay in audit completion.

8. FHMS Project Update

Commission Chair Buch expressed some concerns that there were 69 municipal audit reports on extension through the month of February. Mr. Plummer indicated that February would be a key month based upon past audit submission history as a number of reports on extensions are typically submitted in February. Commissioners indicated that some of the reasons for the delay in the audit submissions could be due to staffing at audit firms as there appears to have been delays by audit firms in completion related to covid. A brief update was provided by Commissioner Kennison on the Fiscal Health Monitoring System.

9. Other Business

There was no other business.

10. Adjournment

The meeting adjourned at 11:34 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, APRIL 20, 2022

Meeting Location: Telephonic Meeting

Date/Time: April 20, 2022, 10:02 A.M.

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

Members Absent: Mr. John Schuyler

Others Present: Julian Freund, OPM Staff
William Plummer, OPM Staff
Michael Reis, OPM Staff
Morgan Rice, OPM Staff
Austin Tanner, First Selectman, Town of Brooklyn
Rushie Bean, Finance Director, Town of Brooklyn
Richard Dziekan, Mayor, City of Derby
Lauren Garrett, Mayor, Town of Hamden
Curtis Eatman, Finance Director, Town Hamden
Rick Galarza, Deputy Finance Director, Town of Hamden
David Cappelletti, External Auditor, Town of Hamden
Grace Zweig, Town of Plymouth

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 February 16, 2022, Meeting

Ms. Kennison made a motion to approve the minutes with a second by Ms. Sielman. The minutes of the February 16, 2022, meeting was unanimously approved.

3. Town of Brooklyn

Commission Chair Buch indicated that she had reviewed the material provided by the Town and inquired as to the status of the internal controls including details regarding the repeated audit findings included in the FY 2021 audit report. Finance Director Rushie Bean indicated that the repeated finding was due to the amount of adjusting entries the auditors had to make at the end of the fiscal year. For FY 2021, The entries were greatly reduced which means progress had been made towards accuracy in recording the entries and after further discussions with the auditor, it appears the finding will not be repeated in the FY 2022 audit. Commission Chair Buch inquired as to whether the Town had a fund balance policy in place. Ms. Bean indicated that the Town had approved a fund balance policy in October of 2021. Mr. LeBlanc noted that fund balance is moving in the right direction based upon the 2021 audit results. He inquired as to whether the Town believes that its FY 2021-22 operations would result in additional increase to fund balance. First Selectman Tanner commented that it was the Town's goal to continue to build upon its fund balance and that projections to date for FY 2021-22 are in line with the budget. He indicated that the Town plans to submit its proposed FY 2022-23 budget to Board of Finance on April 28 which will include a change in salary to the Administration department as the plan is to take on an additional employee in the finance office.

Ms. Sielman noted that there had been large variances in the actuarial numbers from one year to another, especially regarding the differences between expected and actual experience. She would therefore recommend that the Town discuss this matter with its actuary. Ms. Kennison indicated that according to the June 30, 2021, audit report, the Town was assuming an investment rate of return of 7% which would appear to be high. Ms. Sielman agreed with Ms. Kennison and stated that very few asset assumptions would support that high a percentage. The Town indicated that it would review this matter with its actuary. Ms. Kennison indicated that a review of the significant deficiency that has been repeated going back to the 2019 audit included a recommendation by the auditor for implementation of policies and procedures but there was not a clear description as to the policies and procedures that needed to be implemented. Ms. Buch suggested that the Town have its auditor provide a description of the specific internal controls for which the auditor had concerns and what actions the auditor recommends the Town to make in order to eliminate the internal control deficiency. Ms. Bean indicated that she would follow up with the auditor and communicate back to OPM via email before the next scheduled meeting. The Commission indicated that the Town was on a good track with its finances and thanked the Town for attending today's meeting.

4. City of Derby

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

It was noted that Mayor Dziekan was the only City representative in attendance for today's meeting. Commission Chair Buch indicated that she had reviewed the City's submissions and raised a question about the healthcare benefits to which Mayor Dziekan stated the City utilized a broker. Ms. Buch suggested hiring a consultant who can analyze and evaluate the City's claims information on a regular basis. The consultant would also be able to advocate on the City's behalf as to why a significant increase in premiums is not justified. Ms. Buch indicated that in the City's update to the Commission, it seemed to equate compensated absences with OPEB. She indicated that the two were distinctly different and briefly explained the differences. She also provided some suggestions for putting aside funds for the payment of the City's compensated absences.

Commissioners had several questions and concerns in regard to assumptions in the proposed FY 2022-23 budget, outstanding items that remained to be completed to issue the June 30, 2021, audit report, staffing issues in the finance department, unresolved internal control weaknesses, etc. Commissioners expressed their concerns that several their questions would go unanswered as Mayor Dziekan was the only representative from the City in attendance. Furthermore, Commissioners expressed their concern that the City had not made significant systemic improvements to its finances and financial practices, especially in light of the staffing issues in the finance office. Mayor Dziekan informed the Commission that the City had retained a temporary part-time assistant finance director and that the City was actively searching to fill the position on a permanent basis. In regard to the outstanding June 30, 2021, audit report Mayor Dziekan indicated that the City side of the audit had been completed but that the Board of Education lost its business manager and there were items that needed to be completed by the Board of Education before the audit could be completed and issued. Ms. Kennison stated that the City should consider hiring a professional firm to assist with financial related matters including completion of open items that the audit firm is seeking in order to complete the June 30, 2021, audit resolution of audit findings and a plan to transition to a new financial accounting system.

Commissioner Buch inquired as to what the method would be for the Commission to recommend a municipality be placed under the oversight of the MARB. Ms. Kennison indicated that OPM would review this matter and update the Commission.

Commissioners thanked Mayor Dziekan for attending today's meeting.

5. Town of Hamden

Mayor Garrett introduced Curtis Eatman, Finance Director and Rick Galarza, Deputy Finance Director as well as David Cappelletti, the Town's external auditor. At the request of Commission Chair Buch, Mr. Cappelletti described the audit findings included in the June 30, 2021, audit report. Audit findings included:

- **Significant Finding:** The Town is not following its policies and procedures as it relates to its Employee Retirement Pension Plan and its OPEB program (similar finding reported in the FY 2020 audit report).
 - The Town was unable to complete an actuarial valuation of the OPEB programs within 24 months of the June 30, 2021, financial statements.
 - The annual valuation of the pension fund was not completed to conform with the State pension bond statute.
 - During the audit it was discovered that the contribution to the OPEB fund of \$250,000 was instead deposited to the pension investment fund.
 - The pension fund paid for services from a vendor which was not received.
- **Management Letter Comments described by the auditor include:**
 - Bond proceeds (premium on bonds) are being used towards the operating budget and the accumulation of fund balance in the General Fund. Bond restructuring is used to restructure and reduce/delay annual debt service costs. These items are not considered recurring revenues or recurring expenditures and are not sustainable as to the long-term financial condition of the Town.
 - Certain cash received from bond proceeds should be accounted for in the Capital Projects Fund rather than the General Fund.
 - Certain revenue items assumed in the adopted budget should be evaluated to determine if the revenue and amounts are realistic assumptions.
 - Budget transfers are being made during the year with line items not included in the operating budget or General Fund.
 - The Bd. of Education reimburses the Town for employee benefits but there is no support as to actual expenses. Fringe benefit reimbursements are not requested on most federal and state grants.
 - School construction programs are not closed out on a timely basis.
 - The Insurance Risk Program and Ice Rink Program are underfunded.
 - The Town should fund its defined benefit pension plan at the actuarial required rate to conform with the State's Pension Bond Statute.

Several questions from Commissioners were generated as a result of Mr. Cappelletti's walk-through of the audit findings. Mayor Garrett described a number of corrective actions the Town has taken since the June 30, 2021, fiscal year ended to assist in resolving the audit findings. She indicated that the Town has begun to take a very conservative approach in its revenue assumptions, including the assumptions used in the FY 2022-23 proposed budget. Steps were also taken in the FY 2022-23 budget to reduce the City's healthcare costs. Mayor Garrett indicated that ARPA funds were not utilized for the FY 2022-23 proposed budget. Commissioners indicated that the Town appeared to have made improvements upon some of its past financial practices especially as it relates to the budget process, however there were areas of concerns regarding:

- The significant unfunded pension and OPEB liabilities and the funding of these liabilities as expressed by Commissioner Sielman. She recommended that the

Town ensure that it is accurately measuring its pension and OPEB liabilities and she provided several suggestions that the Town should consider including conducting an experience study of the pension plan and that valuations should be conducted annually due to the size of the pension and OPEB liabilities. She also recommended that in negotiations of labor contracts, proposals should be fully analyzed to determine the current and long-term impact on pension and OPEB liabilities before any agreements are made.

- The use of bond premiums as expressed by Commissioner Rybacki. He indicated his concerns regarding the use of bond premiums in the General Fund as there are a number of regulatory rules regarding such premiums. He indicated that bond premiums typically are not to be used as a method to accumulate fund balance. The Town should closely review its use of bond premiums going forward. Mayor Garrett indicated that the bond premium that was budgeted in the past was a practice used by the past administration.

Commissioners thanked Mayor Garrett and her staff for attending today's meeting.

6. Town of Plymouth

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

Commission Chair Buch inquired as to the FY 2021-22 projected results from operations. Finance Director Grace Zweig indicated that certain amounts included in the FY 2021-22 budget vs. actual results provided to the Commission were not up to date. Commissioners expressed concerns to that regard and inquired as to what the plan is for the Town to get its records updated, including the posting of revenues and expenditure transactions. Staffing levels of the finance office was discussed between the Town and the Commission. Commissioners indicated that it was apparent that there was a staffing shortage in the finance office. Commissioners also expressed their concerns in the lack of a June 30, 2021, audit report.

The Commission indicated their desire to see an action plan with target dates regarding the concerns from the Commission which would include:

- The recording of transactions (including timely bank reconciliations) within the financial accounting system, enabling the Town to produce updated, timely and accurate reports on its finances.
- The issuance of the June 30, 2021, audit including completion of outstanding items needed by the auditor from the Town to complete the audit.
- The filling of vacancies in the finance office.

Commissioners indicated their desire for the Town to develop such a plan and provide it to the Commission as soon as it is available. The Town should not wait until the next meeting with the Commission to provide the plan to Commissioners. Commissioner Kennison recommended that the Town hire someone whose job would be to get the Town's financial records up to date so that the Town doesn't fall even further behind. Updated records would enable the Town and the Commission to have confidence in the numbers generated from Plymouth's financial accounting system. A number of other questions were posed to Ms. Zweig and she responded to those questions.

Commissioners expressed their appreciation for Ms. Zweig's attendance.

7. Other Business

- Outstanding Audit Reports
 - Mr. Plummer indicated there were 27 municipalities with outstanding June 30, 2021, audit reports and referenced the list provided to Commissioners of those municipalities that have a history of late filings. Commissioners indicated that OPM should keep the Commission apprised of the outstanding audits.
- Legislation Update
 - Ms. Kennison updated the Commission on proposed bill 5427 and reminded Commissioners that the proposed legislation would impact the criteria and process for MFAC and MARB oversight. She indicated that the proposed legislation seems to be progressing but had yet to be adopted.

8. Adjourned

Meeting adjourned at 11:33 p.m.

Respectfully submitted,

Kimberly Kennison
Acting Commission Secretary

S T A T E O F C O N N E C T I C U T

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, JUNE 29, 2022

Meeting Location: Telephonic Meeting

Date/Time: June 29, 2022, at 10:00 A.M.

Members Present: Ms. Kathleen Clarke Buch, Commission Chair
Mr. Anthony Genovese
Ms. Kimberly Kennison
Mr. Glenn Rybacki
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
Morgan Rice, OPM Staff
Austin Tanner, First Selectman, Town of Brooklyn
Rushie Bean, Finance Director, Town of Brooklyn
Richard Dziekan, Mayor, City of Derby
Walt Mayhew, Chief of Staff, City of Derby
Mathew Conway, Superintendent, Derby Public Schools
Robert Trainor, Business Manager, Derby Public Schools
Mark Izzo, retired business manager, Derby Public Schools
Nancy Balsys, Interim Deputy Finance Director, City of Derby
John Accavallo, External Auditor, City of Derby
Lauren Garrett, Mayor, Town of Hamden
Curtis Eatman, Finance Director, Town of Hamden
Rick Galarza, Deputy Finance Director, Town of Hamden
David Cappelletti, External Auditor, Town of Hamden
Barry Bernabe, Financial Advisor for Hamden
Grace Zweig, Finance Director, Town of Plymouth
Joseph Kilduff, Mayor, Town of Plymouth

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 April 20, 2022, Meeting

Ms. Kennison made a motion to approve the minutes with a second by Ms. Waldron. The minutes of the April 20, 2022, meeting was unanimously approved with Commissioner Schuyler abstaining as he did not attend the April 20th meeting.

3. Town of Brooklyn

Ms. Bean provided an overview of the Town's finances. She and First Selectman Tanner indicated that the Town's FY 2022-23 budget was approved June 21, 2022, with a 1.06 mill increase. Ms. Bean stated that the increase was due to added salary positions, specifically moving from one full time finance director position for the Town and Board of Education to separate full time finance director positions for the Town and for the Board of Education. First Selectman Tanner indicated that the increased salaries in the FY 2022-23 budget was also due to on-going salary negotiations in FY 2021-22. Commission Chair Buch suggested contracts that are open should be put in the budget without the salary number present in order to charge the increase to the appropriate year. The increased amount can be reflected in a line item such as the contingency account. Mr. Tanner indicated ARPA funds have not been spent but applications have been submitted. The Town is projecting FY 2021-22 savings of \$315,000 due to final expenditures were under budget by this amount. The expenditure savings occurred in various areas within the FY 2021-22 budget.

Ms. Buch referenced the information provided by the Town's auditor clarifying the audit finding regarding year end closing procedures and a specific list of the procedures the auditor is seeking for the Town to implement. Ms. Bean indicated that bank statements are now being reconciled on a regular basis. The Town's audit firm, King & King will be testing statements on behalf of the town to see that payables are recorded in the appropriate year. The pension fund activity is not up to date and Ms. Buch recommended the Town update with the current results. Ms. Bean shared her communication with the WPCA to which she has had difficulty moving things along. Ms. Kennison raised question about the other findings and if they were related to Board of Education or the Town. Ms. Bean shared it was a combined finding, but mostly on the Town side.

Ms. Buch had several additional questions regarding the Town's FY 2021-22 projected year end results including the receipt of the Mashantucket Pequot and Mohegan grant funds to which Ms. Bean stated that the Town was still projecting receipt of the funds by June 30th. The transfer process was clarified by Ms. Bean and Mr. Tanner stated that the Board of Finance approves the process once per year. Ms. Buch suggested the new finance director approve transfers more regularly to assist the Town with monitoring its departmental expenditures to stay within the amounts budgeted. Ms. Bean informed the Commission they expect to hire the new finance director in the next few weeks. The Commission wished the Town luck on their new hire.

4. City of Derby

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

Ms. Buch asked for a description of the municipal experience held by the newly hired interim deputy director. Ms. Balsys stated she worked for the City of Waterbury Finance Office as a Senior Accountant for 15 years and later worked for a workforce investment board. She has extensive experience with municipal finance and grants. The hiring of the interim deputy finance director has been an important step for the City. Mr. Mayhew shared that the budget was adopted as presented by the Mayor with certain minor changes to expenditures including public works. In regard to FY 2021-22 budget vs. actual results, residential and personal property taxes as of May 2022, are slightly behind where they were in May 2021. Supplemental motor vehicle taxes are higher as of May 2022 when compared with motor vehicle taxes as of May 2021. The total taxes collected are estimated to be at 99.6% of what was budgeted. Based upon its FY 2021-22 projections, the City believes it is in good financial shape. Ms. Buch made several inquiries regarding the FY 2020-21 unaudited budget to actual results including the apparent over-expenditures for police pension costs and retiree medical benefit costs.

Mr. Schuyler asked the City's auditor, John Accavallo about the 2021 outstanding audit issues that have caused the audit to not be completed. According to Mr. Accavallo, the major issue was getting an accurate trial balance from the board of education. The BOE maintains a single cash account with grants with one checking account paying out. The Board of Education had retained an outside firm to assist with the reconciliation/trial balance but the information the auditor received did not make sense and did not reconcile with the City's records. The auditor indicated that significant progress has now been made and he believes he now has all the information that he needs from the Board of Education. Mr. Accavallo indicated that he expects to produce a draft of the FY 2021 audit report within the next few days but that there still are items that need to be addressed including a review of the FY 2021 audit findings with the City.

Mr. Genovese asked about the \$5.9 million projected fund balance identified by the City in its update to the Commission and for what time period this would be based upon. It was indicated by Mr. Mayhew that the \$5.9 million was based upon a combination of the audited fund balance that existed as of June 30, 2020, and the addition of the \$1.5 million projected surplus (unaudited) for FY 2020-21. Mr. Genovese also inquired about several line items included in the FY 2021-22 budget based upon the FY 2021-22 budget to actual data that had been provided to the Commission by the City. Mr. Mayhew responded to the questions posed and acknowledged that the City did budget for a distressed municipalities grant for which the grant proceeds are now not expected to be received. However, Mr. Mayhew indicated that the City does not anticipate any significant reduction to its fund balance as a result of its FY 2021-22 financial results. In regard to the approximate one-million dollars use of fund balance included in the FY 2022-23 budget, this was caused by the anticipated significant increase in healthcare costs to the City for FY 2022-23 as identified by the City's insurance broker. Healthcare costs are anticipated to go back to normal levels following FY 2022-23; therefore, the City believes that the use of fund balance is appropriate. Ms. Kennison recommended that the City retain a firm with expertise in administering grants. Ms. Kennison made

several inquiries regarding staffing at the City and Board of Education as there had been a number of vacant positions indicated in the past that needed to be filled. Mr. Mayhew described the vacancy for the tax collector and economic developer positions and the City's effort to fill the positions. It was also indicated that the Board of Education had filled the business manager position but needs additional support in the accounts payable division. Ms. Buch recapped the discussion stressing the importance of the issuance of the 2021 audit as soon as possible and that the City pursue the timely issuance of the 2022 audit. To that regard, she would like to see the City provide a status update on the 2022 audit at the next meeting with the City. Commissioners expressed their appreciation for Derby officials attendance at today's meeting.

5. Town of Hamden

Mayor Garrett introduced Curtis Eatman, Finance Director and Barry Bernabe, Financial Advisor. Mr. Bernabe provided a description of the Town's debt restructuring plan. The Town of Hamden sold refunding bonds yesterday and saved the Town over ten million dollars by lowering debt service payments for next year's budget. Assuming the Town achieves a structurally balanced core budget for FY 2023, the savings should flow through to the FY 2023 fund balance. The debt plan put in place will allow the Town to gradually ramp up its debt service payments by two million dollars per year and build upon its fund balance through debt service savings over the next several years. Beginning with FY 2024-25, the Town is expected to make actual debt service payments in the \$30 million range, that was described by Mr. Bernabe as the "natural" annual debt service of the City. Ms. Kennison noted that from the financial information provided, the City had not made such a historically high level of annual debt service payments in recent years for what Mr. Bernabe had described as being the "natural rate". Mr. Bernabe provided a history of events that had occurred over the last several years that led the Town to restructure debt at that time to lower debt service payments and alleviate the financial pressures on those budgets and to fund pension costs and medical self-insurance costs. Given these earlier restructuring of debt and the planned restructurings to occur by FY 2024, the City is anticipated to begin making its "natural" debt service payments absent the annual debt service savings achieved through these debt restructurings. Mr. Rybacki asked for clarification on the amount being pushed out from the debt restructuring. Mr. Bernabe clarified there was a present value cost of \$250 thousand from the recent \$10 million restructuring. Mayor Garrett stated to alleviate the likelihood that the Town's debt service may rise above the \$30 million range prior to 2034 at which time debt service is scheduled to decline to \$18 million, the Town is in the process of selling a large school to ACES for sixteen million dollars. The Mayor indicated that a portion of the proceeds from the sale will be deposited in a capital and nonrecurring fund, allowing the Town to fund additional capital projects should such a need arise without having to finance the capital project with additional debt. Additional funds are expected to be placed in the capital and nonrecurring fund in subsequent years to build up the balance in the fund. Ms. Buch inquired as to what the Town's capital budget runs on a normal basis. Mayor Garrett indicated that the Town does not have a capital project budget, but she believes it would be approximately \$10 million. With the significant amount of state aid the Town is currently receiving, including grant proceeds for various capital projects, actual Town monies spent on capital projects is not expected to be overwhelming. Costs incurred

would be typically for engineering and development costs. Ms. Buch recommended that the Town develop a 5-year capital plan. As a result of a question from Mr. Rybacki, Mayor Garrett described the deficits in other funds outside of the General Fund and what steps have been taken to fund those deficits.

Ms. Sielman inquired if as part of the Town's 5-year operating budget plan, whether it included projections for pension and OPEB costs. Mayor Garrett indicated that she would expect to have such projections after the pension experience study that the Town is having conducted is completed and reviewed. Ms. Sielman applauded the Mayor for having the experience study, but her question was specific to the operating budget of the Town. She believes that as part of the 5-year operating budget plan that the Town had developed it should include pension and retiree medical benefit costs. These costs can rapidly increase and therefore should be reviewed by the Town's actuary. The actuary is able to provide both short-term and long-term forecast with sensitivity analysis on how much such costs can move over time. The Commission made several recommendations to hire an actuary.

Mayor Garrett provided an update on the actions that the Town had taken to address the findings included in its FY 2021 management letter. Commissioners expressed their appreciation for the Town's presentation at today's meeting.

6. Town of Plymouth

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

Finance Director Grace Zweig introduced herself and Mayor Kilduff. Ms. Buch asked about completion of the FY 2021 audit. Ms. Zweig indicated the town has completed their share and the auditors are finalizing their review. The goal for the 2022 audit is to file on time by implementing the recommendations from MFAC to bring in a temporary part time worker to get the Town up to date with its financial record keeping and reporting. Commissioners noted that the information provided for today's meeting were still not up-to-date similar to what was provided at the April meeting. Ms. Zweig indicated that the Town had yet to retain the person who would assist the Town with its records. Commissioners emphasized the importance of having up-to-date and accurate financial records. The Mayor expects the Council to approve the new position at its July 12th meeting at which time the Town will begin the process for retaining a person to assist with its financial records and reporting. Commissioner Buch recommended that the Town ensure that it has policies and procedures in place to keep its records up to date and to produce accurate financial records. Commissioners expressed their appreciation for the Town's attendance at today's meeting.

7. Other Business

Outstanding Audit Reports: -- Mr. Plummer provided a listing of those FY 2021 municipal audit reports that had yet to be filed. He indicated there is no ability for further extensions to be granted. Current law allows OPM to levy a monetary penalty. The

new law to be enacted in October would also allow the Town to automatically come under the purview of the MFAC. Commissioners indicated their desire for OPM to transmit letters to those municipalities that did not submit their FY 2021 audit reports.

Public Act 22-35: Commissioner Kennison walked Commissioners through how the public act would affect the MFAC and the Municipal Accountability Review Board (MARB).

8. Adjourned.

Meeting adjourned at 12:03 p.m.

Respectfully submitted,

Kimberly Kennison
Acting Commission Secretary

S T A T E O F C O N N E C T I C U T

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, October 12, 2022

Meeting Location: Telephonic Meeting

Date/Time: October 12, 2022, at 10:00 A.M.

Members Present: Ms. Kathleen Clarke Buch, Commission 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
Simon Jiang, OPM Staff
William Plummer, OPM Staff
Emma Riebe, OPM Intern
Austin Tanner, First Selectman, Town of Brooklyn
Shelley Cates, Finance Director, Town of Brooklyn
Walt Mayhew, Chief of Staff, City of Derby
Nancy Balsys, Deputy Finance Director, City of Derby
Robert Trainor, Business Manager, Derby Public Schools
Lauren Garrett, Mayor, Town of Hamden
Curtis Eatman, Finance Director, Town of Hamden
Grace Zweig, Finance Director, Town of Plymouth

1. Call to order

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

Commissioner Kennison introduced Emma Riebe and Simon Jiang, two new members of OPM that were attending today's meeting

2. Approval of the Minutes to the June 29, 2022, Meeting

The minutes were unanimously approved by all Commissioners.

3. Town of Brooklyn

First Selectman Tanner introduced Shelley Cates who was promoted by the Town to the Finance Director position. Ms. Cates provided a brief update on the staffing of the finance office. She reminded Commissioners that the Town and Board of Education had a joint finance office, with cross-training at various positions. Updates were also provided on the use of ARPA funds to date and planned usage. Commissioner Kennison noted that the FY 2021-22 budget vs actual results information provided to the Commission indicated an unaudited surplus of \$825,000. She also noted that there were material audit adjustments reported by the auditor in the FY 2021 audit report. Ms. Cates indicated her belief that these were one-time adjustments due to improper recording and would not occur in subsequent fiscal years.

Commissioner Rybacki requested more details regarding the staffing of the finance office especially as it relates to the Board of Education as the information submitted by Brooklyn indicated that the Town was seeking to fill certain positions related to the Board of Education finance. Ms. Cates confirmed that the School's business manager had resigned and that another Board of Education finance staff member had also resigned. Both individuals are schedule to leave over the next two days. Interviews were held last week for the School Business Manager and interviews are scheduled for tomorrow for the other vacancy position.

The Town's FY 2021 audit report included an audit finding dating back to the FY 2019 audit that material adjustments were required to be made to the Town's financial records by the independent auditor due to several areas of internal control weaknesses that led to inaccurate reporting. Commissioner Buch requested an update on the status of correcting those weaknesses including the timely recording of pension activities in the Town's general ledger. Ms. Cates indicated her belief that corrections were made to several of the internal control weaknesses cited by the auditor but that there were several others that either required more guidance from the auditor or that had not been fully corrected. Commissioner Buch recommended that Brooklyn reach out to other towns in regard to policies and procedures that Brooklyn could adopt for its particular

areas of weaknesses. A discussion ensued regarding the WPCA and the internal control deficiencies identified by the auditor and whether the WPCA is part of the Town for accounting and legal purposes. Commissioners LeBlanc and Schuyler agreed that although the external auditor should be able to conclude whether the WPCA should be included as part of the Town's reporting entity for accounting and financial reporting purposes, the Town may need to seek an opinion from its legal counsel to determine whether the WPCA is legally considered independent from the Town. As a result of Commissioner Buch's inquiry, Ms. Cates indicated that she believes that the Town is in a position to issue its FY 2022 audit by the December 31st due date.

Commissioners expressed their appreciation to First Selectman Tanner and Ms. Cates for their presentation.

4. City of Derby

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

Walt Mayhew, the Mayor's Chief of Staff, introduced himself and Nancy Balsys, the City's Assistant Finance Director. Robert Trainor introduced himself as Derby's Board of Education business manager and noted that he was only aware of the need to attend today's meeting fifteen minutes prior to the start time of the meeting. Mr. Mayhew provided an update on staffing of the City's finance office. All vacant positions have been filled except for the finance director. He has recently reached out to the Board of Education to explore the possibility of a consolidated finance office between the City and Board of Education. In regard to ARPA, the Mayor's original recommendation to Board of Alderman to contract with the Naugatuck Valley Council of Governments (NVCOG) was not approved and NVCOG withdrew its offer as the person working for NVCOG that would have administered the ARPA program resigned. The Town is in contractual discussions with an individual with grant writing experience, including ARPA, to administer ARPA and act as its grant writer/administrator on a project by project basis as needed. The Town envisions this to be equivalent to a part-time position for \$20,000 that is available in the Town's FY 2022-23 budget. After discussions with vendors, the City believes it is still on schedule to install a new financial accounting system in fiscal year 2023-24, but the City would have to come to a decision to proceed by March of 2023. Mr. Mayhew and Ms. Balsys provided a description of the corrective action plans that have been implemented as it relates to the City's audit findings. Mr. Trainor addressed certain corrective actions taken by the Board of Education as it relates to its findings.

Commissioner Kennison acknowledged that the number of audit findings had been lowered from the fifteen in the FY 2020 audit to eleven in the FY 2021 audit. However, she is concerned with the City's corrective action plan provided to the Commission for today's meeting. Several of the corrective action plans provided do not seem to directly address the auditor's findings and for those findings that affect the Board of Education, corrective actions to address internal control weaknesses were not provided. She is seeking to ensure that future corrective action plans provided to the Commission

directly address all audit findings whether the finding affects the City or the Board of Education. In addition, the majority of audit findings have been repeated for a number of years and without the proper staffing in place, these findings will be difficult to resolve. Commissioner Buch indicated that the City should prioritize correcting each of the audit findings. Not all findings on its face may appear to be a serious matter but if left unaddressed can lead to significant unanticipated obligations and cash payouts, and ultimately having a consequential effect on the City's fiscal condition. A discussion ensued between Commissioners and the City regarding several of the audit findings and planned corrective actions. Several recommendations were made by Commissioners to address the findings.

Commissioners expressed their appreciation to the City for its presentation.

5. Town of Hamden

Mayor Garrett introduced herself and Finance Director Curtis Eatman. She indicated that the Town's external auditor had already begun audit work as it relates to the FY 2022 audit. Budgetary results for FY 2021-22 indicate a surplus of \$288,000, not including additional receipts from the Sale of Wintergreen School and reductions in spending from planned debt service savings. On a cumulative basis, the Town's unassigned fund balance is projected to increase from \$6.5 million as of June 30, 2021, to \$13.5 million as of June 30, 2022. The proceeds from the sale of Wintergreen School had been placed in the Town's Capital and Nonrecurring Fund. The FY 2021-22 budget assumed a tax collection rate of 98.8% and the Town collected 98% of its tax levy. Mayor Garrett pointed out that the FY 2021-22 budget was the previous administration's budget; subsequent budgets will be based on more conservative tax collection rate assumptions. She referenced the 97.7% assumed tax collection rate that was included in the FY 2022-23 adopted budget. Mayor Garrett described some of the projects that are planned to be financed by ARPA funds subject to approval by Town Council. She referenced the FY 2022-23 adopted budget that was provided for today's meeting. She also described recent hirings by the Town and other initiatives to retain staff for various departments.

Commissioner Rybacki remarked that as part of the Town's plan to restore its fund balance, the Town had completed a number of debt-refinancing to lower debt service costs over the short term and had generated additional one-time revenues such as through the sale of Town properties. Given that these non-recurring revenues and cost savings are scheduled to end in the near future, Commissioner Rybacki inquired whether the Town had a plan to continue to grow its fund balance and not revert to reductions in its fund balance as what had occurred in the past. Mayor Garrett indicated that the FY 2021-22 budget surplus of approximately \$288,000 is a true surplus and did not include the sale of the school or the debt service savings from debt refunding. She agrees that the planned debt service savings did enable the Town to grow its fund balance but believes that the Town has now corrected its finances whereby it will be able to produce balanced budgets not relying on one-time revenues or any debt refunding savings. Commissioner Buch stated that although the Town has made progress in building its fund balance and is projecting an increase to fund balance in FY 2021-22, the Town should continue to seek to generate annual surpluses to grow its

fund balance as the anticipated 5% fund balance as of June 30, 2022, is still considered low. Mayor Garrett indicated that the Town had recently adopted a fund balance policy that indicated a fund balance policy of a minimum of 7%.

Commissioner Genovese inquired about the timing of the issuance of the FY 2021-22 audit report and Mayor Garrett indicated that she believes that the audit is on schedule to be issued by the December 31st due date. Several Commissioners indicated their belief that the Town is moving in the right direction as it relates to its finances. Commissioners expressed their appreciation for Hamden's presentation.

6. Town of Plymouth

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

Grace Zweig introduced herself as Plymouth's Finance Director. She described the results of the FY 2021 audit report that was issued in September and submitted to OPM in October. Several Commissioners indicated their surprise that there were no significant or material internal control weaknesses identified in the FY 2021 audit report as the audit was submitted significantly late with one of the delays being incomplete records caused by the lack of staffing in the finance office. Commissioner Kennison also indicated that the FY 2021 audit was submitted beyond the additional 6-months extension time statutorily allowed and that there was no noncompliance finding identified in the audit. Ms. Zweig indicated that it was her belief that the FY 2021 federal single audit report would soon be issued as there were still some testing needed of CRF funds. In regard to the FY 2022 audit report, it appears likely that the audit report will not be issued by the December 31st due date. A new staff accountant was hired in October of 2022, who will be used to record financial information in the accounting system dating back to July of 2021 and to perform reconciliations. Several Commissioners expressed concerns that the Town has had continual difficulties in updating its financial system records and with timely reconciliations. Even with the recent hiring, the Town may want to explore hiring another staff accountant to get the Town's records updated as soon as possible. Commissioner LeBlanc indicated that the magnitude of the problem with the Town's records and reconciliation appears to be significant, especially as it relates to cash and bank reconciliations. Commissioner Kennison indicated that a letter had been sent to the Mayor several months ago regarding the Town's staffing needs and the need to update the Town's financial records. She suggested that the Town develop a timeline to correct the problems noted by Commissioners. Commissioners requested that OPM transmit a letter to the Mayor on behalf of the Commission regarding the audit/record-keeping/staffing issues.

7. Other Business

Outstanding Audit Reports:

A description was provided by Commissioner Kennison of the causes for the delayed audit reports that are still outstanding. Commissioner LeBlanc indicated he is anticipating that a number of municipalities may be requesting extension requests for submission of their FY 2022 audit reports due to the new GASB lease statement and its

effect.

Draft Policies and Procedures – Implementation of Public Act 22-35:

Mr. Plummer provided a brief overview of the draft document and indicated that OPM would be seeking Commissioners feedback at some point.

Other:

Commissioner Kennison indicated that Commissioner Schuyler would be resigning from the Commission as of December 31st. Commissioners expressed their appreciation for the work he had done on the Commission over his many years serving as a Commissioner.

8. Adjourned.

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, DECEMBER 7, 2022

Meeting Location: Telephonic Meeting

Date/Time: December 7, 2022, at 10:00 A.M.

Members Present: Ms. Kathleen Clarke Buch, Commission Chair
Mr. Anthony Genovese
Ms. Kimberly Kennison
Mr. Glenn Rybacki (joined the meeting at 10:04 a.m.)
Mr. John Schuyler
Ms. Rebecca A. Sielman
Ms. Diane Waldron

Members Absent: Mr. Michael LeBlanc

Others Present: Simon Jiang, OPM Staff
William Plummer, OPM Staff
Michael Reis, OPM Staff
Morgan Rice, OPM Staff
Austin Tanner, First Selectman, Town of Brooklyn
Shelley Cates, Finance Director, Town of Brooklyn
Richard Dziekan, Mayor, City of Derby
Walt Mayhew, Chief of Staff, City of Derby
Nancy Balsys, Deputy Finance Director, City of Derby
Dr. Matthew J. Conway, Jr., Superintendent, Derby Public Schools
Robert Trainor, Business Manager, Derby Public Schools
Lauren Garrett, Mayor, Town of Hamden
Curtis Eatman, Finance Director, Town of Hamden
Rick Galarza, Deputy Finance Director, Town of Hamden
Joseph Kilduff, Mayor, Town of Plymouth
Victoria Carey, Vice-Chair Plymouth Board of Finance
Grace Zweig, Finance Director, Town of Plymouth

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 October 12, 2022, meeting

The minutes were unanimously approved by all Commissioners in attendance.

3. Town of Brooklyn

Commissioner Buch inquired about the status of the Town's FY 2021 audit findings. Finance Director Shelley Cates noted that Brooklyn's written update to the Commission indicated that the Town was continuing to seek guidance from its independent auditor in regard to its FY 2021 audit findings including the need for an update to its policies and procedures manual. The Town has also had meetings with the WPCA and plans to bring WPCA oversight in-house. Commissioner Buch inquired about the Town's policy as it relates to transfers and when transfers are made to ensure that departmental appropriations are not over-expended. First Selectman Tanner provided a description of the transfer process and when transfer occur. Commissioner Kennison recommended that on a go-forward basis, the Town should provide a description of any assumptions, policies and practices that would be beneficial to Commissioners when reviewing the Town's financial information, such as the Town's assumptions and practices in regard to its adopted budgets. In regard to staffing, Ms. Cates indicated that the joint finance office (Board of Education and Town) was now fully staffed.

Commissioner Buch thanked First Selectman Tanner and Finance Director Cates for attending the meeting.

4. City of Derby

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

In response to Commissioner Buch's inquiry, the City's Chief of Staff, Walt Mayhew indicated that the finance director position that is vacant had yet to be advertised. The City is first seeking to determine the salary level to list for the position. Mr. Mayhew provided a description of where the City stood in regard to the implementation of corrective actions to resolve each of the FY 2021 audit findings. Mr. Mayhew also indicated that the FY 2021-22 budget results indicated an approximate \$300,000 revenue shortfall in property tax collections. Commissioner Waldron indicated her concerns in regard to the apparent variance for workers' compensation as disclosed in the FY 2021-22 budget to actual results. She noted the unusual large negative expenditure balance reported by the City. A discussion incurred among Commissioners and the City regarding the reason for the unusual negative expenditure. Mr. Mayhew indicated that he would look further into this matter to determine the cause for the unusual entry. Commissioner Genovese indicated some concern that the City was moving ahead with an RFP for a new financial accounting system without having a finance director in place. Commissioner Kennison agreed with Commissioner Genovese's concerns and also expressed her concerns that the City has a history of not closing its books in a timely manner. She would like to see the City prioritize the closing

of its FY 2022 records and the filling of the Finance Director position before utilizing the resources needed to install a new financial accounting system. Mr. Mayhew indicated his agreement with the priorities outlined by Commissioner Kennison. However, it is his belief that the City would be able to move forward with the RFP as he and Ms. Balsys have significant amount of experience with financial accounting systems and that the City has the financial capacity to bring on outside consulting help if needed to assist with matters concerning a new financial accounting system including a new chart of accounts.

As a result of Commissioner Buch's inquiry, Mr. Mayhew provided a description of when departmental transfers are required to be made and the process for making the transfers. Commissioner Buch expressed her appreciation for the City's attendance.

5. Town of Hamden

Mayor Garrett acknowledged that the budgeted FY 2021-22 tax collection rate was 98.8% and the City came in with a 98.7%, resulting in a revenue shortfall of \$2.4 million. In FY 2022-23, the City budgeted its tax collection rate at 98.7%, a more conservative collection rate. Going forward, the City plans to use a more conservative collection rate than the 98.8% used in FY 2021-22. Ms. Garrett explained that the City experienced savings in salaries but that is primarily due to not being able to fill needed vacant positions. The City believes that its FY 2022 audit should be completed by mid-December and that audit is expected to report a fund balance of \$14.1 million (the highest the Town has had going back a number of years). The Town plans to have one additional debt restructuring in the summer of 2023, that is expected to bring the Town's fund balance to approximately \$22 million. These debt restructurings have been an integral part of the Town's plan to grow and restore its fund balance. Mayor Garrett emphasized that the proceeds from the recent sale of Wintergreen is not represented in the Town's General Fund, fund balance. Those proceeds have been transferred to the Town's capital and non-recurring fund. A discussion ensued among Commissioners and the Town regarding maintaining fund balance at an adequate level and what plans the Town has to ensure that its fund balance does not erode subsequent to the debt restructuring planned in 2023. Commissioner Buch indicated her desire for the capital plan to be provided to the Commission once it becomes available. Commissioner Kennison also indicated her desire for the Town to share its updated 5-year fund balance plan once it is finalized as expected to be updated in March of 2023.

Commissioner Buch thanked the Town for its presentation.

6. Town of Plymouth

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

Mayor Kilduff announced that Victoria Carey, the Vice-Chair of the Board of Finance, was in attendance for today's meeting. Commissioner Buch inquired whether the Town's property tax collections were on target as expected and Mayor Kilduff indicated that tax collections were on target. Finance Director, Grace Zweig, provided a description of where the Town is in regarding to getting its FY 2022 and FY 2023 records up-to-date including its reconciliations. Commissioner Schuyler acknowledged the difficulties in getting bank reconciliations up-to-date when the Town has fallen significantly behind. He expressed that one key metric as to progress, is the dollar amount that remains unreconciled and not

updated in the accounting system. Commissioner Kennison brought to the Town's attention that the FY 2021 management letter has still not been issued by the Town's audit firm. She hopes that the audit firm has at least went over with the Town the items that will be included in the management letter. Mayor Kilduff acknowledged that the FY 2022 audit report will not be issued by the December 31st due date, but he is committed to ensuring that future audits are completed on time and issued by the December 31st due date. A discussion of staffing of the finance office ensued among Commissioners and the Town. Commissioner Buch expressed her strong belief that the timely recording of transactions and bank reconciliations are practices that must be adhered to and she hopes that significant progress is made by the next meeting with the Commission. Commissioner Buch thanked the Town for attending today's meeting.

7. Other Business

a) Status of Outstanding Municipal Audit Reports – June 30, 2021

Mr. Plummer provided a description of the outstanding FY 2021 audits and the additional list of those municipalities that did not submit their audit reports within the extension period allowed under State Law. Commissioners expressed concerns regarding the number of municipalities with significantly late audits and the extended delays in submitting the reports. In regards to OPM's work plan to provide a set of tools to promote timely audits, Commissioner Buch indicated that OPM may want to interview several of the Towns that submitted late audits to gain an understanding for the late audits as the extension requests submitted to OPM may not provide sufficient detail.

b) Calendar Year 2023 Proposed Meeting Dates

The meeting dates were reviewed and unanimously approved by all Commissioners in attendance.

c) Other

Commissioner Buch acknowledged Commissioner Schuyler's retirement from the Commission effective as of December 31st. Commissioners expressed their appreciation for his long length of service on the Commission and expertise. Commissioners wished him well in his post-retirement.

8. Adjourned.

The meeting adjourned at 11:16 a.m.

Respectfully submitted,

Kimberly Kennison
Acting Commission Secretary