



# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

### OFFICIAL MINUTES

#### MUNICIPAL FINANCE ADVISORY COMMISSION

#### SPECIAL MEETING

**WEDNESDAY, February 28, 2024**

Meeting Location: Telephonic Meeting

Date/Time: February 28, 2024, at 10:00 A.M.

Members Present: Mr. Michael LeBlanc, Commission Chair  
Mr. Anthony Genovese  
Ms. Kimberly Kennison  
Mr. Glenn Rybacki  
Mr. Edward Sullivan  
Ms. Diane Waldron

Members Absent: Ms. Rebecca A. Sielman

Others Present: William Plummer, OPM Staff  
Michael Reis, OPM Staff  
Morgan Rice, OPM Staff  
John Mehr, OPM Staff  
Simon Jiang, OPM Staff  
Lori McLoughlin, OPM Staff  
Joseph DiMartino, Mayor, City of Derby  
Brian Hall, Interim Finance Director, City of Derby  
Nancy Balsys, Deputy Finance Director, Derby  
Dr. Matthew J. Conway, Jr., Superintendent, Derby Public Schools  
Robert Trainor, Business Manager, Derby Public Schools  
Marc Garofalo, Derby City Clerk  
Lauren Garrett, Mayor, Town of Hamden  
Curtis Eatman, Finance Director, Hamden  
Joseph Kilduff, Mayor, Town of Plymouth  
Grace Zweig, Finance Director, Town of Plymouth  
Mayor, Roberto Alves, City of Danbury  
Dan Garrick, Finance Director, City of Danbury  
Taylor O'Brien, Chief of Staff, Danbury  
First Selectman, Dan Cunningham, Town of East Lyme  
Kevin Gervais, Finance Director, Town of East Lyme  
David Porter, Town Manager, Town of Marlborough  
Linda Savitsky, Interim Finance Director, Town of Marlborough  
Vanessa Rossitto, Nikoleta McTigue, David Hansen,  
Santo Carta, Michael Popham - CLA  
Scott Bassett, RSM  
David Cappelletti, Clermont & Associates

## Call to order

The meeting was called to order at 10:03 a.m. by Commission Chair LeBlanc. He introduced Mr. Edward Sullivan, a partner at Whittlesey as a new member of the Commission attending his first Commission meeting. Mr. Sullivan indicated that he was honored to be appointed as a Commissioner to assist municipalities in improving their fiscal environment.

### 1. Approval of the meeting minutes of December 13, 2023

The minutes were unanimously approved by all Commissioners in attendance except for Commissioner Sullivan who abstained as he was attending his first meeting as a Commissioner.

Note: Commissioner Waldron attended today's meeting subsequent to the approval of the minutes.

### 2. Delinquent FY 2022 Municipal Audit Reports Update

Mr. Plummer provided a brief update on the FY 2022 delinquent municipal audit reports. As of June 30, 2023, there were still 20 municipalities that had not filed their June 30, 2022 audit reports with OPM. Since that time, there are still 3 municipalities that have yet to complete their FY 2022 audits. Commissioner LeBlanc indicated that these 3 municipalities were in attendance for today's meeting to provide the Commission an update on their outstanding audits.

#### a) City of Danbury:

Mayor Alves introduced himself and stated that he took office as the new Mayor of Danbury in December of 2023. At that time, the City had been meeting with the MFAC due to its overdue audits. He attended the December 13<sup>th</sup> meeting primarily to listen and assess the severity of the issues surrounding the delinquent audits. Since that time, he has met with a number of municipal finance professionals and others in State and Local government regarding resolving the issues that have held up the completion of the audit. He has been able to secure the monetary resources to retain outside help with getting the audit to completion. The City has hired CLA for the firm to assist in getting its financial records audit ready for submission to the City's outside auditor, Scott Bassett from RSM.

Taylor O'Brien, the Mayor's Chief of Staff provided additional information on steps the City had taken to progress the FY 2022 audit by scheduling regular calls with CLA and setting delivery dates as to when various financial information will be provided to RSM. Dan Garrick, the City's Finance Director, described several of the outstanding items that the City and Board of Education would need to provide to the auditor.

Mayor Alves indicated that even with the City having a solid plan in place to complete the FY 2022 audit, he is realistically projecting that the FY 2022 audit report would be issued by mid-April. Commissioner Sullivan inquired whether the City's auditor would be in agreement with the Mayor's projections. Mr. Bassett indicated that even if all information needed for the audit is provided in March, his firm is already underway in completing the audits for other clients. If all the information needed to complete the audit is available in March, he believes that the FY 2022 audit report would be issued by the end of April. Commissioner Genovese inquired with the City whether it had identified any efficiencies or actions to prevent future delinquent audits from occurring. Mayor Alves indicated that the City is financially sound. He has identified significant understaffing issues as the primary cause for the delinquent audits and has taken aggressive steps to address this matter, including the recent hiring of an assistant Finance Director and the retention of CLA to assist with its financial records.

Commissioners thanked Mayor Alves and his staff for attending today's meeting and requested the City's attendance at the April 14<sup>th</sup> MFAC meeting.

b) Town of East Lyme:

First Selectman Dan Cunningham introduced himself and Finance Director Kevin Gervais. He indicated that he took office on December 4<sup>th</sup>. He has since been able to review and assess the difficulties with completing the already late audit to meet the deadline set by the State of Connecticut. Understanding the seriousness of the situation, he has invested the resources to resolve the problem. An outside accountant was hired to work approximately 24 hours each week with her task being strictly to getting the Town's financial records audit ready for delivery to its external auditor. The Town hired a human resources manager to take that responsibility away from the Finance Director, resulting in providing more time for the Finance Director to work on the Town's financial matters including the audit. He believes that with these actions, the Town is now making significant progress in completing its FY 2022 audit. The Town is targeting March 15<sup>th</sup> for the issuance of the FY 2022 audit report.

David Hansen from CLA, the Town's independent audit firm, indicated that his firm recently received a number of the open items to be reviewed. Until all information is provided and reviewed, he is unable to provide a projected date for the issuance of the FY 2022 audit report, but the March 15<sup>th</sup> date previously indicated for the completion of the FY 2022 audit is not realistic. Commissioner LeBlanc inquired that if the Town is able to provide all the financial information to the audit firm by March 15<sup>th</sup> and the information was acceptable, would the audit firm be able to turnaround and issue the FY 2022 report within a month. Mr. Hansen indicated it would be realistic. The audit firm indicated that no work on the FY 2023 audit had begun, and the FY 2023 audit would not start until the FY 2022 audit had been completed.

Commissioners thanked First Selectman Cunningham and Mr. Gervais for attending today's meeting and requested the Town's attendance at the April 14<sup>th</sup> MFAC meeting.

c) Town of Marlborough

Town Manager David Porter introduced himself, Interim Finance Director Linda Savitsky, and the Town's independent auditor, Vanessa Rossitto from CLA. He indicated that he became the first Town Manager for Marlborough in August of 2023 as a result of a revision in the Town's charter. He described the instability at the Finance Director position beginning in November of 2021 when its Finance Director of 21 years resigned. Since then, there has been a number of individuals that have accepted the Finance Director position but soon after resigned. He believes that this instability in recent years at the Finance Director position is what has caused the delinquent FY 2022 audit. He indicated that now that Marlborough has been able to retain Linda Savitsky as the Interim Finance Director, along with retaining additional staff in the finance office, the Town is making significant progress with providing the financial information the auditor needs to complete the FY 2022 audit. Ms. Rossitto indicated that there was a handful of items that were open and if the Town is correct that it will provide the auditor the remaining information within a week, then issuance of the FY 2022 audit report could occur by the end of April. Mr. Porter indicated that given the instability at the Finance Director position, it is the Town's intent to retain Ms. Savitsky until a permanent Finance Director has been retained and that Ms. Savitsky would be able to provide training if needed.

Commissioners expressed their appreciation to Town officials for attending today's meeting and requested the Town's attendance at the April 14<sup>th</sup> MFAC meeting.

### 3. City of Derby

Commissioner Rybacki stated that for the record, the City is a client of his firm.

Derby's Mayor, Joseph DiMartino, introduced himself and indicated that he took office in December of 2023. He indicated that there were vacancies at the Finance Director position and Tax Collector position. The City was successful in hiring Brian Hall as the interim Finance Director, who was also in attendance for today's meeting and who has been doing a fantastic job. Over the past 2 weeks, the City has held interviews for the Tax Collector and yesterday offered the job to the top candidate who he hopes will accept the position.

Mr. Hall projected that the FY 2023 audit would be completed in March. There were a number of reasons for the delay with the changeover to the new accounting system being one of the primary causes. He described his concerns with the FY 2023-24 adopted budget. In scrutinizing the FY 2023-24 budget, he uncovered a number of budgeted expenditures that were materially underbudgeted, one such item being the material difference between the \$8 million budgeted for employee benefits as compared to the historical \$9 million in actual expenditures. In regards to revenues, the City's FY 2023-24 budget assumes a 98% current year tax collection rate although historically, the City has collected 96% of its current year tax levy. He described several other concerns with the FY 2023-24 budget and indicated that on a cumulative basis, if no action is taken, it could cause a \$2 million to \$2.5 million hole in the FY 2023-24 budget. Mr. Hall indicated that the City had identified two significant items that could resolve the FY 2023-24 budget concerns.

1. Allocating ARPA funds for use as revenue replacement.
2. Reducing the amount budgeted towards contributions to the City's defined benefit pension plan. The plan is currently funded at approximately 80% with very good market investment returns over the past year.

Mr. Hall indicated that for the past 2 months he has been focused on the FY 2024-25 budget and expects to have a preliminary draft of the budget to the Mayor and Board for review. He intends to ensure that the budget is truly balanced and not based upon unrealistic low expenditures and overly optimistic revenue collections. He does anticipate that the City will need to raise taxes in FY 2024-25. In order to rebuild fund balance and ensure balanced budgets, the City will have to strategize the level of tax increase for FY 2024-25 versus steady smaller yearly increases.

Commissioner LeBlanc indicated that in past meetings, the Commission had recommended that the City establish a separate internal service fund to account for its self-insured health benefits. This would assist with removing a substantial amount of the annual volatility in the General Fund as the City's health benefit costs are presently accounted for in the General Fund. Mr. Hall indicated that City is reviewing the Commission's recommendation. Furthermore, the City is exploring a number of options, one being whether the City should continue being self-insured as there is going to be a certain amount of volatility from being self-funded. It was noted that the City's external auditor was not in attendance to provide an update on the FY 2023 audit that was still outstanding. Mr. Hall indicated that he had met with the auditor last week and based upon the timeline provided by the auditor, Mr. Hall expects the FY 2023 audit report to be issued by the end of March. Commissioner Kennison indicated that in her review of the FY 2023-24 year to date budget vs. actual reports of the Board of Education, there appeared to be number of items presenting negative balances, suggesting the incurrence of over-expenditures. Mr. Conway indicated that Mr. Trainor, the business manager of the Board of Education works closely with the City on financial matters and that the report reviewed by Commissioner Kennison includes encumbrances throughout the year but does not reflect the grant receipts that once included, would negate many of the negative balances currently presented.

Commissioners expressed their appreciation for the City's attendance at today's meeting.

#### **4. Town of Hamden**

Mayor Lauren Garrett introduced herself, the Town's Finance Director, Curtis Eatman and the Town's external auditor, David Cappelletti. She provided an update on the Town's planned use for ARPA funds and the status of the allocations. She commented that the Town's FY 2023 audit report had been filed on time by the due date and that the FY 2023 report was the first Annual Comprehensive Financial Report (ACFR) which includes a lookback at the progress made by the Town to its finances over the past 10-years. The Finance Department hired a new accountant and a junior accountant to fill the vacancies that existed at those positions. The Town will be implementing a revaluation on its October, 2024 grand list. As to FY 2023-24, Mayor Garrett indicated that the Town's budget results to date has been favorable. Commissioner Genovese remarked that he was impressed by the information in the FY 2023 ACFR, particularly the statistical section that provided trend information on the Town's financial statistics. Commissioner Kennison noted that the Town's internal service fund deficits were reduced from \$12 million to \$10 million as of June 30, 2023. She recommended that the Town ensure that it continues to steadily reduce the deficit by adopting future annual budgets that builds in an amount to reduce the internal service fund deficit with the goal of eliminating the deficit over a certain time period.

Mr. Cappelletti provided a summary of the comments made in the FY 2023 management letter, including several improvements identified to the Town's financial condition and financial practices. He also described several areas where the Town could seek to make improvements. He indicated that there were no material or significant internal control deficiencies or audit findings reported for FY 2023.

Commissioner Rybacki inquired whether Hamden had developed a plan to reduce its long-term debt and whether the City had an up-to-date capital plan that takes into account any significant capital needs within the next 5 to 10 years. Mayor Garrett indicated that each year Hamden produces a capital plan alongside its adopted budget that takes into account any significant needs. The Town will need to purchase a fire truck annually that typically costs between \$1.5 million to \$2.0 million as well as significant equipment for public works. She will be reviewing the ARPA allocations to fund some of the anticipated costs.

Commissioners congratulated the Mayor and her staff with the significant progress that it has made towards improving its financial condition and financial practices. Commissioners thanked the Town for its attendance at today's meeting.

#### **5. Town of Plymouth**

Mayor Kilduff introduced himself and Finance Director Grace Zweig. He indicated that he recently submitted his proposed FY 2024-25 budget to the Board of Finance for its review. His proposed budget does not propose to use fund balance and it would fully fund the recommended pension contribution. He has taken this same approach to his prior two budgets. In regards to FY 2023-24, he is paying close attention to police overtime, as Plymouth is down four officers but he does not believe that the vacancies will be long and there were some unexpected costs related to technology. To date, he is not projecting a budgetary operating deficit for FY 2023-24. Mayor Kilduff indicated that he recently re-established the Capital Committee for the development of a 5-year capital plan and he expects to have a capital plan in place by next year. He also provided a brief update on the Town's ARPA funds and a new hire of a staff accountant in the finance office.

Ms. Zweig indicated that the Town is projecting an operating surplus for FY 2022-23. She indicated that the Town had a consultant come in to assist with the catch up of its bank reconciliations and that the Town is up-to-date with its reconciliations. The new person that was recently hired will be assisting to ensure that bank reconciliations are timely completed and that this will be done on a quarterly basis.

Plymouth's independent auditor, Santo Carta of CLA indicated that the FY 2023 audit report is expected to be issued by mid-March. The FY 2023 audit would have been completed in February if not for changes identified to be made to the FY 2022 audit report that will cause the FY 2022 report to be reissued. Mr. Carta does anticipate that there will be one audit finding in the FY 2023 audit report repeated from the FY 2022 audit report.

Commissioners raised several questions regarding the budget to actual reports provided by the Town for FY 2022-23 and FY 2023-24. As the Town was not fully able to answer, Commissioner LeBlanc recommended that the Town provide a response subsequent to today's meeting.

Commissioners thanked the Town for attending today's meeting.

## **6. Other Business**

Commissioner Kennison indicated that there were several documents that OPM would be providing to the Commission for its review during the month of March. These documents are related to Guidelines for Municipalities meeting with the Commission, a template regarding the 5-year plan that Tier I municipalities are to provide to the Commission and a final draft of the Facilitating a Timely Audit – Best Practices. She indicated that she intends to submit/provide testimony later today regarding the Office of Finance's proposal to increase the State Single Audit threshold.

## **7. Adjourned.**

The meeting adjourned at 11:28 a.m.

Respectfully submitted,

Kimberly Kennison  
Commission Secretary