

**S T A T E O F C O N N E C T I C U T**

***OFFICE OF POLICY AND MANAGEMENT***

**OFFICIAL MINUTES**

**MUNICIPAL FINANCE ADVISORY COMMISSION**

**REGULAR MEETING**

**WEDNESDAY, October 12, 2022**

Meeting Location: Telephonic Meeting

Date/Time: October 12, 2022, at 10:00 A.M.

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

Members Absent: None

Others Present: Julian Freund, OPM Staff  
Simon Jiang, OPM Staff  
William Plummer, OPM Staff  
Emma Riebe, OPM Intern  
Austin Tanner, First Selectman, Town of Brooklyn  
Shelley Cates, Finance Director, Town of Brooklyn  
Walt Mayhew, Chief of Staff, City of Derby  
Nancy Balsys, Deputy Finance Director, City of Derby  
Robert Trainor, Business Manager, Derby Public Schools  
Lauren Garrett, Mayor, Town of Hamden  
Curtis Eatman, Finance Director, Town of Hamden  
Grace Zweig, Finance Director, Town of Plymouth

## **1. Call to order**

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

Commissioner Kennison introduced Emma Riebe and Simon Jiang, two new members of OPM that were attending today's meeting

## **2. Approval of the Minutes to the June 29, 2022, Meeting**

The minutes were unanimously approved by all Commissioners.

## **3. Town of Brooklyn**

First Selectman Tanner introduced Shelley Cates who was promoted by the Town to the Finance Director position. Ms. Cates provided a brief update on the staffing of the finance office. She reminded Commissioners that the Town and Board of Education had a joint finance office, with cross-training at various positions. Updates were also provided on the use of ARPA funds to date and planned usage. Commissioner Kennison noted that the FY 2021-22 budget vs actual results information provided to the Commission indicated an unaudited surplus of \$825,000. She also noted that there were material audit adjustments reported by the auditor in the FY 2021 audit report. Ms. Cates indicated her belief that these were one-time adjustments due to improper recording and would not occur in subsequent fiscal years.

Commissioner Rybacki requested more details regarding the staffing of the finance office especially as it relates to the Board of Education as the information submitted by Brooklyn indicated that the Town was seeking to fill certain positions related to the Board of Education finance. Ms. Cates confirmed that the School's business manager had resigned and that another Board of Education finance staff member had also resigned. Both individuals are schedule to leave over the next two days. Interviews were held last week for the School Business Manager and interviews are scheduled for tomorrow for the other vacancy position.

The Town's FY 2021 audit report included an audit finding dating back to the FY 2019 audit that material adjustments were required to be made to the Town's financial records by the independent auditor due to several areas of internal control weaknesses that led to inaccurate reporting. Commissioner Buch requested an update on the status of correcting those weaknesses including the timely recording of pension activities in the Town's general ledger. Ms. Cates indicated her belief that corrections were made to several of the internal control weaknesses cited by the auditor but that there were several others that either required more guidance from the auditor or that had not been fully corrected. Commissioner Buch recommended that Brooklyn reach out to other towns in regard to policies and procedures that Brooklyn could adopt for its particular

areas of weaknesses. A discussion ensued regarding the WPCA and the internal control deficiencies identified by the auditor and whether the WPCA is part of the Town for accounting and legal purposes. Commissioners LeBlanc and Schuyler agreed that although the external auditor should be able to conclude whether the WPCA should be included as part of the Town's reporting entity for accounting and financial reporting purposes, the Town may need to seek an opinion from its legal counsel to determine whether the WPCA is legally considered independent from the Town. As a result of Commissioner Buch's inquiry, Ms. Cates indicated that she believes that the Town is in a position to issue its FY 2022 audit by the December 31<sup>st</sup> due date.

Commissioners expressed their appreciation to First Selectman Tanner and Ms. Cates for their presentation.

#### **4. City of Derby**

Commissioner Rybacki indicated that the City of Derby was a client of his firm.

Walt Mayhew, the Mayor's Chief of Staff, introduced himself and Nancy Balsys, the City's Assistant Finance Director. Robert Trainor introduced himself as Derby's Board of Education business manager and noted that he was only aware of the need to attend today's meeting fifteen minutes prior to the start time of the meeting. Mr. Mayhew provided an update on staffing of the City's finance office. All vacant positions have been filled except for the finance director. He has recently reached out to the Board of Education to explore the possibility of a consolidated finance office between the City and Board of Education. In regard to ARPA, the Mayor's original recommendation to Board of Alderman to contract with the Naugatuck Valley Council of Governments (NVCOG) was not approved and NVCOG withdrew its offer as the person working for NVCOG that would have administered the ARPA program resigned. The Town is in contractual discussions with an individual with grant writing experience, including ARPA, to administer ARPA and act as its grant writer/administrator on a project by project basis as needed. The Town envisions this to be equivalent to a part-time position for \$20,000 that is available in the Town's FY 2022-23 budget. After discussions with vendors, the City believes it is still on schedule to install a new financial accounting system in fiscal year 2023-24, but the City would have to come to a decision to proceed by March of 2023. Mr. Mayhew and Ms. Balsys provided a description of the corrective action plans that have been implemented as it relates to the City's audit findings. Mr. Trainor addressed certain corrective actions taken by the Board of Education as it relates to its findings.

Commissioner Kennison acknowledged that the number of audit findings had been lowered from the fifteen in the FY 2020 audit to eleven in the FY 2021 audit. However, she is concerned with the City's corrective action plan provided to the Commission for today's meeting. Several of the corrective action plans provided do not seem to directly address the auditor's findings and for those findings that affect the Board of Education, corrective actions to address internal control weaknesses were not provided. She is seeking to ensure that future corrective action plans provided to the Commission

directly address all audit findings whether the finding affects the City or the Board of Education. In addition, the majority of audit findings have been repeated for a number of years and without the proper staffing in place, these findings will be difficult to resolve. Commissioner Buch indicated that the City should prioritize correcting each of the audit findings. Not all findings on its face may appear to be a serious matter but if left unaddressed can lead to significant unanticipated obligations and cash payouts, and ultimately having a consequential effect on the City's fiscal condition. A discussion ensued between Commissioners and the City regarding several of the audit findings and planned corrective actions. Several recommendations were made by Commissioners to address the findings.

Commissioners expressed their appreciation to the City for its presentation.

## 5. Town of Hamden

Mayor Garrett introduced herself and Finance Director Curtis Eatman. She indicated that the Town's external auditor had already begun audit work as it relates to the FY 2022 audit. Budgetary results for FY 2021-22 indicate a surplus of \$288,000, not including additional receipts from the Sale of Wintergreen School and reductions in spending from planned debt service savings. On a cumulative basis, the Town's unassigned fund balance is projected to increase from \$6.5 million as of June 30, 2021, to \$13.5 million as of June 30, 2022. The proceeds from the sale of Wintergreen School had been placed in the Town's Capital and Nonrecurring Fund. The FY 2021-22 budget assumed a tax collection rate of 98.8% and the Town collected 98% of its tax levy. Mayor Garrett pointed out that the FY 2021-22 budget was the previous administration's budget; subsequent budgets will be based on more conservative tax collection rate assumptions. She referenced the 97.7% assumed tax collection rate that was included in the FY 2022-23 adopted budget. Mayor Garrett described some of the projects that are planned to be financed by ARPA funds subject to approval by Town Council. She referenced the FY 2022-23 adopted budget that was provided for today's meeting. She also described recent hirings by the Town and other initiatives to retain staff for various departments.

Commissioner Rybacki remarked that as part of the Town's plan to restore its fund balance, the Town had completed a number of debt-refinancing to lower debt service costs over the short term and had generated additional one-time revenues such as through the sale of Town properties. Given that these non-recurring revenues and cost savings are scheduled to end in the near future, Commissioner Rybacki inquired whether the Town had a plan to continue to grow its fund balance and not revert to reductions in its fund balance as what had occurred in the past. Mayor Garrett indicated that the FY 2021-22 budget surplus of approximately \$288,000 is a true surplus and did not include the sale of the school or the debt service savings from debt refunding. She agrees that the planned debt service savings did enable the Town to grow its fund balance but believes that the Town has now corrected its finances whereby it will be able to produce balanced budgets not relying on one-time revenues or any debt refunding savings. Commissioner Buch stated that although the Town has made progress in building its fund balance and is projecting an increase to fund balance in FY 2021-22, the Town should continue to seek to generate annual surpluses to grow its

fund balance as the anticipated 5% fund balance as of June 30, 2022, is still considered low. Mayor Garrett indicated that the Town had recently adopted a fund balance policy that indicated a fund balance policy of a minimum of 7%.

Commissioner Genovese inquired about the timing of the issuance of the FY 2021-22 audit report and Mayor Garrett indicated that she believes that the audit is on schedule to be issued by the December 31<sup>st</sup> due date. Several Commissioners indicated their belief that the Town is moving in the right direction as it relates to its finances. Commissioners expressed their appreciation for Hamden's presentation.

## **6. Town of Plymouth**

Commissioner Sielman indicated that her firm provides actuarial services for the Town.

Grace Zweig introduced herself as Plymouth's Finance Director. She described the results of the FY 2021 audit report that was issued in September and submitted to OPM in October. Several Commissioners indicated their surprise that there were no significant or material internal control weaknesses identified in the FY 2021 audit report as the audit was submitted significantly late with one of the delays being incomplete records caused by the lack of staffing in the finance office. Commissioner Kennison also indicated that the FY 2021 audit was submitted beyond the additional 6-months extension time statutorily allowed and that there was no noncompliance finding identified in the audit. Ms. Zweig indicated that it was her belief that the FY 2021 federal single audit report would soon be issued as there were still some testing needed of CRF funds. In regard to the FY 2022 audit report, it appears likely that the audit report will not be issued by the December 31<sup>st</sup> due date. A new staff accountant was hired in October of 2022, who will be used to record financial information in the accounting system dating back to July of 2021 and to perform reconciliations. Several Commissioners expressed concerns that the Town has had continual difficulties in updating its financial system records and with timely reconciliations. Even with the recent hiring, the Town may want to explore hiring another staff accountant to get the Town's records updated as soon as possible. Commissioner LeBlanc indicated that the magnitude of the problem with the Town's records and reconciliation appears to be significant, especially as it relates to cash and bank reconciliations. Commissioner Kennison indicated that a letter had been sent to the Mayor several months ago regarding the Town's staffing needs and the need to update the Town's financial records. She suggested that the Town develop a timeline to correct the problems noted by Commissioners. Commissioners requested that OPM transmit a letter to the Mayor on behalf of the Commission regarding the audit/record-keeping/staffing issues.

## **7. Other Business**

### **Outstanding Audit Reports:**

A description was provided by Commissioner Kennison of the causes for the delayed audit reports that are still outstanding. Commissioner LeBlanc indicated he is anticipating that a number of municipalities may be requesting extension requests for submission of their FY 2022 audit reports due to the new GASB lease statement and its

effect.

**Draft Policies and Procedures – Implementation of Public Act 22-35:**

Mr. Plummer provided a brief overview of the draft document and indicated that OPM would be seeking Commissioners feedback at some point.

**Other:**

Commissioner Kennison indicated that Commissioner Schuyler would be resigning from the Commission as of December 31<sup>st</sup>. Commissioners expressed their appreciation for the work he had done on the Commission over his many years serving as a Commissioner.

**8. Adjourned.**

The Meeting adjourned at 11:35 a.m.

Respectfully submitted,

Kimberly Kennison  
Acting Commission Secretary