



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

DRAFT 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