

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, JANUARY 16, 2019

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

Date/Time: January 16, 2019, 10:00 A.M.

Members Present: Ms. Kathleen Clarke Buch, Chair
Mr. Julian Freund
Mr. Douglas Gillette
Mr. Michael LeBlanc
Mr. John Schuyler

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

Others Present: Jean Gula, OPM Staff
William Plummer, OPM Staff
Morgan Rice, OPM Staff
Ann Marie Rheault, Finance Director, Town of Plymouth
Bruce Stratford, Finance Director, Town of Winchester

1. Introduction/Call to order

The meeting was called to order at 10:01 a.m. by Commission Chair Buch.

Mr. Julian Freund indicated that he had been designated by the Secretary to serve on the Commission for today's meeting as the OPM representative in place of Ms. Alison Fisher as she was unable to attend.

2. Approval of the Minutes to the December 12, 2018 Meeting

The minutes of the December 12, 2018 meeting were approved with one abstention from Commissioner Freund as he was not in attendance at the meeting

3. Town of Winchester – Review of the Results of the June 30, 2018 Audit / Fiscal Condition Update

Prior to discussion on the Town's finances Commissioner Gillette stated for the record that his firm serves as bond counsel to the Town of Winchester.

Commission Chair Buch indicated that the Commission was aware that Winchester town officials have been seeking Winchester's release from the oversight of the MFAC but that Commissioners had indicated their desire to review the Town's June 30, 2018 audit results before making any decision on the Town's release from the Commission's oversight. She acknowledged the attendance of Mr. Bruce Stratford, the finance director of the Town of Winchester. Mr. Stratford noted the memorandum he recently transmitted to the Commission summarizing the results of the June 30, 2018 audit. He also indicated that based upon the FY 2018-19 budget to actual results to date, he believes that actual revenues and expenditures will approximate the amounts budgeted. He indicated that it was his hope that Commissioners would now be able to recommend to the OPM Secretary that the Town of Winchester be released from the purview of the MFAC.

Commissioners indicated that they had reviewed the June 30, 2018 audit report of Winchester and were pleased with the results of that audit. It was apparent that the Town has made significant improvements to its financial condition and related fiscal practices from when the Town was first referred to the Commission several years ago. Commissioners commended Mr. Stratford and other Town officials for their work in improving the fiscal condition of Winchester. The Commissioners were in unanimous agreement that the Town's fiscal condition had greatly improved and that the Commission's oversight was no longer required. Commission Chair Buch requested that OPM draft a letter on behalf of the Commission recommending to the Secretary that the Town of Winchester be released from the oversight of the Commission. Commission Chair Buch would sign the letter once it was drafted and reviewed by her. Mr. Stratford thanked Commissioners for their advice and guidance the past several years in assisting the Town with its fiscal challenges.

4. Town of Plymouth – Review of the Results of the June 30, 2018 Audit /Fiscal Condition Update

Ms. Ann Marie Rheault, finance director of the Town of Plymouth, introduced herself to the Commissioners. She noted to the Commission that the June 30, 2018 audit report was issued by the December 31, 2018 statutory due date. She indicated that despite the significant revenue shortfalls in regard to State aid, the Town was able to achieve a \$763,000 General Fund operating surplus by curtailing expenditures in a number of departments for the fiscal year. Significant savings were made by not filling open positions and by sharing staff with other departments. However, not all of these expenditure reductions are sustainable in the long term and the Town will need to fill some of the open positions. The Town is presently investigating sharing of services such as dispatch services with other towns. Commissioner LeBlanc inquired as to whether the FY 2018-19 adopted budget

accurately reflected the adjustment in State Aid assumptions. Ms. Rheault indicated that the FY 2018-19 did make the adjustment. Commission Chair Buch inquired about the staffing levels in the finance office and the progress to date of the new accounting system that the Town plans to implement. Ms. Rheault described the roles of her staff and the items that remain before the new accounting system can go live. It is her intent that the general ledger/chart of accounts component of the new accounting system be put in place by July 1 of this year. Commissioner Gillette inquired whether the Town had a long-term plan in regard to the rebuilding of its fund balance. Ms. Rheault indicated that the Town has recently started to build into its budget for increases to its fund balance in increments of approximately \$100,000. The Town also recognizes that it has cumulative deficits in other funds outside of the General Fund and that it intends to eliminate those deficits. Commissioner Gillette pointed out that the Town's cumulative fund balance was considerably below what would be considered adequate and that the Town should consider ramping up its fund balance by more than the annual \$100,000 increments that the Town has planned. A discussion ensued among Commissioners as to the Town's grand list and mill rate and whether the Town should consider increments to its annual tax levy to assist the Town in rebuilding its fund balance.

Ms. Rheault provided a brief update on the FY 2018-19 budget to actual results to date. She indicated that so far there has been no surprises and it appears that revenues and expenditures are on target as provided for in the adopted budget.

Commission Chair Buch thanked Ms. Rheault for attending today's meeting to update the Commission on the Town's finances.

5. 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

Commission Chair Buch acknowledged the draft indicators that were revised as a result of feedback from Commissioners at the December 12, 2018 meeting. A discussion ensued among Commissioners on the redrafted indicators. Commissioners requested that OPM staff make certain additions and clarifications to the indicators. Mr. Plummer indicated that the requested changes would be made and distributed to Commissioners. Commissioners also requested that OPM staff use the redrafted indicators to review the indicators of the municipalities that preliminarily met the Tier III criteria and provide the results to the Commission. This process will enable Commissioners to further assess the redrafted indicators.

6. Other Business

Mr. Plummer indicated that he received several communications from participating municipalities and other local governments regarding the delay in receiving information from the State-administered pension and OPEB plans. Some of the participants indicated that the delay resulted in their audit reports not being issued by the statutory filing deadline (December 31, 2018 for municipalities). Mr. Plummer indicated that there are a number of housing authorities that are not on a July 1 to

June 30 fiscal year. The audit reports of several of these housing authorities that participate in the state administered pension plan (CMERS) were issued with qualified opinions as the pension information was not provided in time before those audit reports had to be issued. The Commissioners discussed the issue. Commissioner LeBlanc volunteered to bring this matter up with the Government Finance Officers Association of Connecticut (GFOACT) Board on which he is an officer on the Board, and with City of Waterbury Mayor O'Leary, who is now the President of the Connecticut Conference of Municipalities (CCM). The goal would be for GFOACT and CCM to correspond with the applicable State agency documenting the problems encountered from the delay in providing the pension and OPEB plan information, and requesting that the information be made available annually on a timely basis so as not to delay the preparation of audit reports.

7. Adjournment.

The meeting was adjourned at 11:10 a.m.

Respectfully submitted,

Douglas W. Gillette
Commission Secretary