



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

DRAFT MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

REGULAR MEETING

WEDNESDAY, FEBRUARY 15, 2023

Meeting Location: Telephonic Meeting

Date/Time: February 15, 2023, 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
Ms. Rebecca A. Sielman
Ms. Diane Waldron

Others Present: Simon Jiang, OPM Staff
William Plummer, OPM Staff
Michael Reis, OPM Staff
Morgan Rice, OPM Staff
Austin Tanner, First Selectman, Town of Brooklyn
Shelley Cates, Finance Director, Town of Brooklyn
Dan Garrick – Director of Finance, City of Danbury
Roger Palanzo – Chief of Staff, City of Danbury
Scott Bassett – RSM, External Auditor, City of Danbury
Richard Dziekan, Mayor, City of Derby
Walt Mayhew, Chief of Staff, City of Derby
Nancy Balsys, Deputy Finance Director, City of Derby
Dr. Matthew J. Conway, Jr., Superintendent, Derby Public Schools
Robert Trainor, Business Manager, Derby Public Schools
John Accavallo, External Auditor, City of Derby
Kevin Seery, First Selectman, Town of East Lyme
Kevin Gervais, Finance Director, Town of East Lyme
Lauren Garrett, Mayor, Town of Hamden
Curtis Eatman, Finance Director, Town of Hamden
Carol Hazen, Director of Grants & Capital Projects, Town of Hamden
David Cappelletti, External Auditor, Town of Hamden
Joseph Kilduff, Mayor, Town of Plymouth
Grace Zweig, Finance Director, Town of Plymouth

1. Call to order

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

2. Approval of the minutes to the December 7, 2022, meeting

The minutes were approved by all Commissioners except for Commissioner LeBlanc who abstained as he was not present for the December 7th meeting.

3. Status of Outstanding June 30, 2021, Municipal Audit Reports

a) City of Danbury

Commission Chair Buch acknowledged the attendance of Dan Garrick, the City's new Director of Finance and requested that he provide the Commission an update on the still outstanding June 30, 2021, Danbury audit report. According to Mr. Garrick the primary cause for the original delay in completing the audit was related to the Board of Education records. The records were subsequently provided to the audit firm and the audit was nearing completion for June of 2022. However, additional delays were then encountered due to the resignation of the City's Finance Director. The City has been working through issues raised by its independent auditor in regard to the departure of the former Finance Director and believes that it is close to addressing all of the questions raised by the audit firm.

Commissioner Buch inquired with the City's external auditor, Scott Bassett, as to the timeline to issue the FY 2021 audit report. Mr. Bassett indicated that the issuance of the report would be based upon the City providing him the information he needs in order to complete the audit in accordance with professional auditing standards. Commissioner Buch inquired with Mr. Bassett whether his firm had been engaged to conduct the FY 2022 audit. Mr. Bassett indicated that there is not yet a signed engagement letter between the City and the audit firm, but he does not foresee any issues that would cause the audit firm to not engage with the City to conduct the FY 2022 audit. Commissioner LeBlanc inquired with Mr. Garrick if he believed that the FY 2021 audit would be completed by the end of February or early March. Mr. Garrick indicated that it was his hope to complete the audit by that timeframe understanding that there were still a couple of items that he still needs from the City's outside counsel.

Commissioner Buch inquired as to the status of the FY 2022 audit given that the FY 2021 audit has yet to be completed and that the FY 2022 audit report should have been submitted by December 31, 2022. Mr. Garrick indicated his belief that the FY 2022 audit can be completed in a relatively quick manner despite being behind schedule. Commissioner Kennison indicated to Mr. Garrick that it was important for the City to have a signed engagement with the audit firm in place to ensure that the FY 2022 auditor appointment has been fully addressed and to avoid delays in commencing the FY 2022 audit. Commissioner Buch reminded the City of the new legislation that became effective as of October 1, 2022, requiring a municipality that fails to complete its audit within 12 months from its fiscal year end to meet on a regular basis with the Commission. Commissioner Buch thanked the City and its representatives for their attendance.

b) Town of East Lyme

Finance Director, Kevin Gervais introduced himself and First Selectman Kevin Seery. According to Mr. Gervais, it was the Town's intent to have the audit report issued prior to today's meeting. However, there has been a small delay resulting from the technical quality review process of the Town's external audit firm. The Town now believes that the audit report will be issued in another week. In regard to the FY 2022 audit report, Mr. Gervais believes the audit will be completed in the June to July, 2023 time frame. Commissioner Buch reminded the Town that similar to what she had advised Danbury, if the FY 2022 audit isn't completed within twelve months of its fiscal year end, East Lyme may very well be attending regular meetings with the MFAC due to the new legislation that went into effect on October 1, 2022.

Commissioner. Genovese indicated that East Lyme has a history of late audit filings and inquired as to the reasons behind the late filings. First Selectman Seery indicated that he took office approximately one year ago and that Mr. Gervais recently became the Town's Finance Director due to the retirement of the former Finance Director. Past audit reports have consistently recommended the hiring of an assistant Finance Director. The assistant Finance Director position has been included in the Town's proposed FY 2023-24 budget. He believes filling the position will eliminate the late audit filings.

4. Town of Brooklyn

Finance Director Shelley Cates introduced herself and First Selectman Austin Tanner. In regard to Commissioner Buch inquiry regarding the status of the FY 2022 audit report, she indicated that based upon the response from the Town's audit firm, she is projecting that the report will be issued within the next two weeks. Commissioner Buch indicated that in reviewing the information provided by Brooklyn for today's meeting, she could not locate the Board of Education on the Town's general ledger. She inquired as to how the Town reconciled/reported the Board of Education expenditures on the Town's general ledger. Ms. Cates indicated that the Town did have an appropriation for schools in its budget and that it was set up as a transfer out as opposed to an expenditure on the Town general ledger.

Commissioner LeBlanc noted that based upon the information provided, the Town is projecting a surplus between \$800,000 to \$900,000. He inquired whether it was the Town's intent to accumulate the projected surplus in its fund balance. First Selectman Tanner indicated it was his intent to keep the surplus in its fund balance. Commissioners indicated that the Town appears to be headed in the right direction in terms of its finances. Commissioner Buch expressed her appreciation for the Town's presentation at today's meeting and indicated her appreciation for the Town's recent policies and procedures manual.

5. City of Derby

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

Mr. Mayhew indicated that the Board of Alderman refused to approve the recommended salary and job description for the Finance Director position. He indicated that it was the City's intent to bring the proposal back to the Board of Alderman for approval. He also indicated that the Board of Alderman had postponed the vote on the hiring a full time Human Resource Director. Commissioner Buch indicated her concerns as the Finance Director position is critical for a municipality. She questioned whether it would be of assistance to the City if the Commission communicated in a letter, its recommendation for the City to fill the Finance Director vacancy. Mr. Mayhew indicated he would welcome such a communication recommending the hiring of a Finance Director and a full time Human Resources Director for the City.

The City's written update to the Commission indicated that the FY 2022 audit had yet to be completed primarily due to the Board of Education not reconciling its books on a consistent and regular basis. A discussion occurred among Commissioners and the City, including its external auditor, regarding the status of the audit findings that were reported in the FY 2021 audit report, many of which have been repeated for a number of years. Commissioner Buch reminded the City that one of the criteria for a municipality to fall under the purview of the Commission as a Tier I municipality would be repeated audit findings. The City should continue to address these audit findings. Mr. Mayhew indicated that the City is still moving towards obtaining a new financial accounting system despite the lack of a Finance Director. Commissioners expressed some concerns with the City receiving solely one response to its Request For Proposal regarding the new system. Commissioner Kennison requested that the City review the corrective action plan and the projected dates for resolving each of the repeated audit findings as she noticed certain inconsistencies between the previous update to the Commission and the information provided for today's meeting. Commissioner Buch thanked the City for its presentation at today's meeting.

6. Town of Hamden

Mayor Garrett introduced herself and several others that were in attendance for today's meeting. David Cappelletti, the Town's independent auditor provided a description of the FY 2022 audit findings including findings from the Federal Single Audit and Management Letter. A discussion ensued among Commissioners and the Town in regard to the CDBG Federal Single Audit Finding and the Town's corrective action plan to resolve the finding.

Commissioner Buch inquired whether the FY 2022 audited unassigned fund balance of \$12.9 million met the Town's fund balance policy levels. Mayor Garrett indicated that it just met the fund balance policy and that the Town's intent is to grow fund balance for FY 2022-23 using the debt restructuring strategy that has been employed for the past couple of years. In general, she does not support debt restructuring. She has agreed to it for now as a strategy/plan to build upon fund balance as opposed to restructuring debt in order to lower the mill rate. Commissioner Rybacki and Commissioner Kennison both expressed their desire for the Town to provide to the Commission its debt service schedule for future years reflecting the impact of the debt restructurings.

The Town provided updates on its fiscal condition in a number of areas including its self-insurance medical program. In regard to the \$16 million proceeds from the sale of the Wintergreen property, Mayor Garrett indicated that the proceeds were originally put into fund balance but was then moved to the Capital and Non-recurring (CNR) Fund. The Town does intend to sell additional properties in the future for which the proceeds would be deposited in the CNR fund. Mayor Garrett provided details in regard to the Town's planned ARPA projects and the status as to spending/allocating of its ARPA funds. Commissioner Kennison indicated her appreciation for the Town's recent policies and procedures manual. She understands that it can be a significant undertaking and believes it will prove beneficial to the Town. Commissioners indicated that the Town is moving in the right direction and thanked Mayor Garrett and her staff for their presentation at today's meeting.

7. Town of Plymouth

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

Commissioner Buch asked Finance Director Grace Zweig for additional details regarding the bank reconciliations to date for the various bank accounts maintained by the Town. She also suggested that the Town look into consolidating some accounts where such consolidations can be made. Ms. Zweig provided additional details on the bank reconciliations. Mayor Kilduff indicated that he recently spoke with the Town's audit firm, and the FY 2022 audit is on schedule to be completed by the end of March.

Commissioner Kennison inquired as to the adequacy of the staffing level in the finance office as it had been indicated earlier that the Town had retained part-time/temporary help to assist in getting bank reconciliations up-to-date due to inadequate staffing. Mayor Kilduff indicates that he has proposed in the upcoming FY 2023-24 budget to make the temporary staff accountant position a permanent position. Commissioners inquired as to the status of the FY 2021 management letter that has apparently not been issued by the Town's auditor despite the FY 2021 audit report being issued several months ago. Mayor Kilduff indicated that he would communicate with the auditor in regard to the outstanding FY 2021 management letter. Commissioner Buch thanked Mayor Kilduff and Finance Director Zweig for their presentation at today's meeting.

8. Other Business

a) Audit Submission Status of FY 2022 Municipal Audit Reports

Mr. Plummer indicated that there were approximately eighty municipalities that had requested extensions through the end of February for submission of their FY 2022 audit reports. Commissioner LeBlanc stated that in a recent GFOA meeting it was indicated that several towns had sought auditors through request for proposals with no responses being received. Commissioners agreed that this was a matter that should be monitored closely. Commissioner Waldron indicated that it was her understanding that some of the audit firms were having difficulty retaining staff. Commissioner Kennison indicated that OPM would seek to make an outreach to municipal auditors as to their contact information for receiving request for proposals to facilitate direct mailings to these firms.

b) Other

Commissioners requested that OPM transmit a letter to the City of Derby recommending the filling of the Finance Director vacancy and the filling of a full time Human Resource Director. Commissioner Kennison requested that Commissioners provide OPM with the names of anyone they would like to recommend for filling the vacant position on the Commission that was previously held by John Schuyler. Commissioner Buch indicated that she had recently signed off on a letter to Mr. Schuyler thanking him for his many years of service as a Commissioner.

9. Adjourned.

The meeting adjourned at 11:17 a.m.

Respectfully submitted,

Kimberly Kennison
Acting Commission Secretary