



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

RESCHEDULED REGULAR MEETING

WEDNESDAY, JUNE 30, 2021

Meeting Location: Telephonic Meeting

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

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

Members Absent: None

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

1. Call to order

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

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

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

3. Town of Brooklyn

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

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

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

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

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

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

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

4. City of Derby

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Commissioners thanked the City for its presentation.

5. Town of Hamden

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

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

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

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

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

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

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

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

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

Commissioners thanked the Town for its presentation.

6. Information Updates

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

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

7. Outstanding June 30, 2020 Municipal Audit Reports

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

8. FHMS Project Update

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

9. Other Business

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

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

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

10. Adjournment

The meeting adjourned at 11:35 a.m.

Respectfully submitted,

Kimberly Kennison
Acting Commission Secretary