

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

DRAFT MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, SEPTEMBER 30, 2020

Meeting Location: Telephonic Meeting

Date/Time: September 30, 2020, 10:00 A.M.

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

Members Absent: Mr. Douglas Gillette

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
Stephanie Levin, Finance Director, Town of Brooklyn
Lori Spielman, First Selectman, Town of Ellington
Felicia LaPlante, Assistant Finance Director, Town of Ellington
Ann Marie Rheault, Finance Director, Town of Plymouth

1. Introduction/Call to order

The meeting was called to order at 10:04 a.m. by Commission Chair Buch.

In the absence of Commissioner Gillette, Commission Chair Buch designated Commissioner Kennison to serve as the Acting Commission Secretary for today's meeting.

2. Approval of the Minutes to the September 16, 2020 Meeting

The minutes of the September 16, 2020 meeting were unanimously approved by all members in attendance.

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

Finance Director Stephanie Levin introduced herself to Commissioners and referenced the material she had provided for today's meeting. She indicated that the Town is in the middle of its FY 2019-20 audit process. Any information requested by the audit firm is being uploaded to the firm's website. The current plan is for the auditor to physically start work at the Town sometime in October. The goal is to have the June 30, 2020 audit completed on time to meet the December 31st statutory due date.

Ms. Levin stated that the Town levies taxes on a quarterly basis. She indicated that in regard to tax collection rates, she hasn't noticed any impact from COVID on collections for FY 2019-20 and on the July 2020 tax levy. The Town has applied for certain FEMA reimbursements for COVID related costs but so far has not received any funds.

Commission Chair Buch inquired as to other than property taxes, whether the Town was aware of other revenue sources being impacted by COVID. Ms. Levin indicated that any decrease in revenues was caused by the Town simply not being able to provide programs/services due to COVID. Therefore, the reduction in program revenues was offset by an equal reduction in program related expenditures. First Selectman Ives indicated that he continues to monitor property taxes and state revenues for any unanticipated shortfalls. Commissioner Kennison inquired about the audit findings reported in the June 30, 2019 audit and the implementation of corrective actions to resolve such findings. Ms. Levin described the actions taken to resolve the audit findings including the staffing of the finance office and that timely reconciliations are being made. The Water Pollution Control Authority finding is a work in-progress which the Town intends to fully address.

Commissioners thanked the Town for attending today's meeting and for its presentation to the Commission.

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

Felecia LaPlante, the Town's Assistant Finance Director, introduced herself and described the improved policies and procedures the finance office had put in place to address the June 30, 2019 audit findings. This would include the hiring of the Town's current Finance Director, Tiffany Pignataro, who was unavailable to attend today's meeting. The Town expects to have a draft of the June 30, 2020 preliminary financial statements by the end of October and is working with its current audit firm, Blum, Shapiro, to submit the June 30, 2020 audit by the December 31, 2020 statutory due date.

At the time the Commission last met with the Town in May, the June 30, 2019 audit report had not been issued. Commission Chair Buch therefore requested that Ms. Levin walk Commissioners through the June 30, 2019 audit results. Ms. Levin described the results of the June 30, 2019 audit report. She indicated that the reason for the property tax revenue shortfall as reported in the audit report was that the Town originally budgeted for a higher mill rate but when information became available to the Town from the State indicating that Ellington would receive a higher amount of state aid than what was originally budgeted in the 2018-19 budget, the Board of finance subsequently lowered the mill rate, resulting in the property tax revenue shortfall.

Several questions were posed by Commissioners and answered by Ms. LaPlante.

Commissioners thanked the Town for attending today's meeting and for its presentation to the Commission.

5. Town of Plymouth - Unaudited Budget to Actual Results for FY 2019-20 / Most Current FY 2020-21 Budget to Actual Results with Adopted Budget Assumptions / 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.

Commissioner Sielman stated for the record that her firm provides actuarial services for the Town of Plymouth.

Ann Marie Rheault, the Town's Finance Director, introduced herself. She indicated that the Town provided a general tax deferment to taxpayers on the July tax levy. The deferment has not caused a cash flow problem for the Town. Ms. Rheault indicated that the Town did reduce its assumed tax collection rate in formulating its FY 2020-21 budget. In addition, the Town Council did not want to raise taxes on its taxpayers due to other COVID hardships among its residents. Therefore, the Town budgeted \$290 thousand in fund balance towards balancing the FY 2020-21 budget. She is scrutinizing

revenues and expenditures in the hope that the \$290 thousand budgeted fund balance will not have to be used due to favorable budget results for FY 2020-21.

Commissioner Genovese indicated his concern with the Town budgeting for the use of fund balance to balance the FY 2020-21 budget. He indicated his hope that this does not become a continuing practice. Ms. Rheault indicated that she hopes that the Town will soon realize some savings from the recent outsourcing of its dispatch services. She does believe that the Town Council understands that the use of fund balance should not be a regular practice under normal circumstances. Commissioner Waldron indicated that based upon \$40 million in annual revenues, the Town's unassigned fund balance was approximately 7.25% of its revenues and that the Town would want to replenish fund balance to increase this percentage. It was also recommended by Commissioners that the Town adopt a fund balance policy going forward.

Ms. Rheault discussed other matters relating to the Town including that the Town is currently without a Board of Education business manager and recently moved to a different accounting system.

Commissioners expressed their appreciation to Ms. Rheault for her attendance and presentation at today's meeting.

6. Update on OPM's Fiscal Health Monitoring System

Ms. Kennison provided an update on the Fiscal Health Monitoring System and work being done to complete the templates. She also provided some background information on other criteria that may cause certain municipalities to come under the purview of the Commission. As the information for meeting the criteria is preliminary, Commissioners believed that waiting on the FY 2019-20 audited information would be advisable before making a decision.

7. Other Business

None.

8. Adjourned.

The meeting was adjourned at 11:02 a.m.

Respectfully submitted,

Kimberly Kennison
Acting Commission Secretary –
September 30, 2020 Meeting