



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

TO: Members of the Municipal Finance Advisory Commission

FROM: Kimberly Kennison, Executive Finance Officer

DATE: May 11, 2020

SUBJECT: Agenda for MFAC Telephonic Meeting – Wednesday, May 27, 2020

A regular meeting of the Municipal Finance Advisory Commission is scheduled for Wednesday, May 27, 2020. **This will be a telephonic meeting and is scheduled to begin at 10:00 a.m.** Information for attending the meeting telephonically is as follows:

Call-In Instructions:

Meeting participants may use the following telephone number and access code:

Telephone Number: 860-840-2075
Meeting Access Code: 303 470 498#

The Agenda is as follows:

1. Call to order
2. Approval of the minutes to the January 22, 2020 meeting
3. Town of Brooklyn – Results of the June 30, 2019 Audit Report including restatements and reclassifications / Update on Corrective Action Plan to address audit findings from the June 30, 2019 audit / Other fiscal related matters
4. Town of Ellington – Status of Outstanding June 30, 2019 Audit Report / Update on Corrective Action on Audit Findings from the June 30, 2018 Audit / Other fiscal related matters
5. Town of Plymouth - Discussion
6. Outstanding June 30, 2019 municipal audit reports
7. Tiers Status Report
8. Financial Reporting and Fiscal Health Monitoring System Project
 - a) Data Collection – Municipal Fiscal Indicators
 - b) Data Collection – Uniform Chart of Accounts
 - c) Automation of Financial and Demographic Data / Analysis of Information

d) Comprehensive Monitoring System

9. Other business

Please contact Lori Stevenson at lori.stevenson@ct.gov for any questions you may have.

Cc: Secretary of State

State Treasurer's Office

The Honorable Richard Ives, First Selectman, Town of Brooklyn

The Honorable Lori L. Spielman, First Selectman, Town of Ellington

The Honorable David V. Merchant, Mayor, Town of Plymouth

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

DRAFT MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

SPECIAL MEETING

WEDNESDAY, JANUARY 22, 2020

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

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

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

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

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

1. Introduction/Call to order

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Proposed Calendar Year 2020 Meeting Dates

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

7. Other Business

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

8. Adjourned.

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

Respectfully submitted,

Douglas W. Gillette
Commission Secretary



TOWN OF BROOKLYN

P.O. Box 356 - Route 6 and 169
BROOKLYN, CONNECTICUT 06234

Town of Brooklyn, Connecticut State Single Audit Corrective Action Plan For the Year Ended June 30, 2019

OFFICE OF SELECTMEN
TELEPHONE: 860-779-3411

TOWN CLERK
TELEPHONE: 860-779-5032

ASSESSOR
TELEPHONE: 860-774-5611

TAX COLLECTOR
TELEPHONE: 860-774-4072

Office of Policy and Management
450 Capitol Avenue MS-54MFS
Hartford, CT 06106-1379

Municipal Finance Services Unit Attn: William Plummer

AUDIT FINDINGS

Finding Reference Number: 2019-01

Description of Finding:

The Town should have internal controls over financial reporting that provides reasonable assurance that the accounting records can be relied upon and used to prepare the basic financial statements and related notes in conformity with accounting principles generally accepted in the United States of America. Material adjustments and numerous prior period adjustments were needed for the accounting records to be in accordance with GAAP.

Statement of Concurrence or Nonconcurrence:

The Town agrees with this finding.

Corrective Action:

Town has hired a new Finance Director who will begin in March of 2020. The Town will also continue to use the outside consultant to assist them with maintaining the financial records.

Name of Contact Person:

Richard Ives, First Selectman, 860-779-3411, r.ives@brooklynct.org

Projected Completion Date: April 2020

Finding Reference Number: 2019-02

Description of Finding:

The Town should maintain effective policies and procedures related to monitoring. There are deficiencies in monitoring related to the following areas:

- The WPCA should be subject to the same monitoring as the Town's other funds.
- Bank reconciliations should be prepared and then reviewed by another individual.
- Fixed Assets and Compensated Absence reports should be reviewed for accuracy for inclusion in the financial statements.
- Invoices should be available for review and show evidence of management approval.
- Budget vs. Actual reports should be reviewed periodically for reasonableness.

Statement of Concurrence or Nonconcurrence:

The Town agrees with this finding.

Corrective Action:

The Town has hired a new Finance Director who will begin in March of 2020. The Town will also continue to use the outside consultant to assist them with developing and implementing effective internal control procedures.

Name of Contact Person:

Richard Ives, First Selectman, 860-779-3411, r.ives@brooklynct.org

Projected Completion Date: April 2020

Finding Reference Number: 2018-03

Description of Finding:

The Town and the Board of Education do not have a formal accounting manual documenting the procedures for fiscal operations adopted by the respective board. A written, approved, accounting manual is necessary to ensure that transactions are treated in a standardized manner and that proper internal controls exist in the accounting system.

Statement of Concurrence or Nonconcurrence:

The Town agrees with this finding.

Corrective Action:

The Board of Education has hired a consultant and begun developing an accounting manual documenting the accounting policies and procedures and the Town will begin developing a manual.

Name of Contact Person:

Richard Ives, First Selectman, 860-779-3411, r.ives@brooklynct.org

Projected Completion Date: June 2020

There are no questioned costs.

If the Office of Policy and Management has questions regarding this Plan, please call Richard Ives at 860-779-3411.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Richard Ives", written in a cursive style.

Richard Ives
First Selectman
Town of Brooklyn, Connecticut

DATE: May 27, 2020

TO: Honorable Members of the Municipal Finance Advisory Commission

SUBJECT: Update on Corrective Action of Audit Findings – Agenda Item

The Town of Ellington continues to actively address the Audit Findings from the June 30, 2018 audit and make progress to completing the FY2019/20 Audit. Below please find an update on the progress that has been made since the submission to the MFAC on 18 March 2020 (meeting postponed).

Finance Director Recruitment – Ms. Tiffany L. Pignataro, CPA, MBA, has been hired as the Finance Officer/Treasurer. She started in the position on April 13, 2020. The consultant who was serving as the temporary Finance Officer has been retained through adoption of the FY-2020/21 budget to assist in the transition.

- **Auditing Services** – On 10 March 2020 the Board of Finance awarded the contract for fiscal year 2020 (with options through FY-2024). As required by the Request for Proposals (RFP) the auditor will develop and incorporate into the work plan an audit schedule to address the late filing situations and complete all work to by established deadlines (31 December).
Note beginning of preliminary work on FY-2019/20 audit
- **FY-2018/19 Financial Statements** – Another thirty (30) day extension has been filed with OPM. The extension request included a timeline for completion. It is fully anticipated that financial statements will be completed by the middle of June and final audit submitted to OPM prior to the last week of June.
- **Technical Assistance** – The Board of Selectman has approved retaining technical assistance to focus on completing the end-of-year close-out and identifying and developing internal “best practices” to both ensure timely completion of the audit and improve finance department operations. The town is currently discussing having that assistance provided by the current and recently hired auditing firms. It is envisioned that the technical assistance will be provided in the following three (3) phases:
 1. New Auditing firm retained to assist with close-out and completion with the FY-2018/19 audit which will also serve as a means to ease transition to the FY-2019/20 and begin the process of identifying and implementing “best practices”.
 2. The existing auditing firm will take on the role of providing technical assistance to complete the FY-2019/20 audit. Again, the firm will also engage in identifying/implementing “best practices” and assist in the departmental functional analysis.
 3. The existing audit firm will provide technical assistance to aid in the transition/conversion/implementation of to the new financial management software scheduled for purchase in FY-2020/21.

Might note here that Covid-19 restrictions have hindered progress, but it is the intent of the town to proceed, as described, once restrictions are lifted.

- **Departmental Functional Analysis** – Department staff has begun an internal process of reviewing job functions. This work will be incorporated into the technical assistance efforts proposed to be provided by current and future auditors and will be designed to determine the appropriate assignment of departmental work functions as related to day-to-day operations and audit functions. Additionally, the town will determine if additional departmental staffing is required as well as the necessary education, experience and expertise of each position/function. Finally, the town has committed to reviewing the current form of government – including administrator/manager forms. Should a such charter change be approved to incorporate such changes their could very well be a

shifting of Finance Officer job responsibilities which could allow that position to focus more on “financial” rather than “administrative” responsibilities.

Again, on-going and hindered with the advent of Covid-19 restrictions.

- **Financial Accounting Software** – The initial/implementation costs and licensing fees related to a new financial accounting software that were proposed in the FY-2020/21 Capital and Operating Budgets have been approved. As previously noted, the new system is targeted to be implemented in FY-2021 and fully operational in FY-2022. The new system will be fully integrated with the Board of Education and incorporate the State’s chart of accounts. This conversion is fully anticipated to expedite the end-of-year (EOY) close-out process and make the over-all audit process more efficient.

I trust the update and information provided herein has responded to your concerns. Please be advised the Town of Ellington remains committed to addressing the Audit findings as noted. Please contact me directly if you have any additional questions or concerns.

Respectfully submitted,

Lori Spielman
First Selectman

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

<input type="radio"/> Material weakness(es) identified?	<u>✓</u> Yes	<u> </u> No
<input type="radio"/> Significant deficiency(ies) identified?	<u>✓</u> Yes	<u> </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u>✓</u> No

FEDERAL AWARDS

Internal control over major programs:

<input type="radio"/> Material weakness(es) identified?	<u> </u> Yes	<u>✓</u> No
<input type="radio"/> Significant deficiency(ies) identified?	<u> </u> Yes	<u>✓</u> None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? Yes ✓ No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.027/84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes ✓ No

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2018-001: Material Weakness in Internal Control over Financial Reporting – Application of Accounting Standards

Criteria: Management is responsible for the preparation and fair presentation of the Town’s financial statements in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). This includes the proper application of the accounting standard relating to the Town’s Volunteer Firefighters’ Length of Service Award Program (“LOSAP”).

Condition: During our audit, we noted that management did not properly identify and apply the accounting standard that addresses the accounting and disclosure requirements for its Volunteer Firefighters’ Length of Service Award Program (“LOSAP”).

Questioned Costs: No costs were questioned.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2018-001: Material Weakness in Internal Control over Financial Reporting - Application of Accounting Standards (Continued)

Effect: The beginning net position of the Town’s governmental activities had to be restated for the application of the accounting standard that addresses the accounting and disclosure requirements for the Town’s LOSAP.

Cause: Failure to properly identify and apply the accounting standard that addresses the accounting and disclosure requirements for LOSAP.

Auditor’s Recommendation: We recommend that the Town provide ongoing training to ensure that appropriate personnel remain current on authoritative accounting guidance. Management should be able to understand the accounting and disclosure requirements of accounting standards, identify whether or not those requirements affect the Town’s financial statements, and properly apply the accounting standards to its financial statements. Management could consider the use of a consultant to assist in the proper application of the accounting standards.

Management’s Response: The Town is currently in the process of reviewing the above finding and recommendation in order to take the necessary steps to address this finding.

Finding 2018-002: Significant Deficiency in Internal Control over Financial Reporting - Timeliness of Financial Reporting

Criteria: Management is responsible for the preparation and fair presentation of the Town’s financial statements in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The timeliness of financial reporting is included as one of the six qualitative characteristics of effective financial reporting by the GASB. Section 7-393 of the Connecticut General Statutes requires that a copy of the Town’s audited financial statements be filed within six months from the end of the Town’s fiscal year.

Condition: The Town’s accounting records were not closed out in a timely manner, which resulted in significant delays in filing the Town’s financial statements for the fiscal year ended June 30, 2018.

Questioned Costs: No costs were questioned.

Effect: The Town was required to request multiple extensions from the State of Connecticut Office of Policy & Management. In addition, the delay in financial reporting exposes the Town to a risk that information necessary to make appropriate fiscal decisions may not be readily available, or lead to misleading or misstated information. This could significantly affect the Town’s financial reporting processes, including but not limited to budgeting, budgeting compliance and overall financial reporting.

Cause: The cause is attributed to vacancies in the Town’s Finance Director position, in addition to multiple inefficiencies in the Town’s current accounting and closing procedures. Specifically, we noted the following:

- The use of a single accounting ledger to account for multiple funds of the Town,
- The use of manual journal entries as part of the year-end closing process to reclassify activity recorded in one general ledger account to another general ledger account for fund reporting purposes,
- A lack of formal documented closing procedures to help ensure that accounts are reconciled and properly balanced periodically throughout the year and at year-end.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS *(Continued)*

Finding 2018-002: Significant Deficiency in Internal Control over Financial Reporting - Timeliness of Financial Reporting *(Continued)*

Auditor's Recommendation: We recommend that the Town develop and implement a comprehensive plan to overhaul its current system of internal control over financial reporting. Specifically, we recommend the Town consider implementing a fund accounting system that can be integrated with other accounting systems utilized by the Town. In addition, we recommend that the Town develop formal closing procedures to help ensure that accounts are reconciled and properly balanced periodically throughout the year and at year-end.

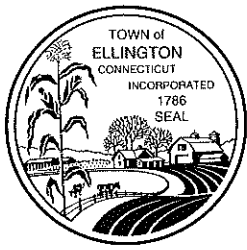
Management's Response: The Town is currently in the process of reviewing the above finding and recommendation in order to take the necessary steps to address this finding.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

Prior audit finding 2017-001 has been repeated and expanded upon as finding 2018-002.



STATE OF CONNECTICUT • COUNTY OF TOLLAND
INCORPORATED 1786

TOWN OF ELLINGTON

55 MAIN STREET • P. O. BOX 187
ELLINGTON, CONNECTICUT 06029-0187

www.ellington-ct.gov

Office of Policy and Management
450 Capital Avenue
Hartford, Connecticut 06106-1379

Municipal Finance Services
Attention: William Plummer

RE: Corrective Action Plan for the Town of Ellington, Connecticut - Fiscal Year Ended June 30, 2018

Finding 2018-001: Material Weakness in internal Control over Financial Reporting – Application of Accounting Standard

Condition: During the audit it was discovered management did not properly identify and apply the accounting standard that addresses the accounting and disclosure requirements for its Volunteer Firefighters' Length of Service Award Program ("LOSAP")

Management Response: The Town agrees with this finding and intends to implement a process whereby new accounting standards are reviewed when issued in order to determine whether or not the accounting standard would apply to the Town's financial statements. In addition, key members of the Town's Finance Department will attend educational courses on an annual basis that will focus on the application of governmental accounting standards. Determination of whether the standards apply will also be made in consultation with the Town's independent accounting firm and will be documented and maintained as part of the Town's internal records.

Finding 2018-002: Significant Deficiency in internal Control over Financial Reporting – Timeliness of Financial Reporting.

Condition: The Town's accounting records were not closed out in a timely manner, which resulted in significant delays in filing the Town's financial statements for the year ended June 30, 2018.

Management Response: The Town agrees with this finding and plans to implement a new accounting system with fund accounting capabilities on July 1, 2021. Consideration will be given to implementing an accounting system that can be integrated with the Town's other financial systems including integration with the Board of Education system.

Equal Opportunity Employer

Closing entries which were previously performed at year end are now being done monthly and formal written closing procedures will be developed by 12/31/2019.

Other: Improving the audit process to include more timely filings and the need to convert systems was the top agenda item on the Finance Officer's report to the Board of Finance at the October 1, 2019 meeting. The Board of Finance agrees with the need to improve our financial reporting process to include technology upgrades.

Implementation Date: In addition to the dates referenced above remedial actions are currently being considered to include the more extensive use of consultants or the possibility of a regional approach to financial oversight.

Please feel free to contact me at GWhite@ellington-ct.gov or (860) 870-3115 if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "G. A. White". The signature is stylized with a large, circular initial "G" and a cursive "A. White".

Gregory A. White
Finance Officer

Plymouth 6-Year Audit Submission & Audit Findings History with Fund Balance %

Fiscal Year End	Date Audit Report Due	Date of Submittal	# of Months Received Past Due Date	# of Audit Findings	General Fund - Fund Balance as % of Revenues
6/30/2014	12/31/2014	3/18/2016	14	4 significant or material findings, 3 mgmt ltr recommendations	6.77%
6/30/2015	12/31/2015	3/13/2017	14	3 significant or material findings, 3 mgmt ltr recommendations	5.53%
6/30/2016	12/31/2016	3/30/2018	14	3 significant or material findings, 4 mgmt ltr recommendations	3.80%
6/30/2017	12/31/2017	6/29/2018	5	2 significant or material findings, 3 mgmt ltr recommendations	3.66%
6/30/2018	12/31/2018	12/31/2018	on-time	1 significant deficiency finding, 5 mgmt ltr recommendations	5.34%
6/30/2019	12/31/2019	12/31/2019	on-time	0 significant or material finding, 2 mgmt ltr recommendations	9.00%

Note: The Town of Plymouth first voluntrily met with the MFAC on September 17, 2015 and has continued to meet with the Commission on a regular basis when requested. At that time, the Town had recently experienced fraudulent activities of a former finance director and was encountering financial record keeping and other internal control issues, causing significant delays with issuance of its audit reports.

June 30, 2019 Municipal Audit Reports Outstanding As of May 2020

Municipality	Days 2016 Report Submitted Past 12/31 Due Date	Days 2017 Report Submitted Past 12/31 Due Date	Days 2018 Report Submitted Past 12/31 Due Date	Extension Granted by OPM for 2019 Audit Submittal Until:	Audit Firm for June 30, 2019 Audit	OPM Comments
Canterbury	on-time	on-time	142	5/30/2020	Mahoney, Sabol	The last update from the Town and auditor indicated that the report would be issued by the end of May.
Derby	90	89	110	5/30/2020	MAWC	Report expected to be issued by May 30th.
Ellington	96	103	275	5/29/2020	Mahoney, Sabol	Report expected to be issued by end of June.
Hebron	on-time	on-time	on-time	5/30/2020	RSM	Several open items were completed by the Town and Bd. of Education in early May, however there are still two open items in process. The audit firm expects to have a draft of the CAFR before the end of May but no definitive date for issuing the audit report has been provided.
Plainfield	on-time	on-time	on-time	6/15/2020	Marcum	Audit firm intends to issue the Report by June 15, 2020
Putnam	103	40	102	6/5/2020	King King	Audit Report expected to be issued by June 5, 2020
Thompson	on-time	89	on-time	5/15/2020	BlumShapiro	Requested additional information from town and auditor in order to evaluate the latest requested extension until May 30, 2020.
Windham	207	152	53	5/30/2020	RSM	A draft of the audit report is expected to be completed in late May. Awaiting information on anticipated issuance date of the report.



TIERS STATUS REPORT

April 2020

ABOUT THIS REPORT

Resources are made available by the State of Connecticut to municipalities experiencing degrees of fiscal challenges as authorized under [Chapter 117](#) of the Connecticut General Statutes. These resources are primarily provided through the [Municipal Accountability Review Board \(MARB\)](#) and the [Municipal Finance Advisory Commission \(MFAC\)](#) in the form of technical assistance, financial assistance and other tools meant to promote financial health. Municipalities seeking assistance with their financial challenges may do so based upon their tier designation. Eligible municipalities that apply for and are designated as Tier I, shall be referred to the MFAC.¹ Eligible municipalities facing higher degrees of fiscal challenges that apply for and are designated as either Tier II or Tier III, shall be referred to the MARB² and are provided additional resources.

A primary mission of both the MARB and the MFAC is not only to resolve the current fiscal challenges of each designated municipality but also to ensure the municipality's longer-term fiscal sustainability. The Office of Policy and Management (OPM) provides professional support to both the MARB and the MFAC.

Please note that this Tier Status Report is for informational purposes only. Municipalities must meet a certain set of criteria in order to be eligible for designation under one of the three tiers indicated above. Therefore, each municipality's information is evaluated on an annual basis to determine those municipalities that meet the criteria for eligibility as a designated Tier I, Tier II, or Tier III municipality.³ However, there is no requirement for an eligible municipality to make an actual application to the Secretary for tier designation.

The data which follows provides a description of each tier criterion, a description of the data elements used in evaluating each criterion, and the results of each municipality's status for tier eligibility. Municipalities with a current tier designation are also identified.

¹ A municipality can also obtain assistance from the MFAC through the provisions identified in Section 7-395 of the General Statutes or by voluntarily requesting to work with the Commission.

² Chapter 117 of the General Statutes identifies certain situations where a Tier III designation can occur without a municipality's application.

³ A Tier III designated municipality's chief elected official or its legislative body by majority vote, may apply to the Secretary for a Tier IV designation.

Criteria and Condition Sets for Tier Eligibility Designations

Tier Eligibility - Condition Sets and Related Criteria

Tier I Eligibility	Credit Rating	Fund Balance	State Aid	Equalized Mill Rate	Municipal Rev. Inc.
Set 1	No Rating or Rating of A or Higher	+ Positive F/B %	+ Cur Yr State Aid Under 30% of G/F budget		+ Revenue Inc. of 2% or Higher in FYE 18
Set 2	No Rating or Highest Rating is A	+ Positive F/B % of Under 5%	+ Cur Yr State Aid Under 30% of G/F budget		
Set 3	AA or Higher Rating	+ Positive F/B %	+ Cur Yr State Aid of 30% or higher of G/F budget	+ EQMR Under 30	+ Revenue Inc. of 2% or Higher in FYE 18

Tier II Eligibility	Credit Rating	Fund Balance	State Aid	Equalized Mill Rate	Municipal Rev. Inc.
Set 1	No Rating or Highest Rating is A	+ Positive F/B % of 5% or Higher	+ Cur or Prior Yr State Aid 30% or Above of Rev	+ EQMR Under 30	+ Revenue Inc. of 2% or Higher in FYE 18
Set 2	No Rating or Highest Rating is A	+ Positive F/B % of Under 5%	+ Cur or Prior Yr State Aid 30% or Above of Rev	+ EQMR Under 30	
Set 3	Highest Rating is AA or Higher		+ Cur or Prior Yr State Aid 30% or Above of Rev	+ EQMR of 30 or Above	
Set 4	Highest Rating is AA or Higher	+ Negative Fund Balance %			
Set 5	Highest Rating is Baa or BBB	+ Positive F/B %		+ EQMR Under 30	

Tier III Eligibility	Credit Rating	Fund Balance	State Aid	Equalized Mill Rate	Municipal Rev. Inc.
Set 1	At least one Bond Rating Below Investment Grade				
Set 2 - Either (A) or (B) below					
(A)	Not Rated or Highest Rating is: A or Baa or BBB; AND Must Have No Rating Below Investment Grade	+ Negative Fund Balance %			
(B)	Not Rated or Highest Rating is: A or Baa or BBB; AND Must Have No Rating Below Investment Grade		+ Cur or Prior Yr State Aid 30% or Above of Rev	+ EQMR of 30 or Above	

- If a municipality holds a bond rating below investment grade from any of the 3 rating agencies, it cannot be designated as a Tier I or Tier II municipality.
- If a municipality meets the set of criteria conditions listed for a tier above, its CEO can apply to the Secretary to be designated under that tier.
- Legislative body of the municipality participates in the application process for Tier III designations.
- Municipality automatically becomes a Tier III designated municipality if it (i) issues deficit bonds or (ii) meets the refunding bonds criteria under section 7-576c.

Role of the MFAC

1	- Any municipality that has applied to and designated as a Tier 1 municipality by the Secretary shall be referred to the MFAC. The municipality shall prepare and present a 3-year financial plan to the MFAC for its review and approval.
2	- OPM Secretary shall designate a municipality as Tier III if the municipality meets the Tier III eligibility criteria and the Secretary finds that its fiscal condition warrants a Tier III designation, based on reports and findings from the MFAC.

Tier Status and Criteria Information

Apr-20

Municipality	Moody's	S&P	Fitch	Fund	2017 State	2018 State	2018 EqMR	Muni Rev	Tier Status
				Balance % As of June 30, 2018					
ANDOVER		AA+		23.68%	26.63%	23.61%	22.84	-2.68%	ND / NE
ANSONIA		AA-		11.77%	43.38%	43.91%	23.61	-0.11%	ND / NE
ASHFORD	Aa3			13.41%	32.52%	29.03%	23.93	-3.01%	ND / NE
AVON	Aaa	AAA		12.13%	15.27%	15.22%	21.57	-0.22%	ND / NE
BARKHAMSTED		AA		12.86%	19.36%	16.93%	19.67	-1.87%	ND / NE
BEACON FALLS		AA		14.08%	20.39%	17.98%	24.92	-2.52%	ND / NE
BERLIN	Aa2	AAA		16.16%	19.46%	18.32%	21.44	-1.19%	ND / NE
BETHANY	Aa2			18.86%	15.75%	13.84%	24.58	-1.21%	ND / NE
BETHEL		AAA		22.73%	21.79%	20.66%	21.91	-1.51%	ND / NE
BETHLEHEM				32.30%	15.09%	11.87%	18.56	-1.41%	ND / NE
BLOOMFIELD	Aa2	AA+		22.62%	15.49%	15.57%	25.36	-0.08%	ND / NE
BOLTON	Aa3			15.69%	22.43%	23.54%	27.28	-2.05%	ND / NE
BOZRAH				12.77%	26.35%	27.28%	18.49	-1.85%	ND / NE
BRANFORD		AAA		24.95%	11.94%	11.69%	19.08	-0.42%	ND / NE
BRIDGEPORT	Baa1	A	A	3.46%	44.81%	44.81%	33.22	-1.10%	ND / E - III
BRIDGEWATER				38.27%	1.66%	0.48%	12.01	0.33%	ND / NE
BRISTOL	Aa2	AA+	AAA	16.65%	33.04%	34.64%	22.84	-0.26%	ND / NE
BROOKFIELD	Aa2	AAA		9.17%	10.98%	11.47%	19.11	-0.33%	ND / NE
BROOKLYN				6.32%	34.27%	29.93%	17.25	-3.67%	ND / NE
BURLINGTON		AA+		15.95%	18.80%	13.24%	22.19	-1.57%	ND / NE
CANAAN				23.19%	16.17%	14.40%	17.35	-0.83%	ND / NE
CANTERBURY				16.98%	39.43%	35.25%	16.58	-3.57%	ND / NE
CANTON	Aa2	AAA		15.38%	17.50%	15.68%	21.99	-1.21%	ND / NE
CHAPLIN				18.79%	33.71%	28.21%	23.03	-2.75%	ND / NE
CHESHIRE	Aa1	AAA	AAA	10.68%	24.57%	23.47%	21.58	-1.62%	ND / NE
CHESTER				17.68%	11.66%	10.73%	17.78	-0.71%	ND / NE
CLINTON	Aa3	AA+		15.97%	23.97%	22.29%	20.16	-1.64%	ND / NE
COLCHESTER	Aa3			13.42%	35.40%	33.58%	22.84	-2.85%	ND / NE
COLEBROOK				28.39%	15.17%	13.04%	22.10	-0.92%	ND / NE
COLUMBIA	Aa2			21.11%	23.80%	19.72%	20.34	-1.87%	ND / NE
CORNWALL	Aa2			29.86%	9.66%	9.64%	11.30	0.62%	ND / NE
COVENTRY	Aa3			12.65%	32.02%	29.76%	21.13	-2.72%	ND / NE
CROMWELL		AAA		21.90%	19.12%	18.28%	21.08	-1.16%	ND / NE
DANBURY	Aa1	AA+	AAA	14.42%	21.78%	22.09%	18.96	-0.10%	ND / NE
DARIEN	Aaa			13.89%	12.87%	13.37%	10.32	-0.03%	ND / NE
DEEP RIVER				8.00%	15.63%	13.20%	20.43	-1.32%	ND / NE
DERBY		A+		-5.06%	37.11%	34.90%	27.52	-0.49%	ND / E - III
DURHAM				14.26%	15.07%	12.61%	25.19	-1.71%	ND / NE
EAST GRANBY	Aa2			17.49%	20.46%	19.28%	22.21	-1.01%	ND / NE
EAST HADDAM		AA+		14.50%	23.72%	22.87%	20.57	-1.70%	ND / NE
EAST HAMPTON		AAA		10.65%	28.71%	26.09%	21.89	-2.34%	ND / NE
EAST HARTFORD	Aa3	AA		11.08%	36.07%	35.08%	32.24	-0.36%	ND / E - II
EAST HAVEN	A2	A+		6.02%	30.61%	31.04%	22.01	-0.14%	ND / NE
EAST LYME	Aa3	AA		8.63%	21.83%	20.61%	18.33	-1.55%	ND / NE
EAST WINDSOR	Aa2	AA+		24.65%	21.85%	21.11%	23.40	-0.10%	ND / NE
EASTFORD				34.56%	33.81%	31.36%	16.86	-2.24%	ND / NE
EASTON		AAA		21.05%	7.03%	5.37%	23.28	-0.09%	ND / NE
ELLINGTON	Aa3			20.87%	26.47%	23.83%	21.90	-2.30%	ND / NE
ENFIELD	Aa2	AA		19.50%	33.12%	31.26%	21.58	-2.62%	ND / NE

Tier Status and Criteria Information

Apr-20

Municipality	Fund Balance %			As of June 30, 2018	2017 State Aid %	2018 State Aid %	2018 EqMR	Muni Rev Inc Factor	Tier Status
	Moody's	S&P	Fitch						
ESSEX	Aa2	AA+		17.99%	5.01%	4.18%	14.77	-0.06%	ND / NE
FAIRFIELD	Aaa	AAA	AAA	10.31%	11.89%	12.24%	17.29	-0.35%	ND / NE
FARMINGTON	Aaa			12.62%	15.97%	15.63%	17.51	-0.73%	ND / NE
FRANKLIN				88.02%	26.16%	23.43%	16.25	-3.81%	ND / NE
GLASTONBURY	Aaa	AAA		14.20%	16.12%	15.87%	23.87	-0.62%	ND / NE
GOSHEN				20.74%	1.65%	1.60%	13.07	0.35%	ND / NE
GRANBY		AA+		10.45%	25.21%	24.55%	24.89	-1.59%	ND / NE
GREENWICH	Aaa	AAA	AAA	13.39%	8.66%	8.50%	7.64	0.03%	ND / NE
GRISWOLD		AA		10.32%	41.67%	40.53%	19.26	-3.39%	ND / NE
GROTON	Aa2	AA+	AA	14.23%	36.09%	35.39%	16.47	-0.07%	ND / NE
GUILFORD	Aa2	AAA	AAA	11.76%	14.99%	14.72%	19.63	-0.74%	ND / NE
HADDAM	Aa3	AAA		15.37%	7.96%	6.84%	22.71	-0.92%	ND / NE
HAMDEN	Baa3	A	BBB+	0.62%	23.35%	22.52%	30.66	-1.28%	ND / E - I
HAMPTON				24.28%	31.01%	30.43%	18.57	-2.77%	ND / NE
HARTFORD	B1	BB+		0.73%	54.09%	53.78%	48.58	-0.39%	Designated - Tier III
HARTLAND	A1			15.72%	27.34%	24.34%	17.87	-2.01%	ND / NE
HARWINTON				19.27%	16.50%	13.78%	20.03	-2.05%	ND / NE
HEBRON		AAA		19.98%	23.09%	21.02%	26.11	-2.42%	ND / NE
KENT	Aa2			23.03%	9.87%	9.83%	12.94	0.24%	ND / NE
KILLINGLY	Aa3	AA		23.14%	36.54%	35.59%	16.94	0.04%	ND / NE
KILLINGWORTH				23.20%	11.88%	10.29%	19.23	-1.28%	ND / NE
LEBANON				20.48%	29.12%	29.77%	20.42	-2.51%	ND / NE
LEDYARD	Aa3	AA		6.45%	36.49%	35.10%	22.29	-2.79%	ND / NE
LISBON	Aa3			15.12%	35.64%	32.57%	15.22	-3.04%	ND / NE
LITCHFIELD	Aa2	AA+		17.13%	15.24%	14.26%	18.95	-0.76%	ND / NE
LYME				20.54%	8.40%	3.16%	13.42	0.18%	ND / NE
MADISON	Aaa		AAA	12.27%	9.54%	9.31%	18.77	-0.20%	ND / NE
MANCHESTER	Aa1	AA+	AAA	12.40%	28.12%	28.34%	25.85	-0.25%	ND / NE
MANSFIELD	Aa3			10.47%	42.71%	39.71%	20.91	-3.71%	ND / NE
MARLBOROUGH	Aa3			14.37%	19.36%	17.69%	23.96	-1.83%	ND / NE
MERIDEN		AA	AA-	7.43%	39.50%	38.79%	27.94	-0.06%	ND / NE
MIDDLEBURY	Aa1			13.34%	3.70%	3.08%	22.24	-0.49%	ND / NE
MIDDLEFIELD				14.80%	15.09%	12.64%	24.41	-1.81%	ND / NE
MIDDLETOWN	Aa2	AAA		19.67%	27.32%	27.40%	24.06	-0.09%	ND / NE
MILFORD	Aa1	AA+	AAA	18.92%	15.20%	14.64%	19.31	-0.96%	ND / NE
MONROE	Aa2	AA+		15.70%	19.07%	18.55%	24.18	-0.96%	ND / NE
MONTVILLE	Aa3	AA		17.68%	33.78%	30.68%	22.34	-2.56%	ND / NE
MORRIS				19.07%	2.15%	1.16%	19.47	-0.07%	ND / NE
NAUGATUCK	Aa3	AA-	AA	11.55%	34.05%	32.94%	33.09	-0.48%	ND / E - II
NEW BRITAIN	Baa2	A+	A-	10.14%	47.39%	46.88%	32.49	-0.24%	ND / E - III
NEW CANAAN	Aaa			19.16%	11.01%	11.53%	11.63	0.02%	ND / NE
NEW FAIRFIELD		AAA		16.24%	21.45%	21.06%	19.71	-1.02%	ND / NE
NEW HARTFORD	Aa3	AA		13.10%	19.04%	16.71%	20.92	-1.72%	ND / NE
NEW HAVEN	Baa1	BBB+	BBB	-1.74%	48.47%	49.21%	26.87	-0.22%	ND / E - III ^{U1}
NEW LONDON		A+	AA-	12.60%	40.78%	39.32%	30.91	-0.40%	ND / E - II ^{U2}
NEW MILFORD	Aa1	AA+		21.71%	20.96%	18.63%	18.77	-1.70%	ND / NE
NEWINGTON		AA+		17.02%	24.82%	22.82%	24.45	-2.19%	ND / NE
NEWTOWN	Aa1	AAA		10.76%	13.52%	13.25%	22.67	-0.82%	ND / NE
NORFOLK				17.16%	10.04%	9.04%	17.96	-0.45%	ND / NE

Tier Status and Criteria Information

Apr-20

Municipality	Moody's	S&P	Fitch	Fund	2017 State	2018 State	2018 EqMR	Muni Rev	Tier Status
				Balance % As of June 30, 2018					
NORTH BRANFORD	Aa2	AA+		17.92%	24.92%	22.85%	22.82	-2.03%	ND / NE
NORTH CANAAN				17.11%	24.97%	22.57%	20.91	-2.53%	ND / NE
NORTH HAVEN	Aa1	AAA		11.69%	14.19%	13.92%	20.22	-1.04%	ND / NE
NORTH STONINGTON				16.27%	31.47%	29.54%	17.40	-1.95%	ND / NE
NORWALK	Aaa	AAA	AAA	15.60%	15.75%	15.67%	16.25	-0.06%	ND / NE
NORWICH	Aa3	AA	AA	11.67%	36.31%	36.20%	27.42	0.22%	ND / NE
OLD LYME				29.14%	1.97%	1.91%	15.00	-0.09%	ND / NE
OLD SAYBROOK	Aa2			13.35%	8.29%	7.91%	13.60	0.07%	ND / NE
ORANGE		AAA		19.82%	9.45%	7.67%	21.47	-0.47%	ND / NE
OXFORD	Aa2			26.15%	23.51%	23.00%	14.86	-1.32%	ND / NE
PLAINFIELD	Aa3			19.16%	42.50%	39.99%	19.34	-3.51%	ND / NE
PLAINVILLE	Aa3	AA+		14.94%	29.40%	26.82%	23.46	-2.40%	ND / NE
PLYMOUTH		A+		5.34%	34.66%	33.08%	27.13	-1.86%	ND / NE
POMFRET				17.19%	34.32%	29.26%	17.00	-2.72%	ND / NE
PORTLAND	Aa3	AA+		18.49%	19.72%	18.97%	23.22	-1.70%	ND / NE
PRESTON		AA+		18.71%	36.29%	33.19%	16.62	-2.33%	ND / NE
PROSPECT				7.56%	17.91%	15.21%	21.42	-2.27%	ND / NE
PUTNAM		AA		22.79%	43.49%	38.68%	12.86	-0.22%	ND / NE
REDDING	Aa1	AAA		20.62%	8.66%	8.92%	19.99	0.08%	ND / NE
RIDGEFIELD	Aaa	AAA	AAA	9.97%	12.63%	12.94%	17.94	-0.12%	ND / NE
ROCKY HILL		AA+		7.46%	17.68%	16.91%	21.70	-0.96%	ND / NE
ROXBURY				29.01%	0.83%	0.50%	10.50	0.33%	ND / NE
SALEM	Aa3			26.46%	28.90%	25.69%	22.56	-3.00%	ND / NE
SALISBURY				17.64%	8.41%	8.38%	7.98	0.38%	ND / NE
SCOTLAND	A2			14.48%	28.72%	24.93%	27.05	-4.22%	ND / NE
SEYMOUR		AA+		4.21%	27.82%	26.27%	24.54	-2.51%	ND / NE
SHARON				24.93%	6.47%	6.68%	11.32	0.62%	ND / NE
SHELTON	A1	AA+		5.00%	18.11%	17.10%	15.58	-0.77%	ND / NE
SHERMAN	Aa2			18.43%	9.62%	9.62%	13.72	0.05%	ND / NE
SIMSBURY	Aaa	AAA		15.20%	18.73%	18.20%	23.77	-0.83%	ND / NE
SOMERS	Aa2			20.07%	35.47%	32.24%	17.58	-2.61%	ND / NE
SOUTH WINDSOR	Aa2	AA+		10.83%	21.89%	20.46%	25.39	-1.59%	ND / NE
SOUTHBURY	Aa2			16.94%	6.64%	6.61%	18.86	-0.83%	ND / NE
SOUTHINGTON		AA+		15.09%	24.87%	23.18%	20.78	-1.88%	ND / NE
SPRAGUE	Baa3			-11.20%	42.75%	41.29%	18.98	-3.51%	Designated - Tier II
STAFFORD	A1			16.14%	36.38%	34.68%	22.25	-3.19%	ND / NE
STAMFORD	Aa1	AAA	AAA	6.25%	12.34%	12.36%	15.94	-0.02%	ND / NE
STERLING	A1			30.27%	37.45%	35.90%	20.73	-2.75%	ND / NE
STONINGTON	Aa1	AA+		24.20%	9.04%	12.00%	15.66	-0.41%	ND / NE
STRATFORD	A2	AA-		2.57%	21.12%	20.40%	27.28	-1.38%	ND / NE
SUFFIELD		AA+		16.28%	29.37%	28.39%	19.57	-2.09%	ND / NE
THOMASTON	Aa3	AA		12.56%	32.06%	30.63%	24.64	-2.54%	ND / NE
THOMPSON				10.54%	39.45%	38.48%	16.49	-0.21%	ND / NE
TOLLAND		AAA	AAA	16.80%	30.67%	28.70%	23.81	-2.41%	ND / NE
TORRINGTON	Aa3	AA-		10.23%	31.04%	30.37%	32.26	-1.37%	ND / E - II
TRUMBULL	Aa2	AA+	AA+	12.55%	15.00%	14.61%	21.92	-0.32%	ND / NE
UNION				14.12%	19.74%	18.35%	21.29	-0.98%	ND / NE
VERNON	Aa2			21.58%	26.55%	25.63%	27.45	0.01%	ND / NE
VOLUNTOWN				14.29%	37.15%	35.51%	21.66	-3.37%	ND / NE

Tier Status and Criteria Information

Apr-20

Municipality	Moody's	S&P	Fitch	Fund	2017 State	2018 State	2018 EqMR	Muni Rev Inc Factor	Tier Status
				Balance % As of June 30, 2018					
WALLINGFORD	Aa1	AA+		14.66%	27.47%	25.70%	19.46	-1.90%	ND / NE
WARREN	Aa2			38.85%	1.45%	0.80%	10.30	0.31%	ND / NE
WASHINGTON				34.78%	0.70%	0.34%	9.79	0.37%	ND / NE
WATERBURY	A2	AA-	AA-	5.14%	42.51%	42.34%	40.71	-0.33%	ND / E - II
WATERFORD	Aa2	AA		14.53%	10.75%	10.92%	18.08	-0.18%	ND / NE
WATERTOWN	Aa3	AA+		6.44%	24.95%	23.13%	20.70	-2.11%	ND / NE
WEST HARTFORD	Aaa	AAA		8.14%	19.64%	17.92%	28.40	-1.31%	ND / NE
WEST HAVEN	Baa3	BBB		1.20%	41.38%	43.46%	24.11	0.12%	Designated - Tier III
WESTBROOK	Aa2			16.56%	11.67%	12.04%	17.01	-0.04%	ND / NE
WESTON	Aaa			18.29%	12.61%	13.25%	20.15	-0.16%	ND / NE
WESTPORT	Aaa			15.35%	10.07%	10.76%	11.57	-0.09%	ND / NE
WETHERSFIELD	Aa2	AA+		11.02%	21.06%	19.77%	26.08	-1.43%	ND / NE
WILLINGTON	Aa3			18.49%	28.63%	24.77%	20.76	-2.78%	ND / NE
WILTON	Aaa			14.87%	12.72%	13.58%	19.69	-0.15%	ND / NE
WINCHESTER	A1			23.74%	30.53%	28.51%	23.15	0.49%	ND / NE
WINDHAM	A2	AA-		8.70%	50.80%	49.83%	29.08	0.24%	ND / NE
WINDSOR		AAA		21.88%	21.57%	21.77%	22.15	-0.06%	ND / NE
WINDSOR LOCKS	Aa1	AA+		21.36%	33.23%	33.14%	17.74	-0.04%	ND / NE
WOLCOTT	A1	AA		9.92%	34.23%	29.70%	23.19	-2.84%	ND / NE
WOODBIDGE	Aaa			14.50%	7.53%	7.52%	26.90	-0.28%	ND / NE
WOODBURY	Aa1			18.64%	5.76%	4.43%	20.11	-0.66%	ND / NE
WOODSTOCK	Aa3			17.36%	28.68%	26.78%	17.13	-2.71%	ND / NE

Tier Status Description:

- 1 Municipalities currently designated as either Tier I, II, III, or IV are identified as "Designated" in the table above with their applicable tier designations.
- 2 ND = The municipality is not currently designated as a tier I, II, III, or IV municipality.
- 3 NE = The municipality has not met any of the eligibility criteria sets for possible designation.
- 4 E = The municipality has met one or more of the criteria sets for eligibility as a designated municipality.
An identifier of I, II, or III, indicates the tier that the municipality is eligible for designation.
- 5 U1 = An analysis of updated municipal data available as of April 2020, indicate that the City's
Tier Eligibility status has changed from Tier III eligible to Tier II eligible.
- 6 U2 = An analysis of updated municipal data available as of April 2020, indicate that the City
no longer meets any of the tier eligibility criteria sets for tier designation.

Data Description:

- 1 Credit Ratings based upon ratings from rating agencies as of December 10, 2019.
- 2 Fund Balance % and 2018 State Aid % based upon June 30, 2018 financial audit report data.
- 3 2017 State Aid % based upon June 30, 2017 financial audit report data.
- 4 Equalized Mill Rates (EqMR) based upon equalized net grand list data for grand list year 2016
and from property tax levy data derived from June 30, 2018 financial audit reports.



MONITORING AND OVERSIGHT OF MUNICIPAL FISCAL HEALTH IN CONNECTICUT

CTCPA GAA Conference
May 14, 2020

Connecticut Office of Policy & Management (OPM)

- Governor's staff agency
- Central role in State government and formulating public policy
- Prepares Governor's budget proposal
- Implements and monitors adopted State budget
- Assists state agencies in implementing policy on Governor's behalf
- Seven divisions:
 - *Administration*
 - *Budget and Financial Management*
 - *Criminal Justice Policy and Planning*
 - *Finance*
 - *Intergovernmental Policy & Planning*
 - *Labor Relations*
 - *Health and Human Services Policy and Planning*

Connecticut Office of Policy & Management (OPM)

■ Office of Finance


- *Federal and state single audits*
- *Information technology capital investment program*
- *Municipal finance oversight*
- *Non-profit grants compliance*
- *Procurement*
- *State Analytical Reporting System (STARS)*
- *Statewide Organizational Effectiveness (LEAN)*

Connecticut Office of Policy & Management (OPM)

■ Municipal Financial Services

- *Municipal Auditing Act*
- *State Single Audit Act/Compliance Manual*
- *Appointment of Auditor/Extension Requests*

Office of Policy and Management - Electronic Audit Reporting System (EARS)
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STATE OF CONNECTICUT

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Historical Structures & Processes

1. Municipal Fiscal Indicators

- Historically available for self-assessment
- Published annually by OPM
- Statewide rankings and multi-year data

2. Municipal Finance Advisory Commission

- Longstanding advisory board
- Historically focused on fiscal health, sound financial practices, timely audit submissions
- Recent legislation: role and responsibilities evolving

3. Special Acts

- Oversight boards created by Special Acts
- Instances of severe municipal financial distress
 - City of Bridgeport
 - City of Waterbury

Municipal Fiscal Indicators

- Published annually by OPM
 - <https://portal.ct.gov/OPM/IGP-MUNFINSR/Municipal-Financial-Services/Municipal-Fiscal-Indicators>
- Statewide rankings on wide range of data
 - *Financial indicators*
 - *Tax base and economic data*
 - *Demographic data*
- Profile of each municipality with 5 years of data
- Municipal financial data aggregated from audited financial statements
- Demographic and economic data from multiple state agencies

Municipal Fiscal Indicators: Example – Statewide Ranking

Current Year Tax Collection Rates, FYE 2017

1 * TORRINGTON	100.0%	36 MARLBOROUGH	99.2%	71 EAST GRANBY	98.9%	106 REDDING	98.6%	141 SCOTLAND	98.1%
2 BRIDGEWATER	99.8%	37 BETHANY	99.2%	72 WESTPORT	98.9%	107 WINCHESTER	98.5%	142 PRESTON	98.0%
3 GOSHEN	99.8%	38 OLD SAYBROOK	99.2%	73 EAST WINDSOR	98.8%	108 WATERBURY	98.5%	143 GRISWOLD	98.0%
4 CHESHIRE	99.8%	39 MANSFIELD	99.2%	74 BRIDGEPORT	98.8%	109 WALLINGFORD	98.5%	144 EAST HARTFORD	97.9%
5 SHERMAN	99.7%	40 CHESTER	99.2%	75 COVENTRY	98.8%	110 WOODSTOCK	98.5%	145 MERIDEN	97.9%
6 DARIEN	99.7%	41 RIDGEFIELD	99.1%	76 GROTON	98.8%	111 NEW MILFORD	98.5%	146 DERBY	97.9%
7 FARMINGTON	99.7%	42 KENT	99.1%	77 WESTON	98.8%	112 DANBURY	98.4%	147 EAST HAVEN	97.8%
8 AVON	99.7%	43 SALISBURY	99.1%	78 CANTERBURY	98.8%	113 OXFORD	98.4%	148 NORTH STONINGTON	97.8%
9 WOODBRIDGE	99.6%	44 ROXBURY	99.1%	79 NORTH HAVEN	98.8%	114 BETHLEHEM	98.4%	149 WOLCOTT	97.8%
10 NEW CANAAN	99.6%	45 POMFRET	99.1%	80 BERLIN	98.8%	115 EAST HAMPTON	98.4%	150 SHARON	97.8%
11 WARREN	99.6%	46 STONINGTON	99.1%	81 LEDYARD	98.8%	116 MIDDLEBURY	98.4%	151 KILLINGLY	97.8%
12 MADISON	99.5%	47 LYME	99.1%	82 DURHAM	98.8%	117 SEYMOUR	98.4%	152 WINDHAM	97.7%
13 GUILFORD	99.5%	48 GRANBY	99.1%	83 VERNON	98.8%	118 DEEP RIVER	98.4%	153 STERLING	97.7%
14 WESTBROOK	99.5%	49 SUFFIELD	99.1%	84 BROOKLYN	98.8%	119 MILFORD	98.4%	154 STRATFORD	97.7%
15 WILLINGTON	99.5%	50 TRUMBULL	99.1%	85 STAMFORD	98.8%	120 COLUMBIA	98.4%	155 PLYMOUTH	97.7%
16 HARWINTON	99.5%	51 PROSPECT	99.0%	86 CANAAN	98.8%	121 MIDDLEFIELD	98.4%	156 ANSONIA	97.7%
17 KILLINGWORTH	99.5%	52 BROOKFIELD	99.0%	87 FAIRFIELD	98.7%	122 BOZRAH	98.3%	157 BARKHAMSTED	97.6%
18 GLASTONBURY	99.4%	53 COLCHESTER	99.0%	88 EASTFORD	98.7%	123 BRANFORD	98.3%	158 MONTVILLE	97.6%
19 SIMSBURY	99.4%	54 HADDAM	99.0%	89 SOMERS	98.7%	124 WOODBURY	98.3%	159 STAFFORD	97.6%
20 ELLINGTON	99.4%	55 BETHEL	99.0%	90 NORWALK	98.7%	125 MANCHESTER	98.3%	160 WINDSOR LOCKS	97.5%
21 BURLINGTON	99.4%	56 SHELTON	99.0%	91 PORTLAND	98.7%	126 FRANKLIN	98.3%	161 MIDDLETOWN	97.4%
22 NEWTOWN	99.4%	57 TOLLAND	99.0%	92 HARTLAND	98.7%	127 BEACON FALLS	98.3%	162 PLAINFIELD	97.4%
23 CLINTON	99.4%	58 WINDSOR	99.0%	93 SOUTH WINDSOR	98.7%	128 HAMPTON	98.3%	163 NEW BRITAIN	97.3%
24 NEW FAIRFIELD	99.3%	59 CROMWELL	99.0%	94 NEW HARTFORD	98.7%	129 CORNWALL	98.3%	164 HAMDEN	97.0%
25 CANTON	99.3%	60 MONROE	99.0%	95 BLOOMFIELD	98.6%	130 ASHFORD	98.3%	165 NORWICH	97.0%
26 WATERFORD	99.3%	61 EAST LYME	99.0%	96 UNION	98.6%	131 WEST HAVEN	98.2%	166 NORTH CANAAN	96.9%
27 WASHINGTON	99.3%	62 OLD LYME	98.9%	97 EAST HADDAM	98.6%	132 THOMPSON	98.2%	167 HARTFORD	95.6%
28 ROCKY HILL	99.3%	63 SALEM	98.9%	98 LISBON	98.6%	133 ENFIELD	98.2%	168 NAUGATUCK	94.9%
29 NEWINGTON	99.3%	64 ANDOVER	98.9%	99 COLEBROOK	98.6%	134 NEW LONDON	98.2%	169 SPRAGUE	91.8%
30 ORANGE	99.3%	65 THOMASTON	98.9%	100 LEBANON	98.6%	135 CHAPLIN	98.1%		
31 GREENWICH	99.3%	66 NORFOLK	98.9%	101 EASTON	98.6%	136 PLAINVILLE	98.1%		
32 WEST HARTFORD	99.2%	67 BOLTON	98.9%	102 BRISTOL	98.6%	137 HEBRON	98.1%		
33 WILTON	99.2%	68 ESSEX	98.9%	103 NORTH BRANFORD	98.6%	138 PUTNAM	98.1%		
34 WETHERSFIELD	99.2%	69 SOUTHTON	98.9%	104 MORRIS	98.6%	139 VOLUNTOWN	98.1%		
35 SOUTHURY	99.2%	70 LITCHFIELD	98.9%	105 WATERTOWN	98.6%	140 NEW HAVEN	98.1%		

* A Special legislative act allows this municipality's tax collection services to be contracted to an outside firm. This firm charges a commission which is not reflected in the tax collection rate.

Average: 98.6%
Median: 98.8%

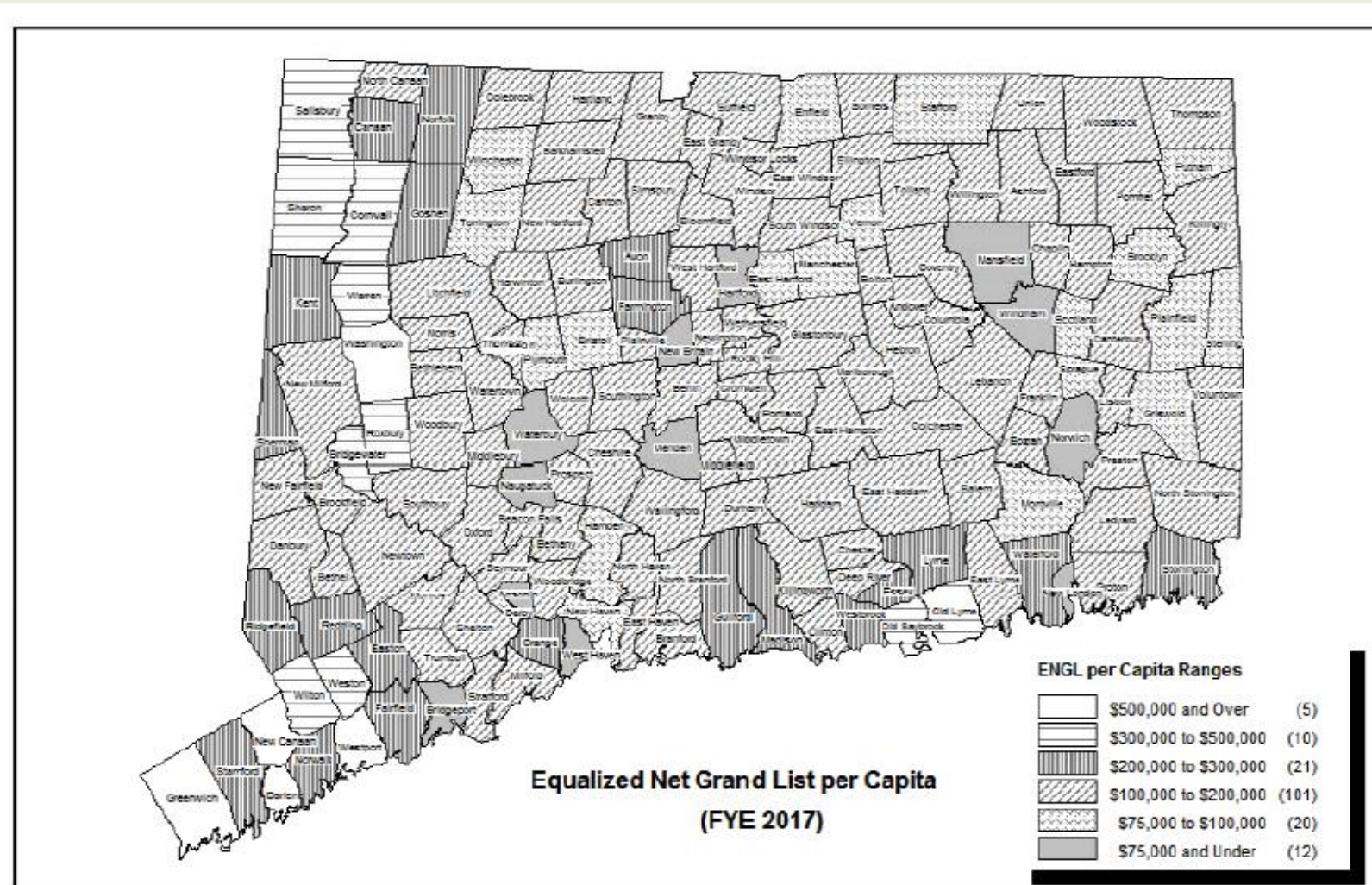
Municipal Fiscal Indicators: Example – Statewide Ranking

Net Pension Liability per Capita FYE 2017

1 NEW HAVEN	\$5,932	36 WESTPORT	\$862	71 LEDYARD	\$437	106 HADDAM	\$168	141 OLD LYME	\$0
2 HAMDEN	\$4,951	37 NEW LONDON	\$861	72 BERLIN	\$434	107 WESTBROOK	\$152	142 HAMPTON	\$0
3 WEST HARTFORD	\$3,598	38 NORTH BRANFORD	\$844	73 OXFORD	\$417	108 BRISTOL	\$148	143 NEW CANAAN	\$0
4 EAST HARTFORD	\$3,573	39 MANCHESTER	\$843	74 LITCHFIELD	\$415	109 PRESTON	\$140	144 PUTNAM	\$0
5 HARTFORD	\$3,472	40 SOUTH WINDSOR	\$833	75 CROMWELL	\$405	110 LEBANON	\$140	145 MIDDLETOWN	\$0
6 MERIDEN	\$2,394	41 WEST HAVEN	\$812	76 SOUTHTON	\$402	111 DURHAM	\$139	146 ROXBURY	\$0
7 BRIDGEPORT	\$2,362	42 EAST HAMPTON	\$766	77 ESSEX	\$401	112 ROCKY HILL	\$124	147 MARLBOROUGH	\$0
8 WATERBURY	\$2,047	43 WOLCOTT	\$743	78 GRISWOLD	\$373	113 LISBON	\$115	148 SALEM	\$0
9 GREENWICH	\$1,982	44 WOODBRIDGE	\$740	79 MANSFIELD	\$372	114 BROOKFIELD	\$112	149 LYME	\$0
10 VERNON	\$1,977	45 WETHERSFIELD	\$727	80 MONROE	\$340	115 BURLINGTON	\$109	150 POMFRET	\$0
11 TRUMBULL	\$1,938	46 DERBY	\$708	81 PLAINVILLE	\$318	116 NEW FAIRFIELD	\$107	151 KILLINGLY	\$0
12 NORWICH	\$1,904	47 WINDSOR LOCKS	\$692	82 BROOKLYN	\$315	117 WASHINGTON	\$106	152 KENT	\$0
13 NEWINGTON	\$1,694	48 BRANFORD	\$691	83 ENFIELD	\$315	118 HARWINTON	\$104	153 HEBRON	\$0
14 BLOOMFIELD	\$1,618	49 MADISON	\$686	84 DEEP RIVER	\$312	119 MIDDLEFIELD	\$96	154 STERLING	\$0
15 GLASTONBURY	\$1,483	50 STAFFORD	\$671	85 EAST LYME	\$309	120 BETHANY	\$96	155 SCOTLAND	\$0
16 AVON	\$1,443	51 SIMSBURY	\$670	86 WALLINGFORD	\$299	121 THOMPSON	\$91	156 COLEBROOK	\$0
17 TORRINGTON	\$1,379	52 EASTON	\$645	87 GRANBY	\$281	122 SOMERS	\$88	157 SHARON	\$0
18 STAMFORD	\$1,367	53 GUILFORD	\$642	88 SEYMOUR	\$277	123 CANTERBURY	\$86	158 SHELTON	\$0
19 DANBURY	\$1,344	54 REDDING	\$635	89 PLAINFIELD	\$273	124 EAST HADDAM	\$55	159 SHERMAN	\$0
20 NORTH HAVEN	\$1,322	55 CANTON	\$622	90 WINDHAM	\$271	125 PROSPECT	\$33	160 FRANKLIN	\$0
21 MILFORD	\$1,288	56 EAST WINDSOR	\$617	91 WILTON	\$261	126 COLCHESTER	\$32	161 NORTH STONINGTON	\$0
22 NORWALK	\$1,271	57 MIDDLEBURY	\$599	92 MORRIS	\$258	127 GOSHEN	\$31	162 EASTFORD	\$0
23 PLYMOUTH	\$1,262	58 NEWTOWN	\$591	93 WARREN	\$255	128 SALISBURY	\$30	163 EAST GRANBY	\$0
24 CHESHIRE	\$1,229	59 WOODBURY	\$575	94 STONINGTON	\$252	129 WILLINGTON	\$19	164 TOLLAND	\$0
25 NAUGATUCK	\$1,225	60 SUFFIELD	\$572	95 BOZRAH	\$251	130 RIDGEFIELD	\$14	165 DARIEN	\$0
26 STRATFORD	\$1,163	61 THOMASTON	\$552	96 SOUTHURY	\$250	131 CHAPLIN	\$0	166 UNION	\$0
27 FARMINGTON	\$1,151	62 BETHEL	\$540	97 ELLINGTON	\$239	132 ASHFORD	\$0	167 CORNWALL	\$0
28 PORTLAND	\$1,142	63 NEW MILFORD	\$528	98 ANDOVER	\$222	133 VOLUNTOWN	\$0	168 COLUMBIA	\$0
29 NEW BRITAIN	\$1,134	64 WATERTOWN	\$522	99 NEW HARTFORD	\$222	134 NORTH CANAAN	\$0	169 HARTLAND	\$0
30 FAIRFIELD	\$1,071	65 WINCHESTER	\$511	100 EAST HAVEN	\$218	135 BARKHAMSTED	\$0		
31 CLINTON	\$1,056	66 GROTON	\$488	101 BEACON FALLS	\$201	136 BRIDGEWATER	\$0		
32 WESTON	\$1,037	67 WINDSOR	\$450	102 KILLINGWORTH	\$201	137 CANAAN	\$0		
33 OLD SAYBROOK	\$1,024	68 MONTVILLE	\$449	103 COVENTRY	\$199	138 SPRAGUE	\$0		
34 ORANGE	\$887	69 BETHLEHEM	\$448	104 WOODSTOCK	\$194	139 NORFOLK	\$0		
35 WATERFORD	\$880	70 ANSONIA	\$446	105 CHESTER	\$173	140 BOLTON	\$0		

Average:	\$1,321
Median:	\$309

Municipal Fiscal Indicators: Example – Illustrative Map



Municipal Fiscal Indicators: Example Multi-Year Data

WEST HAVEN

Economic Data	FISCAL YEARS ENDED 2013 TO 2017	2017	2016	2015	2014	2013
Population (State Dept. of Public Health)		54,843	54,516	54,927	54,905	55,046
School Enrollment (State Education Dept.)		6,971	7,017	7,081	7,195	7,224
Bond Rating (Moody's, as of July 1)		Baa2	Baa1	Baa1	Baa1	Baa1
Unemployment (Annual Average)		5.4%	5.8%	6.7%	7.9%	9.2%
TFA Recipients (Oct./May FY Average As a % of Population)		1.1%	1.3%	1.3%	1.5%	1.4%
Grand List Data						
Equalized Net Grand List		\$3,761,443,254	\$3,964,415,227	\$3,840,876,745	\$3,920,079,059	\$3,861,225,600
Equalized Mill Rate		25.04	22.63	23.08	22.55	22.82
Net Grand List		\$2,628,822,378	\$2,853,371,008	\$2,818,890,997	\$2,819,622,036	\$2,823,550,390
Mill Rate - All taxable property / Motor Vehicle (if different)		35.26 / 37.00	31.25	31.25	31.25	31.25
Property Tax Collection Data						
Current Year Adjusted Tax Levy		\$94,194,456	\$89,720,548	\$88,651,979	\$88,395,137	\$88,111,713
Current Year Collection %		98.2%	98.5%	98.4%	98.1%	98.1%
Total Taxes Collected as a % of Total Outstanding		96.1%	96.4%	95.7%	94.0%	94.4%
Operating Results - General Fund						
Property Tax Revenues		\$94,300,417	\$90,455,343	\$89,293,315	\$89,495,114	\$88,645,476
Intergovernmental Revenues		\$70,810,696	\$74,083,784	\$66,698,261	\$65,232,537	\$62,176,447
Total Revenues		\$169,326,316	\$168,760,901	\$160,455,479	\$158,677,468	\$154,029,523
Total Transfers In From Other Funds		\$1,796,865	\$1,727,948	\$1,460,977	\$2,150,518	\$2,178,416
Total Revenues and Other Financing Sources		\$171,431,631	\$170,903,849	\$201,551,956	\$160,827,986	\$156,659,939
Education Expenditures		\$104,146,866	\$106,292,923	\$96,506,345	\$95,107,522	\$89,015,764
Operating Expenditures		\$68,002,594	\$66,576,556	\$67,173,432	\$65,413,063	\$63,903,792
Total Expenditures		\$172,149,460	\$172,869,479	\$163,679,777	\$160,520,585	\$152,919,556
Total Transfers Out To Other Funds		\$684,781	\$4,573,337	\$1,197,360	\$1,024,747	\$980,366
Total Expenditures and Other Financing Uses		\$172,834,241	\$177,442,816	\$203,255,058	\$161,545,332	\$153,899,922
Net Change In Fund Balance		(\$1,402,610)	(\$6,538,967)	(\$1,703,102)	(\$717,346)	\$2,760,017
Fund Balance - General Fund						
Nonspendable		\$0	\$152,351	\$6,116,001	\$1,760,849	\$5,537,319
Restricted		\$0	\$0	\$0	\$0	\$0
Committed		\$0	\$0	\$0	\$0	\$0
Assigned		\$0	\$0	\$0	\$0	\$0
Unassigned		(\$18,138,674)	(\$16,888,415)	(\$16,313,098)	(\$10,254,844)	(\$13,313,968)
Total Fund Balance (Deficit)		(\$18,138,674)	(\$16,736,064)	(\$10,197,097)	(\$8,493,995)	(\$7,776,649)
Debt Measures						
Bonded Long-Term Debt		\$115,521,024	\$120,367,619	\$133,611,683	\$141,191,281	\$149,236,966
Annual Debt Service		\$18,666,440	\$17,688,591	\$25,073,237	\$20,825,627	\$18,017,398

Municipal Finance Advisory Commission (MFAC)

- Historical monitoring and oversight roles:
 1. Compliance with audit reporting requirements for municipalities
 - *Municipal Audit Act*
 2. Evidence of irregular or unsound financial practices
 3. Financial indicators – potentially unhealthy fiscal condition
- Commission comprised of municipal finance professionals, municipal managers, practitioners in pension, accounting, legal fields
- Staffed and administered by Office of Policy and Management
- Advisory with authority to compel municipalities to appear at meetings and provide information and updates

MFAC, continued

■ Oversight

- *Require municipality to report on financial practices*
- *Require chief executive to present and discuss remedial plan*
- *Make recommendations and advise on corrective actions or ways to improve municipality's financial condition*
- *3 to 4 meetings per year – monitoring implementation of remedial plans and condition*

■ Paths to MFAC oversight

- *Voluntary*
- *Secretary of OPM has discretion and authority to refer municipalities to MFAC*
- *Recent legislation added specific criteria for automatic referral*

Monitoring and Oversight of Municipal Fiscal Health

Recent Changes

■ Public Act 17-2 (2017)

- Established tiers of fiscal distress based on set of indicators
 - 4 tiers
- Created oversight board for designated municipalities
 - *Municipal Accountability Review Board (MARB)*
- Several paths to MARB oversight

■ Public Act 19-193 (2019)

- Established process for early detection of municipal fiscal distress
- Based on 7 fiscal indicators
- Automatic triggers for referral to MFAC
 - *May ultimately lead to referral to MARB*

Tier Designations (P.A. 17-2)

- Four Tiers
 - Oversight at Tiers I – III
 - Intervention and Control at Tier IV
- Criteria for Tiers I - III:
 - Fund Balance
 - Bond Rating
 - Reliance on State Aid
 - Tax Rate/Tax Base

Tier Designations (P.A. 17-2)

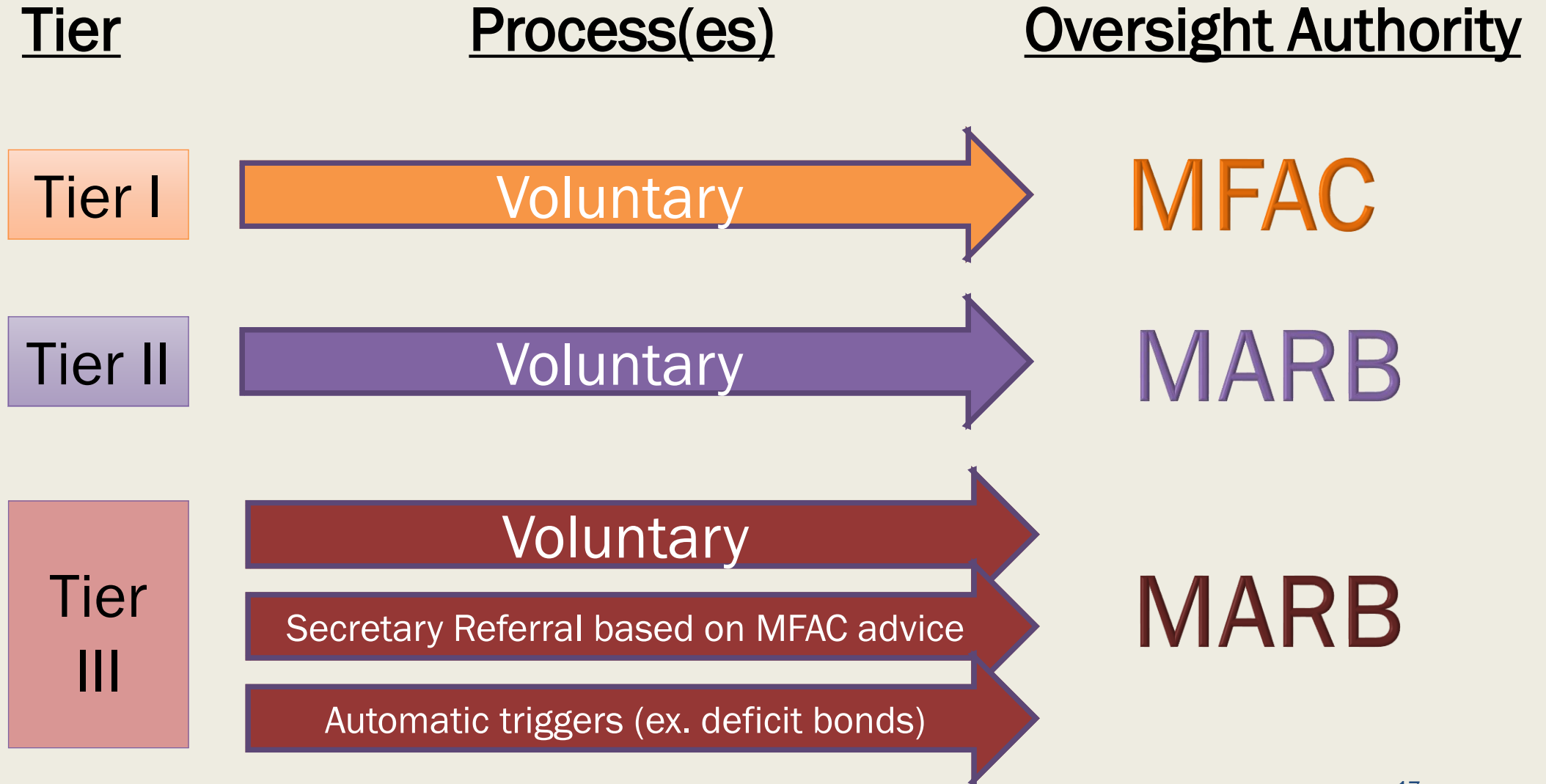
Common sources of misunderstanding:

- Eligibility vs. Designation
 - OPM annual review financial statements
 - Develops list of municipalities eligible for Tier designation
 - Eligibility for tier designation does not automatically result in designation (referral for oversight)
- Complex application of criteria
 - Potential for misdiagnosing municipalities
 - Under review for possible adjustment through legislation

Municipal Accountability Review Board (MARB)

- 11 Member Board consisting of:
 - *Secretary of OPM (or designee)*
 - *State Treasurer (or designee)*
 - *Appointed members with backgrounds in specified fields (municipal finance, legal, labor, etc.)*
- Meet monthly as full board
 - *subcommittee structure for each designated municipality*
- Staffed by OPM

Paths to Oversight



Tier Highlights

■ Tier I

- *Oversight by MFAC*
- *Requires development of three year financial plan*
- *May require chief executive to appear before MFAC; develop remediation plan, regular reporting on financial condition*

■ Tier II

- *Oversight by MARB*
- *Requires development of three year financial plan*
- *MARB must approve certain elements of annual budget*
- *Eligibility for Municipal Restructuring Funds*

Tier Highlights

■ Tier III

- *Oversight by MARB*
- *Three year financial plan*
- *MARB must approve certain elements of annual budget*
- *MARB approves most labor contracts*
- *Review and comment on non-labor contracts, debt issuance, etc.*
- *Eligibility for Municipal Restructuring Funds*

■ Tier IV

- *Process for elevating municipality under Tier III oversight to Tier IV*
- *High degree of control by MARB*
- *Authority to appoint financial manager*

MFAC Role in Tier III Referral

- MFAC reviews financial condition of municipalities meeting Tier III criteria
- Make recommendation to Secretary regarding referral of municipality to MARB
- Review and analysis based on range of indicators
 - Fund balance
 - Operating results
 - Debt management
 - Cash Mgt/Liquidity
 - Employee benefits
 - Tax base and demographics
 - Audit reports/findings
 - Budget analysis

MFAC Early Detection (P.A. 19-193)

- Municipalities meeting certain criteria automatically referred to MFAC: “Triggers”
- Municipalities that meet any of 7 criteria based on audited financials:
 - *Negative fund balance*
 - *3 years of fund balance < 5%*
 - *2 consecutive years declining fund balance*
 - *3 consecutive years using TANs to meet cash liquidity*
 - *General Fund operating deficit of 1.5% in prior year*
 - *Average General Fund operating deficit of 2% over two years*
 - *Bond rating below A*
- New process – to be implemented beginning with FY 2019 data

Next Developments

- Automation of financial data
- Automation of analysis
- Fine-tune indicators/criteria (through legislative process)

Automation of Data Collection and Publication

Current Process

- OPM collects financial statement data from audited financial statements and enters into excel files
- OPM collects detailed pension and OPEB plan information from audit reports and enters into Microsoft Access databases.
- Once the data from all 169 towns and cities are collected, quality review process is conducted by OPM to ensure accuracy of the information collected.

New Process – Under development

- Standard data entry template will be made available to municipalities on an annual basis.
- Municipalities, working with their independent auditors, will complete template (financial statement data/pension and OPEB plan data).
- Municipality's independent auditor will upload completed template at same time as audit report to OPM's Electronic Audit Report System (EARS).
- OPM conducts selected quality review to ensure that the information provided in the completed template is accurate.

Municipal Financial Health System

General Fund Operating Results and Fund Balances

	2014	2015	2016	2017	2018
Intergovernmental Revenues	65,232,537	66,698,261	74,083,784	70,810,696	78,704,977
Property Tax Revenues	89,495,114	89,293,315	90,455,343	94,300,417	95,880,234
Other Owned-Sourced Revenues	3,949,817	4,463,903	4,221,774	4,215,203	5,218,298
Total Revenues	158,677,468	160,455,479	168,760,901	169,326,316	179,803,509
Total Transfers In	2,150,518	1,460,977	1,727,948	1,796,865	1,303,546
Intergovernmental Revenues as % of Total Revenues	40.56%	41.19%	43.45%	41.38%	43.46%
Property Tax Collection Rate	98.11%	98.36%	98.52%	98.22%	98.43%
Education Expenditures	95,107,522	96,506,345	106,292,923	104,146,866	107,755,731
Operating Expenditures	65,413,063	67,173,432	66,576,556	68,002,594	70,103,155
Total Expenditures	160,520,585	163,679,777	172,869,479	172,149,460	177,858,886
Total Transfers Out	1,024,747	1,197,360	4,573,337	684,781	303,342
Total Revenues and Other Financing Sources	160,827,986	201,551,956	170,903,849	171,431,631	198,482,051
Total Expenditures and Other Financing Uses	161,545,332	203,255,058	177,442,816	172,834,241	178,162,228
Net Change in Fund Balance	-717,346	-1,703,102	-6,538,967	-1,402,610	20,319,823
Fund Balance--General Fund:					
Unassigned	-10,254,844	-16,313,098	-16,888,415	-18,138,674	989,627
Total Fund Balance	-8,493,995	-10,197,097	-16,736,064	-18,138,674	2,181,149
Unassigned Fund Balance as a % of Revenues	-6.38%	-10.08%	-9.91%	-10.60%	0.55%
Total Fund Balance as a % of Revenues	-5.28%	-6.30%	-9.82%	-10.60%	1.20%

Municipal Financial Health System

Long-Term Liabilities: Bonded Debt, Pension, Other Post Employment Benefits (OPEB)

	2014	2015	2016	2017	2018
Annual Debt Service - GAAP Basis (All Gov't Funds)	20,825,627	25,073,237	17,688,591	18,666,440	19,279,951
As a % of Revenues	12.95%	15.49%	10.38%	10.91%	10.65%
% of Principal Debt to be Repaid in Next 10 Years					
Bonded Long-Term Debt	141,191,281	133,611,683	120,367,619	115,521,024	117,093,317
10-Year Scheduled Repayment Principal Amount					
Per Capita	2,572	2,433	2,208	2,106	2,134
Percentage of the ENGL	3.60%	3.48%	3.04%	3.07%	2.98%
Net Pension Liability		37,198,939	51,023,119	44,518,795	44,294,291
Per Capita		677	936	812	807
Per Capita Debt - Bonds/Pensions		3,110	3,144	2,918	2,941
Net OPEB Liability (NOPEBL)	207,890,329	207,890,329	207,890,329	189,787,825	208,482,136
Per capita	3,786	3,785	3,813	3,461	3,799
Total Debt per Capita - Bonds/Pension/OPEB		6,895	6,957	6,379	6,740

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Municipal Financial Health System

Pension Plan Information

	2014	2015	2016	2017	2018
Total Pension Liability	154,689,410	158,751,812	165,734,466	166,801,157	172,105,145
Total Fiduciary Net Position	124,128,236	121,552,873	114,711,347	122,282,362	127,810,854
Total Pension Funding Ratio	80.24%	76.57%	69.21%	73.31%	74.26%
Actuarially Determined Employer Contribution	4,831,603	3,878,881	3,446,054	3,871,854	4,007,370
Actual Contribution to City Administered Plans	2,652,339	2,846,275	3,409,866	3,541,815	3,985,851
Actual Contributions as a % of ADEC	54.90%	73.38%	98.95%	91.48%	99.46%

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Municipal Financial Health System

Operating Results/Fund Balance

Indicator #	Operating Results/Fund Balance	Neutral Range Criteria	Current Year Benchmark	Multi-Year Trend Evaluation	2014	2015	2016	2017
1	Operating Suplus (Deficit) as a % of Revenues - General Fund	0% - 1.5%	Favorable	Neutral	-0.45	-1.05	-3.84	-0.82
2A	Total Fund Balance (Deficit) as a % of Revenues - General Fund	5% - 7.5%	Unfavorable	Unfavorable	-5.28	-6.30	-9.82	-10.60
2B	Total Fund Balance (Deficit) as a % of Revenues - General Fund	5% - 7.5%	Unfavorable	Unfavorable	-6.38	-10.08	-9.91	-10.60
	Significant Fund Deficits - Non-Capital Projects Funds							
3	Combined Internal Service Funds	\$0 to (\$1,000,000)						

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Municipal Financial Health System

Debt Management

Indicator #	Debt Management	Neutral Range Criteria	Current Year Benchmark	Multi-Year Trend Evaluation	2014	2015	2016
5A	Debt Service as a % of Revenues	11.5% - 12.65%	Favorable	Neutral	12.95	15.49	10.38
5B	% of principal debt expected to be repaid in 10 years (audit report disclosure)	50% - 55%					
5C	Bonded Debt per Capita	\$3,792 to \$4,171	Favorable	Favorable	2,571.56	2,432.53	2,207.93

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Municipal Financial Health System

Employee Benefits

Indicator #	Employee Benefits	Neutral Range Criteria	Current Year Benchmark	Total Pension Funding Ratio	2014	2015	2016
6A	Pensions - Funded Ratio - 2 Combined DB Plans	60% to 70%	Favorable	Favorable	80.24%	76.57%	69.21%
6B	Pensions - Contributions as a % of ADEC - Combined 4 DB Plans	95% to 100%	Neutral	Unfavorable	54.90%	73.38%	98.95%
6C	OPEB - Funded Ratio	25% to 40%	Unfavorable		0.00%	0.00%	0.00%
6D	OPEB - Contributions as a % of ADEC	60% to 75%			103.64%	101.88%	106.47%

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Municipal Financial Health System

Grand List Information and Other Demographics

Indicator #	Grand List Information and Other Demographics	Neutral Range Criteria	Current Year Benchmark	Multi-Year Trend Evaluation	2014	2
7A	Net Grand List	Judgement			2,800,061,014.00	2,818,890,95

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Municipal Financial Health System

Operating Surplus (Deficit) / Revenues



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Benchmark Comparison Information

0% - 1.5%

Neutral Range:

11.22%

Y5 Entity

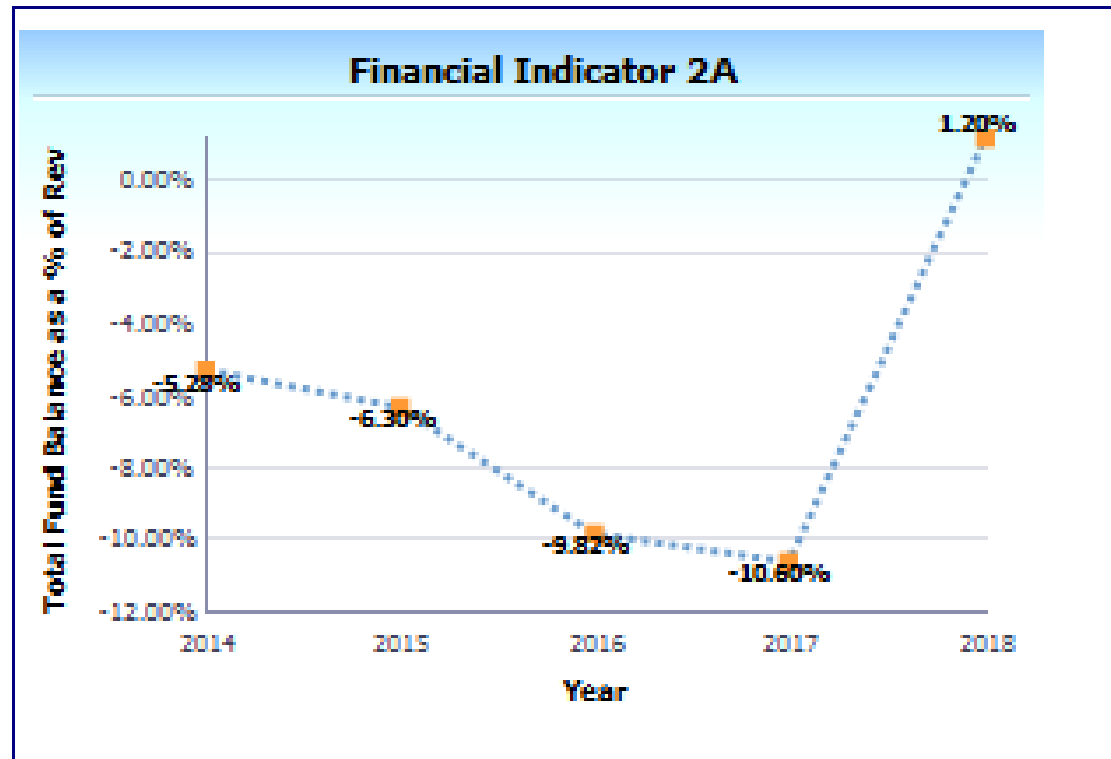
Favorable

Benchmark Compari...

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Municipal Financial Health System

Total Fund Balance as a % of Revenues



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Benchmark Comparison Information

5% - 7.5%

Neutral Range:

1.20%

Y5 Entity

Unfavorable

Benchmark Comparison:

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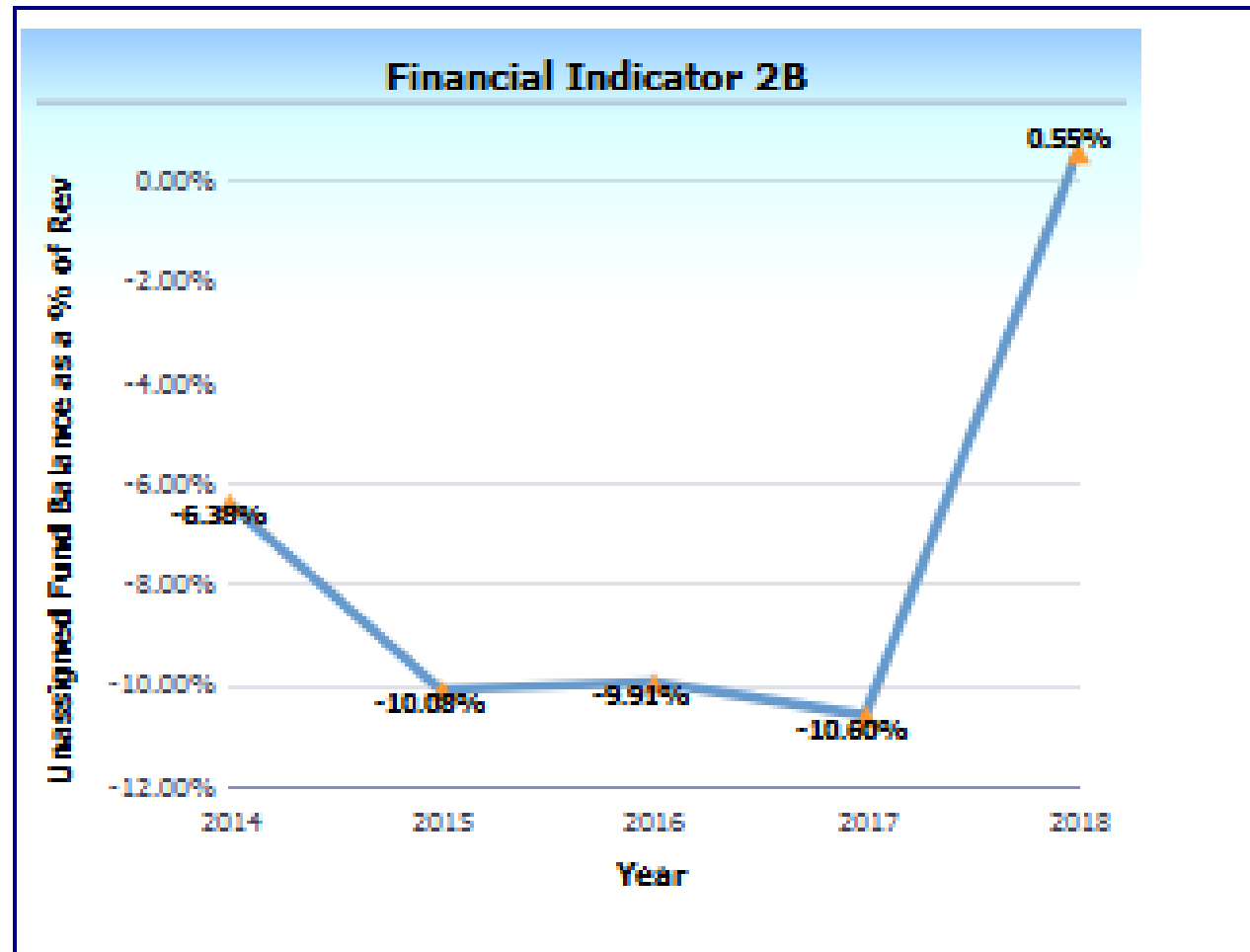
Trend Information

Year	Trend Information
2018	Under 5%
2017	Under 5%
2016	Under 5%
2015	Under 5%
2014	Under 5%

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Municipal Financial Health System

Unassigned Fund Balance as a % of Revenues



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Benchmark Comparison Information

5% - 7.5%

Neutral Range:

0.55%

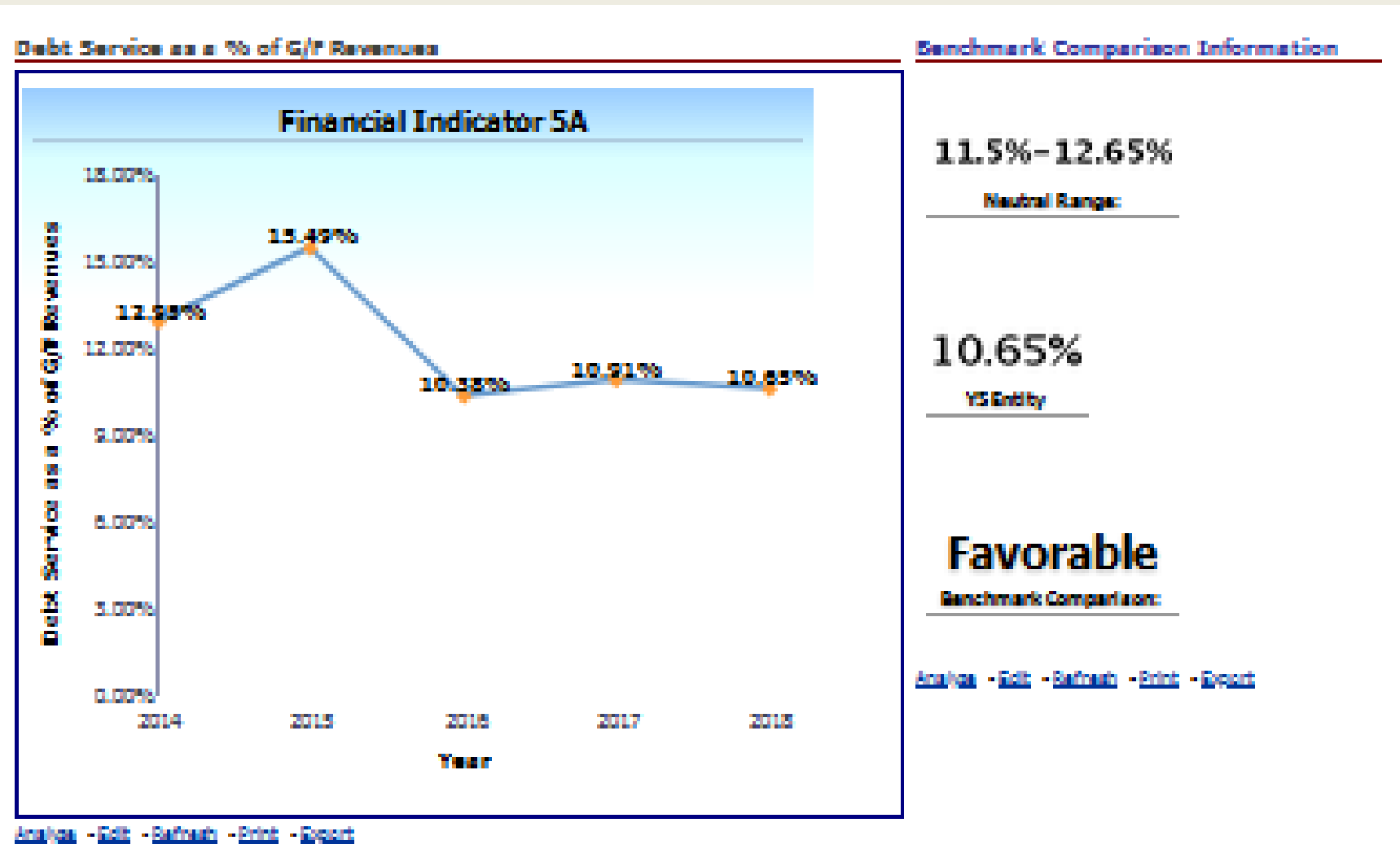
Y5 Entity

Unfavorable

Benchmark Comparison:

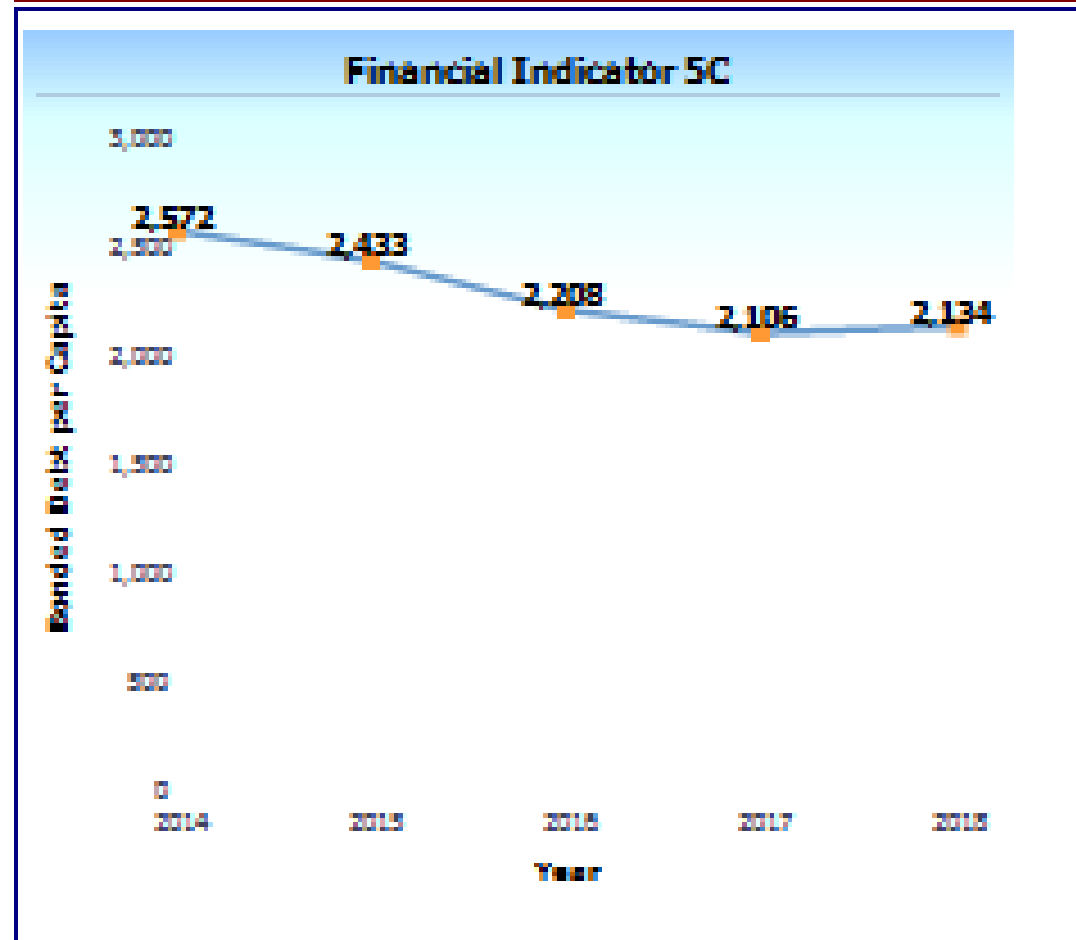
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Municipal Financial Health System



Municipal Financial Health System

Bonded Debt per Capita



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Benchmark Comparison Information

\$3,792 to \$4,171

Neutral Range:

\$2,134

YS Entity

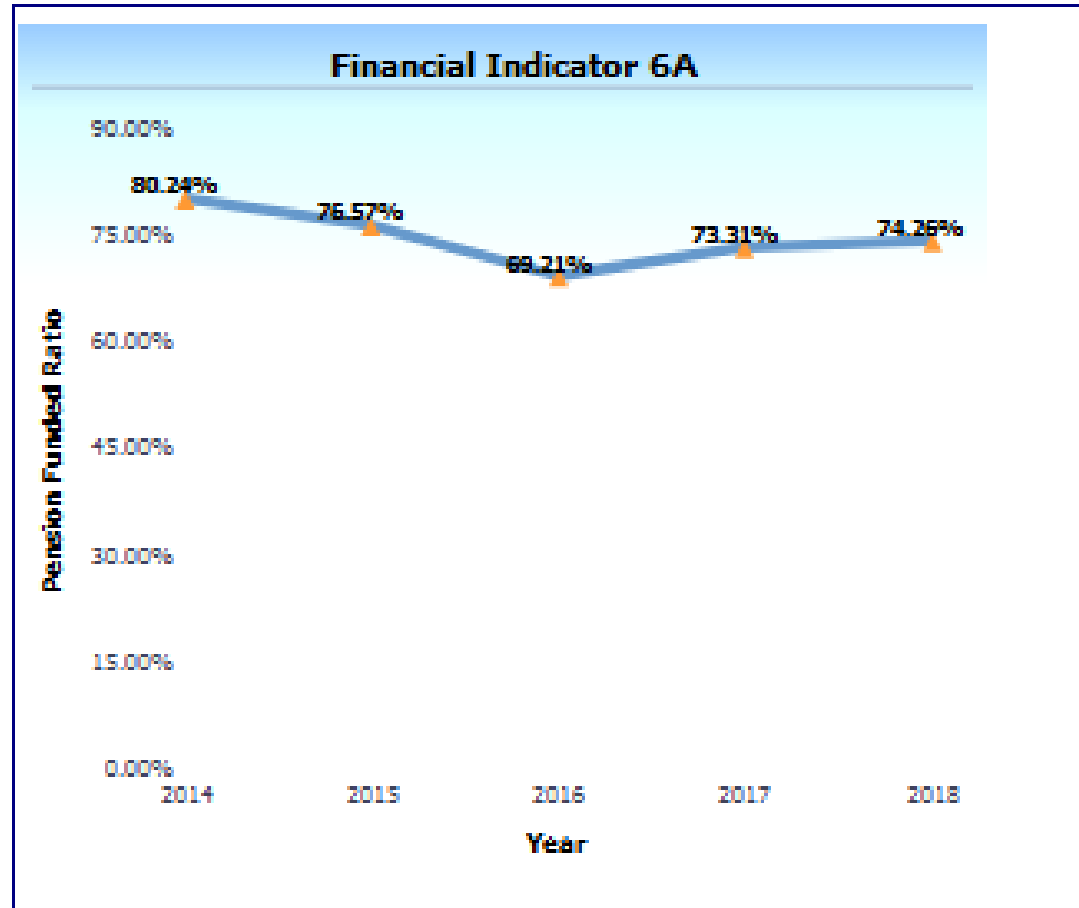
Favorable

Benchmark Comparison:

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Municipal Financial Health System

Pension Funded Ratio



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Benchmark Comparison Information

60% to 70%

Neutral Range:

74.26%

YS Entity

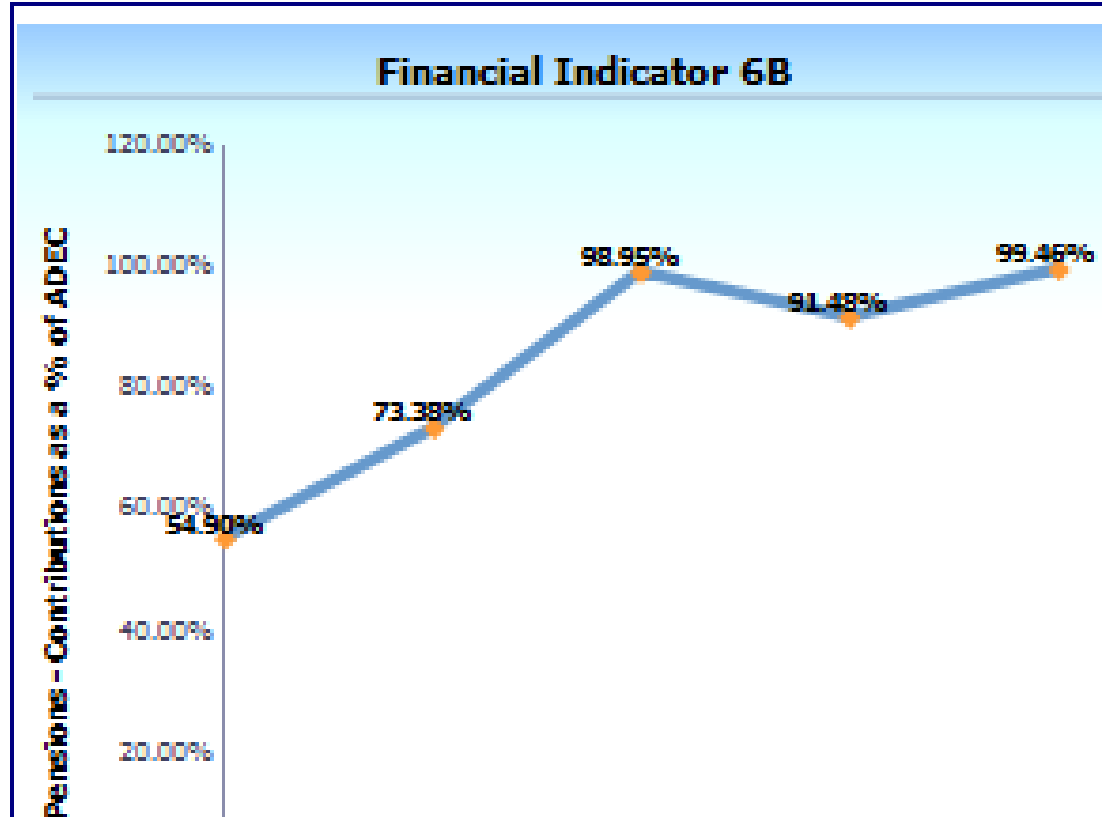
Favorable

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Municipal Financial Health System

Pensions - Contributions as a % of ADEC



Benchmark Comparison Information

95% - 100%

Neutral Range:

99.46%

Y5 Entity

Neutral

Benchmark Comparison:

CT Office of Policy & Management

Thank you for your interest.

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