

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

MEETING MINUTES
West Haven Subcommittee of the MARB

Meeting Date and Time: Tuesday, October 15, 2019 10:00 AM – 11:30 PM

Meeting Location: 55 Farmington Avenue, Hartford, CT – Conference Room 1011

MARB West Haven Subcommittee Members Present: Kimberly Kennison (OPM Secretary designee), Deputy State Treasurer Linda Savitsky (State Treasurer designee), Stephen Falcigno, Tom Hamilton, and Scott Jackson.

Other MARB Members Present: Robert White

OPM and Treasurer's Office Staff Present: Julian Freund (OPM), William Plummer (OPM), Christine Shaw (Assistant State Treasurer), Gareth Bye (OPM)

City Staff Present: Mayor Nancy Rossi, Finance Director Frank Cieplinski, Michael Milone

I. Call to Order & Opening Remarks

The meeting was called to order by Deputy Treasurer Savitsky at 10:10 AM

II. Approval of minutes

August 13, 2019 minutes: The minutes were approved by the West Haven subcommittee members present with Mr. Falcigno abstaining.

III. Update: FY 2019 Audit Process

Finance Director Frank Cieplinski provided an update on the status of the FY 2019 audit. The Town's independent auditor, Joseph Centofanti, was at the City a week ago to meet with Mr. Cieplinski and City staff. He indicated that he has received all of the 3rd party data needed to conduct the audit. According to Mr. Cieplinski, the FY 2019 books are basically closed except for one reconciling item that is still being worked on regarding the City's property tax revenue for the month of June. A meeting is taking place between the City's tax collector, assessor and finance office staff to resolve and reconcile the June 2019 tax receipts. The auditor has already done some of the testing that he needs to conduct. If the City's books are closed by the end of next week, the auditor believes he can issue the audit report by December 31, 2019.

A number of questions were raised by Board members in regard to information pertaining the FY 2019 audit, including information as to the status of the information needed to complete the Allingtown Fire District audit and the pension and OPEB information for the City and district that the actuary needs to provide.

IV. Update: FY 2018 Audit Findings and Corrective Action Plan

Finance Director Frank Cieplinski provided an update on the FY 2018 audit findings as represented in the package provided to Board members. Board members made several recommendations to Mr. Cieplinski to ensure that the corrective actions have been properly implemented and to identify continuing areas of

concerns. Ms. Kennison indicated that from her experience, it would be important for the City to document dates as to when the City has implemented corrective actions to resolve each of the audit findings. Such documentation provides City officials to place in context any repeated findings that might be identified by the auditor as part of the 2019 audit. If corrective action did not take place until the latter half of FY 2019 or subsequent to June 30, 2019, there may be repeated finding for FY 2019 depending on when the transactions tested occurred. However, you would know that you have already begun to address the audit finding despite the auditor's repeated finding and you would expect that transactions tested after the corrective actions implemented would not turn up the same audit finding issues.

V. Update: Efficiency Measures

Ms. Savitsky referenced the efficiency report prepared by Mayor Rossi and her staff. Mayor Rossi and Mr. Milone provided a detailed walk through of the efficiency measures for generating revenues and for achieving cost savings that the City has taken to date and the pending steps that the City plans to take in the future in regard to the various list of efficiency projects. Subcommittee members asked several questions regarding the sale of two school properties, which is one of the initiatives in the efficiencies plan. The originally selected buyer will not be purchasing the properties because financing did not come together. The developer proposing next highest purchase price for the properties is proceeding with the purchase. Subcommittee members questioned what the City's options are for proceeding with the sale. Members asked about what is driving down the purchase price and whether an appraisal was conducted prior to the RFP for the sale. These questions were deferred to the next subcommittee meeting.

VI. Update: Partnership Transition

Michael Milone provided an update to the Board regarding the partnership plan. Mr. Hamilton inquired about the Board of Education's participation in the partnership plan and Mr. Milone indicated that the Board of Education's superintendent wants to hear from the benefits consultant before proceeding. Mr. Milone believes the numbers will show that the Board of Education would achieve considerable savings from joining the partnership plan. A discussion ensued among Board members and the City in regard to the plan and how any cost savings could be legally used by the City and Board of Education. Board members made a number of recommendations to the City in regard to the partnership plan. Ms. Savitsky commented that it would seem to be beneficial for the City to invite its actuaries to a future meeting to provide more details on the pension and OPEB plans and to provide Board members to ask questions of the actuary.

VII. Sale of Properties

The sale of properties was discussed briefly under the Efficiency Measures item. An update on the sale was deferred until the November subcommittee meeting.

VIII. Update: July 2018 Pension Valuation

The Board and City reviewed the pension valuation data provided. A discussion ensued among Board members and the City. Mr. Hamilton indicated that the information provided would indicate that the ADEC is anticipated to decrease. The positions the City to be able to revise its proposed 5-Year Plan to reflect the updated pension projections and to incorporate a more gradual mill rate increase. The favorable interest rates on recently issued notes also provide opportunity for further revision to the 5-Year Plan. The City indicated that the Plan would be revised to reflect these modifications.

IX. Adjourn

Meeting adjourned at 11:25