

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

DRAFT MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, DECEMBER 9, 2020

Meeting Location: Telephonic Meeting

Date/Time: December 9, 2020, 10:00 A.M.

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

Members Absent: Mr. Michael LeBlanc

Others Present: Julian Freund, OPM Staff
William Plummer, 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
Lori Spielman, First Selectman, Town of Ellington
Felicia LaPlante, Assistant Finance Director, Town of Ellington
Curt Leng, Mayor, Town of Hamden
Curtis Eatman, Director of Finance, Hamden
Rick Galarza, Deputy Finance Director, Hamden
Ann Marie Rheault, Finance Director, Town of Plymouth
Christopher King, King & King, Auditor for Brooklyn
David Panico, Hamden Bond Counsel, Robinson & Cole
John Accavallo, auditor for Derby, AO & Company
David Capelletti, auditor for Hamden, Clermont & Associates

1. Call to order

The meeting was called to order at 10:03 a.m. by Commission Chair Buch. She acknowledged the recent notification sent to fellow Commissioners by Commissioner Gillette announcing his retirement from the Commission effective with his retirement as a partner of his law firm on December 31st. She and other Commissioners congratulated him and expressed their appreciation to the work he has done on the Commission over the years.

2. Approval of the Minutes to the September 30, 2020 Meeting

The minutes of the September 30, 2020 meeting were unanimously approved, with Commissioner Gillette abstaining. Note: Commissioner Sielman joined the meeting at 10:40 a.m. and was not in attendance to vote on the approval of the minutes.

3. Town of Plymouth - 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 / Status of the June 30, 2020 Audit / Other Fiscal Related Matters

Plymouth's finance director, Ann Marie Rheault, introduced herself. She stated that currently, the Town's June 30, 2020 results to date show an operating surplus of approximately \$975,000. However, there are adjusting entries that still need to be made that could have an effect on this estimate. A 30-day extension request was filed for submittal of the June 30, 2020 audit report past the statutory December 31, 2020 due date. The Town is on schedule to submit the audit report by December 31st but an extension was filed in case of events that could cause the audit to be delayed such as finance staff being affected by COVID-19. Commissioners made inquiries regarding areas of savings that are projected, whether there were reimbursements projected related to COVID-19 expenditures, etc.

Ms. Rheault summarized the FY 2020-21 results to date and also described property tax collections to date. Back taxes collected to date are somewhat lower than past years but current year taxes are not showing any lag despite the deferment of taxes allowed by the Town.

Commissioners thanked Ms. Rheault for attending today's meeting to provide an update on the Plymouth's finances.

4. Town of Brooklyn - 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 / Status of the June 30, 2020 Audit / Other Fiscal Related Matters.

Stephanie Levin, the Town of Brooklyn's finance director, introduced herself to the Commission. Similar to Plymouth, Brooklyn has filed a 30-day extension for additional time past the December 31, 2020 due date to submit the June 30, 2020 audit report. This was done as there has been staff from the Town's finance office and from its audit firm who have been impacted by COVID-19. The goal is still to submit the report by December 31st but as a precaution the extension request was made.

Presently, the Town is expecting a surplus in its General Fund of approximately \$470,000 for FY 2019-20. \$200,000 of the surplus is from the Board of Education side of the budget and \$270,000 is from the Town side. Several questions were posed by Commissioners including as to the effect on the Town's fund balance from the projected operating surplus, the description of what was included in the miscellaneous revenue category for which actual revenues significantly exceeded the amount budgeted, the development of a policies and procedures manual, etc.

Ms. Levin indicated that the Town collects taxes quarterly and that she has not seen any significant impact on tax collections due to COVID-19.

5. **Town of Ellington** - 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 / Status of the June 30, 2020 Audit / Other Fiscal Related Matters.

Commissioner Gillette noted for the record that his firm serves as Bond Counsel for the Town, therefore he is recusing himself.

Felicia LaPlante, the Town of Ellington's assistant finance director, introduced herself to Commissioners. She described the corrective actions the Town has implemented to date to address the audit findings identified in the June 30, 2019 audit report. She also noted that the Town had successfully met its own target date by completion by October 30, 2020 of its June 30, 2020 audit report. She noted that the audit entries needed to produce the June 30, 2020 audit were significantly less than those for the June 30, 2019 audit. She described the progress in implementing Town's new accounting software. She described the audit results for FY 2019-20, including a General Fund operating surplus of \$2.1 million.

Commissioner Kennison commended the Town for completion of the June 30, 2020 audit in significantly less time than the June 30, 2019 audit and the improved financial results as identified in the June 30, 2020 audit report. She noted that there were several findings identified in the audit report and that OPM and the Commission would be seeking a detailed corrective action plan to address the findings. Several Commissioners commented on the improvements made by the Town.

6. **City of Derby** - 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 / Status of the June 30, 2020 Audit / Other Fiscal Related Matters.

Commissioner Gillette noted for the record that his firm is Bond Counsel for the City, therefore he is recusing himself.

Finance Director Keith McLiverty introduced himself and others present for the City. He provided an update on the implementation of the corrective actions to resolve the audit findings identified in the June 30, 2019 audit report. He noted that a number of the corrective actions have been implemented while there are still a number of others that are in progress. The Town is committed to its 8-point financial plan which includes fully implementing the corrective action plan.

The Town is projecting a FY 2019-20 surplus of approximately \$600,000 to \$700,000 on the Town side and a surplus for FY 2019-20 of approximately \$380,000 on the Board of Education side of the budget. This is on top of the \$1.5 million in fund balance replenishment that was built into the FY 2019-20 adopted budget.

The Town saw no negative impact on property taxes in FY 2019-20 and has not seen any negative impact on property taxes so far in FY 2020-21. The Town has budgeted another \$1.5 million in replenishment of its fund balance for FY 2020-21 and to date anticipates to increase its fund balance by this amount for June 30, 2021.

The Town does not anticipate any significant delay in filing its June 30, 2020 audit report but may seek an extension later in December to ensure that it is in conformance with statutes as to the filing date of the audit.

Commissioners asked a number of questions as it relates to the June 30, 2019 audit findings, the unaudited operating results for FY 2019-20 and the projections to date in regard to the FY 2020-21 budget. Commissioners indicated their appreciation to the Mr. McLiverty for his presentation.

7. **Town of Hamden - 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 Management Letter / Status of the June 30, 2020 Audit / Other Fiscal Related Matters.**

Finance Director Curtis Eatman introduced himself and all in attendance for today's meeting representing the Town of Hamden.

Mayor Leng introduced himself to the Commission and expressed his intent to walk Commissioners through today's presentation on the Town's updated financial status.

The Town expects to move from a positive \$1.9 million cumulative General Fund fund balance as of June 30, 2019 to a negative \$2.5 million fund deficit as of June 30, 2020. This deficit is caused primarily by revenue shortfalls in several areas of the FY 2019-20 budget including: revenue shortfall of \$3.0 million in motor vehicle property taxes,

\$1.0 million revenue shortfall for fees for services and \$1.6 million in revenue shortfall for miscellaneous revenues.

The Mayor described certain best practices that are being put into place such as funding pensions at the full actuarial recommended amount, implementation of a tax lien sale program to generate revenues, etc.

The Mayor has seen no negative effect from COVID-19 on property tax collection rates except in the area of motor vehicle taxes which are coming in slower than the same time frame in FY 2019-20.

For FY 2020-21 revenues are trending at \$4 million to \$6 million less than what was budgeted. However, expenditures are estimated at \$6 million to \$8 million less than budgeted as shown in the PowerPoint presentation provided

Questions were posed by Commissioners and recommendations made regarding a number of items including: (1) whether the Town has an updated capital plan and other long-term forecasting, and the need to continually update such capital plans and forecasts; (2) whether the Town has implemented an audit of the pension benefit calculations to ensure that no incorrect calculations are made as has occurred previously, and if not, that the Town should consider the same; and (3) the need for the Town to address the audit findings identified in its management letter and to provide an update on the implementation of its corrective action plan, etc.

Commissioners expressed their appreciation to Mayor Leng and his staff for attending today's meeting to provide an update on Hamden's finances.

8. Calendar Year 2021 Proposed Meeting Dates

The proposed following meeting dates for Calendar Year 2021 were reviewed and approved by the Commissioners:

Meeting Dates	Time	Location
Wednesday, February 17, 2021	10:00 A.M.	Telephonic Meeting
Wednesday, April 14, 2021	10:00 A.M.	Telephonic Meeting
Wednesday, June 16, 2021	10:00 A.M.	Telephonic Meeting
Wednesday, August 18, 2021	10:00 A.M.	Telephonic Meeting
Wednesday, October 13, 2021	10:00 A.M.	Telephonic Meeting
Wednesday, December 8, 2021	10:00 A.M.	Telephonic Meeting

9. Other Business

Commissioner Schuyler indicated that it was his intent to resign from the Commission as soon as another candidate would be available to fill his position. Commissioner Kennison described the process for filling vacancies on the Commission and indicated that she has requested recommendations from both Commissioner Gillette and Commissioner Schuyler to fill their vacated positions.

10. Adjourned.

The meeting was adjourned at 11:56 p.m.

Respectfully submitted,

Douglas W. Gillette
Commission Secretary