

# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

### DRAFT MINUTES

#### MUNICIPAL FINANCE ADVISORY COMMISSION

#### SPECIAL MEETING

**WEDNESDAY, JUNE 5, 2019**

Meeting Location: Office of Policy and Management  
450 Capitol Avenue, Conference Room 4A  
Hartford, CT 06106

Date/Time: June 5, 2019, 10:00 A.M.

Members Present: Chair, Ms. Kathleen Clarke Buch  
Mr. Douglas Gillette  
Ms. Kimberly Kennison  
Mr. Michael LeBlanc  
Mr. John Schuyler  
Ms. Diane Waldron

Members Absent: Mr. Robert Burbank  
Ms. Rebecca A. Sielman

Others Present: Alison Fisher, OPM Staff  
Julian Freund, OPM Staff  
Jean Gula, OPM Staff  
William Plummer, OPM Staff  
Morgan Rice, OPM Staff  
Marie Moylan Hoadley, State Treasurer's Office  
Glenn Rybacki, Day Pitney LLP  
Christopher King, King, King and Associates  
Patricia Buell, Superintendent – Brooklyn School System  
Richard Ives, First Selectman, Town of Brooklyn  
Kelly Vachon, Finance Director, Town of Brooklyn

#### **1. Introduction/Call to order**

The meeting was called to order at 10:02 a.m. by Commission Chair Buch.

#### **2. Approval of the Minutes to the January 16, 2019 Meeting**

Commissioner Gillette notified Commissioners that there was a difference between the draft minutes presented at today's meeting for approval and the draft minutes

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posted on the Office of Policy and Management's website due to a minor error identified in the draft minutes posted on OPM's website. The draft minutes now being presented for approval included the correction for the error previously noted. The minutes of the January 16, 2019 meeting were approved with abstentions from Commissioners Kennison and Waldron.

Commission Chair Buch noted that there were new individuals in attendance for today's meeting and requested that Commissioners introduce themselves. Commissioner Kennison noted in her introduction that she had recently started work at OPM as the new executive finance officer.

### **3. Town of Brooklyn – June 30, 2018 Audit Status and Related Issues**

Commission Chair Buch noted that no one from the Town of Plymouth would be attending today's meeting that the Town of Brooklyn's presentation would be taken up prior to the Town of Plymouth agenda item. First Selectman Ives, School Superintendent Buell and Kelly Vachon, the recently hired finance director / business manager of the Town and Board of Education, introduced themselves. First Selectman Ives and Superintendent Buell proceeded to describe a historical list of items over the past several years that have prevented the filing of timely audit reports including the installation of an accounting system that Town personnel did not fully understand, financial staffing turnover at the Town and Board of Education, and shortage of qualified staff with the skills needed to properly operate the day-to-day finances of the Town and Board of Education. The Town and Board of Education have retained a number of different consultants over the past several years to assist them with their financial record issues and in establishing procedures to maintain proper internal control procedures over those records.

Christopher King from the audit firm of King and King that is conducting the June 30, 2018 audit of the Town introduced himself. He described the list of issues that he has encountered over the past several months that have held up the completion of the audit of the Town's FY 2017-18 financial statements, including a number of funds whose accounts do not reconcile with the Town's general ledger. A number of questions were posed by Commissioners to Mr. King and other Town officials including whether there was a belief that any monies might be missing. Both the Town and Mr. King indicated that from what they had observed to date, they were not of that belief. Commissioners inquired as to when the Town believed it would be able to reconcile the accounts that had yet to be reconciled in order to issue the June 30, 2018 audit report. Mr. King indicated that it was the intent of the Town and his firm for the audit to be issued with a disclaimer of opinion due to the lack of certain audit evidence (i.e., certain accounts presented in the financial statements could not be reconciled). With the hiring of the new town finance director/school business manager and addition of new finance office staff, the Town's intent is to continue to work to reconcile the accounts in such a manner that there would be adjustments to the beginning July 1, 2018 balances when the June 30, 2019 audit is conducted, allowing the independent auditor not to have a modified audit opinion on the FY 2018-19 financial statements of the Town.

Commissioner Gillette stated that in looking at a number of smaller population towns that have come before the Commission over the years, a common issue has been the lack of sufficient qualified staff in the finance office. Towns must begin to understand the importance of ensuring that there is sufficient funds budgeted to hire the necessary staff to fill these critical positions. Commissioner Kennison stated that from her review of the June 30, 2017 audit report there were several audit findings which appear to have gone unaddressed and have now had some role in the delay in completing the June 30, 2018 audit report. Towns must understand that these internal control deficiencies must be addressed and corrected in a timely manner.

Commission Chair Buch noted that the next meeting of the Commission was scheduled for July 17<sup>th</sup>. Based upon today's presentation, the Commission would definitely be seeking a comprehensive update from the Town for the next meeting. Commissioners thanked Town officials for attending today's meeting.

#### **4. Town of Plymouth –Fiscal Condition Update**

Mr. Plummer indicated that finance director Ann Marie Rheault was not able to attend today's meeting due to a prior scheduled meeting. She did however, provide updated financial information on the Town's fiscal condition for today's meeting.

Commissioners reviewed the FY 2018-19 budget to actual information she provided which included projections through June 30, 2019, the Town's recently adopted FY 2019-20 budget, and a document from Ms. Rheault regarding certain financial matters related to the Town. Commissioners expressed some concerns with the FY 2018-19 year end projections, including projected revenue shortfalls related to property taxes and their effect on the FY 2019-20 adopted budget. As there were several questions related to the financial information, the Commission requested that OPM advise Town officials of its request that the Town attend the July 17<sup>th</sup> Commission meeting.

#### **5. Status of Outstanding June 30, 2018 Municipal Audit Reports**

Commissioners reviewed the document provided for today's meeting regarding the four municipalities whose June 30, 2018 audit reports have not yet been filed with OPM. In addition to the Town of Brooklyn, OPM had no projected issuance date for the Town of Ellington's 2018 report. The Commission requested that OPM inform Ellington Town officials that the Commission was seeking a plan of action from the Town describing its plans for completing the 2018 audit including a projected date for issuing the 2018 audit report.

#### **6. Proposed Statutes Affecting the Municipal Finance Advisory Commission**

Mr. Plummer referenced the information provided in today's packet on proposals that would affect the Commission, including a list of criteria that would allow a municipality to fall under the purview of the Commission. A discussion ensued among members of the Commission regarding the proposed legislation.

**7. Indicators for Consideration in Assessing the Financial Condition of Municipalities Meeting Tier III Criteria – Findings and Reports to the Secretary as Provided Under Section 7-576c of the General Statutes**

Based upon the preliminary indicators established at the Commission's January 2019 meeting, staff at OPM prepared draft results for the City of Bridgeport, primarily based upon the June 30, 2018 audit of the City. The information was presented to Commissioners for their review. A discussion ensued, and the consensus was that the list of indicators that was analyzed for Bridgeport could be reduced. Commissioners then advised OPM of certain indicators that could be omitted from the list. Commissioners also suggested a format change to the graphical presentations provided based upon Bridgeport draft results. The Commissioners expressed their appreciation for the significant efforts of OPM staff in preparing the draft results.

**8. Other Business**

Commissioner Kennison proposed that remaining meetings for calendar year 2019 be presented to Commissioners using the calendar invite feature. This would also occur in future years once meeting dates are approved.

**9. Adjourned.**

The meeting was adjourned at 11:34 a.m.

Respectfully submitted,

Douglas W. Gillette  
Commission Secretary