

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

DRAFT MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, FEBRUARY 17, 2021

Meeting Location: Telephonic Meeting

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

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

Members Absent:

Others Present: Julian Freund, OPM Staff
William Plummer, OPM Staff
Michael Reis, OPM Staff
Richard Ives, First Selectman, Town of Brooklyn
Stephanie Levin, Finance Director, Town of Brooklyn
Richard Dziekan, Mayor, City of Derby
Keith McLiverty, Interim Finance Director, Derby
Curt Leng, Mayor, Town of Hamden
Scott Jackson, Director of Finance, Hamden
Rick Galarza, Deputy Finance Director, Hamden

1. Call to order

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

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

2. City of Derby - Status of the June 30, 2020 Audit / Most Current Unaudited Budget to Actual Results for FY 2019-20 / Most Current FY 2020-21 Budget to Actual Results with projections through June 30, 2021 / Update on Implementation of Corrective Action Plan to Address Audit Findings and Recommendations from the June 30, 2019 Audit and Management Letter / Other Fiscal Related Matters.

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

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

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

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

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

Commissioners expressed their appreciation to the City for its presentation.

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

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

4. Town of Brooklyn - Status of the June 30, 2020 Audit / Most Current Unaudited Budget to Actual Results for FY 2019-20 / Most Current FY 2020-21 Budget to Actual Results with projections through June 30, 2021 / Update on Implementation of Corrective Action Plan to Address Audit Findings from the June 30, 2019 Audit / Other Fiscal Related Matters.

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

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

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

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

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

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

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

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

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

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

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

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

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

8. **Other Business:** None

9. **Adjourned.**

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

Respectfully submitted,

Kimberly Kennison
Acting Commission Secretary