



# 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



# STATE OF CONNECTICUT OFFICE OF POLICY AND MANAGEMENT

## MUNICIPAL FINANCE ADVISORY COMMISSION

### OFFICIAL MINUTES – REGULAR MEETING

**Wednesday, April 17, 2024**

Meeting Location: Telephonic Meeting

Date/Time: April 17, 2024, at 10:00 A.M.

Members Present: Mr. Michael LeBlanc, Commission Chair  
Mr. Anthony Genovese  
Mr. Glenn Rybacki  
Ms. Rebecca A. Sielman  
Mr. Edward Sullivan  
Ms. Diane Waldron

Members Absent: Ms. Kimberly Kennison

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, Finance Director, City of Derby  
Dr. Matthew J. Conway, Jr., Superintendent, Derby Public Schools  
Robert Trainor, Business Manager, Derby Public Schools  
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  
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  
John Accavallo, Accavallo & Company, LLC  
Vanessa Rossitto, Nikoleta McTigue, Santo Carta - CLA  
Scott Bassett, RSM

## 1. Call to order

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

## 2. Approval of the meeting minutes of February 28, 2024 Meeting

The minutes were unanimously approved by all Commissioners in attendance except for Commissioner Sielman who abstained as she was not in attendance for the February 28<sup>th</sup> meeting.

## 3. FY 2022 and 2023 Municipal Audit Reports Update

Mr. Plummer provided a brief update on the FY 2023 audit report submissions. He indicated that OPM's 4-year analysis of the 2020-2023 municipal audit report submissions indicated a significant drop off in audit reports submitted on time to meet the December 31<sup>st</sup> filing due date. In general, the audit reports are taking longer to be submitted as evidenced in OPM's 4-year analysis based upon the month of report submission. To date, 124 municipalities have submitted their FY 2023 audit reports.

Commissioner LeBlanc indicated that there were three municipalities that were in attendance for today's meeting to provide the Commission an update on their delinquent FY 2022 audit reports.

### a) City of Danbury:

Mayor Alves introduced himself and stated that he believes that the City has taken significant strides towards completion of the FY 2022 audit. The City has been working with its outside consultants, CLA, to provide the financial information that its external auditor, Scott Bassett from RSM needs in order to complete the FY 2022 audit. The City recently took time to pull its resources together to intensely work on providing S&P the financial information it needed to remove the City from its watch list. The City was successful in being removed from the rating agency's watch list and was able to produce a draft FY 2022 audit report. Mayor Alves indicated that he has aggressively successfully worked towards filling the open positions in the Finance Office with one more vacancy to fill as it relates to the grant side of things.

Scott Bassett from RSM introduced himself as the City's external auditor. He indicated that he has confidence in the numbers reported in the draft FY 2022 financial audit report. Over the past two months, the City has invested an incredible amount of resources towards completion of the FY 2022 audit despite being short staffed throughout much of the audit process. Mr. Bassett believes that the audit is 95% completed but that the remaining 5% can be somewhat difficult. Nevertheless, he believes that the FY 2022 audit can be completed in another 2 to 3 weeks. Once the FY 2022 audit is completed, it is his intent to promptly start the FY 2023 audit.

Commissioners thanked Mayor Alves and his staff for attending today's meeting and requested the City's attendance at the June 5<sup>th</sup> MFAC meeting.

### b) Town of East Lyme:

Finance Director Kevin Gervais introduced himself and First Selectman Dan Cunningham. He indicated that a draft of the FY 2022 audit report was provided earlier in the week for today's meeting and that he hoped that the audit report could be issued in a couple of weeks. He believes that the final outstanding items that remain to be completed was in regard to single audit matters. The Town has retained a second external accountant to assist the finance office and in wrapping up the FY 2022 audit. The Town is in the process of compiling its FY 2023 financial information and closing out its FY 2023 records to ensure that it is audit ready as it relates to the FY 2023 audit once the FY 2022 audit is completed in the next couple of weeks. First Selectman Cunningham indicated that he is optimistic with wrapping up the FY 2022 audit and believes that there is momentum towards moving forward of the FY 2023 audit now that the Town has the staffing in place.



Nikoleta McTigue from CLA, the Town's external audit firm, indicated that taking into account that the FY 2022 audit has to get through the firm's quality control review, she would expect that it is more realistic to project the FY 2022 audit report to be issued within the next 3 to 4 weeks. It is her belief that the audit firm will be in a position to quickly move on transitioning towards working on the FY 2023 audit once the FY 2022 audit has been completed. Commissioners expressed their appreciation to Town officials for attending today's meeting and requested the Town's attendance at the June 5<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 the Town had recently received a draft of the FY 2022 audit report and that the Town is currently reviewing the draft report and completing the MD&A for inclusion in the audit report. The Town has worked closely with CLA and expects that the audit report can be issued by April 30<sup>th</sup>. CLA is expected to be retained to complete the FY 2023 audit and he has scheduled a call with the firm to work out the timeline to begin the FY 2023 audit. Ms. Rossitto indicated that upon completion of the FY 2022 audit, her firm should be able to have the time available to begin working on the FY 2023 audit as long as the information needed is available.

Commissioners expressed their appreciation to Town officials for attending today's meeting and requested the Town's attendance at the June 5<sup>th</sup> MFAC meeting.

#### 4. **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, Finance Director Brian Hall and John Accavallo, the City's independent auditor. Mayor DiMartino indicated that Mr. Hall was recently hired as the City's full-time Finance Director and was no longer filling the role in an interim capacity. The City has been without a permanent Finance Director for almost two years. In addition, the City hired a full-time Tax Collector, which the City has not had in three years. He announced that the previous night to today's meeting, the City adopted its FY 2024-25 budget.

Mr. Hall indicated that the FY 2024-25 budget that was adopted was based upon a 4.6 mil increase. It was unfortunate to have this level of tax increase but it was necessary in order to have a realistic balanced budget and to lay the foundation of small increases to the tax levy in future years like most municipalities as opposed to the need for sharp tax levy increases due to unbalanced budgets that have led to the erosion of the City's fund balance. Mr. Hall described the reasons why the City is projecting a \$1.1 million operating deficit in FY 2022-23, with the primary driver of the projected deficit being the City's planned use of \$900,000 in fund balance to balance the budget. In regard to the FY 2023-24, the City has had to take steps to avoid an operating deficit that it believes would occur unless those steps had been taken. To that regard, the City will be using additional ARPA funds towards financing the FY 2023-24 budget. The City will also be reducing its planned contributions towards its pension plan in FY 2023-24. These planned budgetary adjustments are estimated to result in a \$500,000 budgetary operating surplus in FY 2023-24. The City has yet to formally appoint an auditor to conduct the FY 2023-24 audit, but Mr. Hall anticipates that the City will be retaining Mr. Accavallo to conduct that audit.

John Accavallo, the City's independent auditor introduced himself to Commissioners. He believes that there is about 2.5 to 3 weeks of field work that remains as it relates to the FY 2023 audit. He indicated that one of the most significant items was the City's conversion to a new accounting system and the need to ensure that all the numbers were recorded correctly and to ensure that the reconciliation between

the Board of Education information and the City. Upon the completion of the field work in the estimated 3-week time frame, his intent is to have a draft of the audit report and send the audit through the firm's quality control process and review the findings with management and the board. The estimated timeframe for the FY 2023 audit report to be issued is by the end of May.

Several questions and comments were posed to the City by Commissioners including: the City's fund balance policy, the need for the City to ensure that future budgets are developed based upon realistic assumptions, the time frame for the retention of an audit firm for the FY 2024 audit, the method being used to determine the actuarially determined contribution for the pension plan, and the long-term consequences of insufficiently funding the pension plan in FY 2023-24 together with the continuation of funding its Other Post-Employment Benefits on a pay-as-you-go basis.

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

## **5. Town of Hamden**

Mayor Lauren Garrett introduced herself and the Town's Finance Director, Curtis Eatman. She indicated that a month ago she sent the legislative council her recommended FY 2024-25 budget. The City is also working on ARPA related matters including ensuring that projects are going under contract for the work to be performed. At the request of Commissioner LeBlanc, Mayor Garrett described the City's budgeting for the use of fund balance towards the financing of the FY 2023-24 budget. Mayor Garrett indicated that appropriation of fund balance was as a result of the Council agreeing to certain spending and transfers related to the following:

- \$3 million to finance certain Board of Education costs.
- \$4 million to replenish the Capital and Non-Recurring Fund (CNRF) for Board of Education related capital costs,
- \$800 thousand to reimburse the CNRF for revaluation costs that had been financed from the proceeds of bonds accounted for in that fund.

Commissioner LeBlanc recognized the Town's significant fund balance increase that had occurred over the past several years. He indicated that the projected FY 2023-24 surplus of close to \$5 million taken together with the approximate \$7.8 million appropriation in fund balance would represent close to a \$2.5 million drawdown upon the Town's cumulative fund balance. Mayor Garrett confirmed Commissioner's LeBlanc comments.

In regard to the FY 2024-25 proposed budget, Mayor Garrett indicated that she proposed a one mil rate decrease due to the Town's significant fund balance that existed as of June 30, 2023. The Town has also proposed to utilize \$7.9 million of its fund balance towards financing that year's budget. Mayor Garrett indicated that the Town is still expected to be in conformance with its 7% fund balance policy as of June 30, 2025. The Council has until May 17<sup>th</sup> to vote out the budget.

Mayor Garrett responded to Commissioner's Rybacki inquiry regarding property values. She indicated that the grand list is expected to increase by 12% using a moderate growth assumption. In regard to Commissioner Sielman's inquiry on the Town's long-term strategy to fund the poorly fund pension plan, Mayor Garrett acknowledged that the Town had issued Pension Obligation Bonds close to 10 years ago for which the proceeds were used to assist in funding the plan. The Town for the past several years has been making 100% of its actuarially required contribution. The Town is currently looking into obtaining an experience study of the pension plan to ensure that its assumptions used in funding the pension plan are valid. She does believe that the current assumed rate of return maybe a bit higher than what it should be. The experience study will be used to make any necessary changes that are needed.

Commissioners thanked the Town for its attendance at today's meeting.

## 6. Town of Plymouth

Commissioner Sielman stated that the Town of Plymouth was a client of her firm.

Mayor Kilduff introduced himself, Finance Director Grace Zweig, and the Town's independent auditor, Santo Carta from CLA. He indicated that for the past month and a half, the Town has been working on its FY 2024-25 budget. A public hearing is scheduled for tomorrow. The proposed budget is a responsible budget with a 0.94% increase. It proposes to fully contribute the required actuarial contribution for the pension plan and it does not propose to use fund balance towards financing the budget. He noted that in a previous meeting with the Commission, there was a recommendation made for the Town to review its investment income due to the low dollar levels indicated. The Town has since engaged its bank and moved its account into a much higher interest-bearing account for which the significant additional projected investment income is reflected in the FY 2024-25 budget. The Mayor stated that the finance office is now fully staffed, with the Finance Director, two staff accountants and one payroll person.

Mr. Carta indicated that the FY 2023 audit had essentially been completed a few weeks ago. However, in the quality review process there had been one auditor independence issue that needed to be cleared up as it relates to HR consulting services provided by CLA. He believes the issue has been resolved but he does have to work with the Town's Finance Director to finalize the issue. He believes that the FY 2023 audit report will be issued sometime next week.

Ms. Zweig indicated that bank reconciliations are being kept up-to-date and that the Town is almost done with its March, 2024 bank reconciliations. The Town is currently projecting a \$40,000 operating surplus for FY 2023-24. A new staff person was hired for the finance office, and she believes that the Town is doing good in keeping up-to-date with its financial records and reconciliations for FY 2024 whereby it can hopefully issue the FY 2024 audit report by December 31<sup>st</sup>. The Town issued an RFP for audit services regarding the FY 2024 audit with the due date for proposals due by tomorrow. To date, there have been no proposals submitted. Fortunately, CLA has indicated that if the Town is unable to retain a new audit firm, CLA would step in to conduct the FY 2024 audit.

Commissioner Sullivan inquired about the auditor independence issue that Mr. Carta had cited and whether that issue had been fully resolved for the FY 2023 audit report to be released. Mr. Carta indicated his belief that the issue had been resolved as of the night before and there is now a plan in place to get over the independence issue.

Commissioners thanked the Town for attending today's meeting.

## 7. Other Business

Commissioner LeBlanc requested that Mr. Plummer provide further information on the other items listed for today's meeting. Mr. Plummer indicated the following:

- Draft Guidelines for Municipalities Meeting with the MFAC: These guidelines were included in today's information packet. OPM developed the draft guidelines to provide guidance to municipalities as what type of reports and information the Commission would be seeking for each meeting with the Commission.
  - Commissioner LeBlanc requested that OPM re-send the Draft Guidelines to Commissioners as they may have not had a chance to review in time for today's meeting.
- Best Practices to Facilitating a Timely Audit: OPM developed the Best Practices document and had provided it in a separate email attachment to Commissioners for their review and feedback. Although not a panacea, OPM believes that it may be of assistance to reduce the number of late

audits or how late an audit is submitted. It describes what needs to occur during the year in order to increase the likelihood of a timely audit submission and provides a checklist to determine if those procedures are currently being undertaken.

- Commissioner LeBlanc requested that OPM again transmit the document to Commissioners by email attachment as Commissioners may not have had a chance to review and provide their feedback.
- Commissioner LeBlanc requested that for the June 5<sup>th</sup> meeting, a list of the names of those municipalities that have yet to file their FY 2023 audit reports with OPM be provided to the Commission.
- Proposed Legislation: Mr. Plummer indicated that OPM had proposed legislation to increase the dollar threshold for triggering the requirement for a State Single Audit.
  - Currently under the State Single Audit Act, an entity that expends \$300,000 or more in state financial assistance in its fiscal year is required to conduct a State Single Audit for that year, OPM has proposed to increase the threshold to \$500,000.
  - Under the Municipal Auditing Act, a municipality or other local government that is required to file a financial audit with OPM can currently be assessed a penalty from \$1,000 to \$10,000. OPM has proposed increasing the maximum amount of the penalty from \$10,000 to \$50,000. In addition, OPM has proposed that the penalty can be assessed in the form of a reduction in one or more state grants in addition to the current law whereby a monetary penalty being assessed solely in the form for which the municipal entity is to submit payment.
- Commissioner LeBlanc indicated that the last day of the legislative session is scheduled to end on May 8<sup>th</sup>. He requested that Mr. Plummer update the Commission on the status of the proposed legislation. In regard to audit reports submitted more than one year past their fiscal year ended, he inquired as to whether there was correspondence in the past sent to those municipalities or the assessment of penalties.

In regard to Commissioner Sullivan's inquiry, Mr. Plummer indicated that it has been a number of years since an actual monetary penalty had been imposed. Recent changes to the Municipal Auditing Act created a mechanism whereby a municipality could be required to meet with the MFAC regarding the late audit and whereby the municipality could be designated as a Tier I municipality by the Commission due to the audit being submitted more than a year past its fiscal year end. For the FY 2022 audit report submissions, there were 20 municipalities that did not submit their audit reports by June 30, 2023. OPM sent letters out to each and requested the reasons for the delinquent audits and a timeline for completion of the audits. It is OPM's intent to proactively engage those municipalities with outstanding FY 2023 audit reports. Letters will be transmitted by the end of April advising these municipalities that they are in danger of being called before the MFAC if the FY 2023 audit report is not submitted by June 30, 2024. For any municipality that does not submit its FY 2023 audit report by June 30, 2024, OPM intends to again transmit a letter to each requesting the reasons for the delinquent audit and a timeline for completion of the audit. Municipalities will again be requested to appear before the Commission regarding their delinquent FY 2023 audit reports.

8. Adjourned.

- The meeting adjourned at 11:02 a.m.

Respectfully submitted,

Kimberly Kennison  
Commission Secretary



# STATE OF CONNECTICUT OFFICE OF POLICY AND MANAGEMENT

## MUNICIPAL FINANCE ADVISORY COMMISSION

### OFFICIAL MINUTES – REGULAR MEETING

**Wednesday, August 14, 2024**

Meeting Location: Telephonic Meeting

Date/Time: August 14, 2024, at 10:00 A.M.

Members Present: Mr. Michael LeBlanc, Commission Chair  
Mr. Anthony Genovese  
Ms. Kimberly Kennison  
Ms. Rebecca A. Sielman  
Mr. Edward Sullivan  
Ms. Diane Waldron

Members Absent: Mr. Glenn Rybacki

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, Finance Director, City of Derby  
Dr. Matthew J. Conway, Jr., Superintendent, Derby Public Schools  
Robert Trainor, Business Manager, Derby Public Schools  
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  
Taylor O'Brien, Chief of Staff, City of Danbury  
Dan Garrick, Finance Director, City of Danbury  
Joanne Sterk, Assistant Director of Finance – Operations, City of Danbury  
Kevin Gervais, Finance Director, Town of East Lyme  
David Porter, Town Manager, Town of Marlborough  
Linda Savitsky, Interim Finance Director, Town of Marlborough  
John Accavallo, Accavallo & Company, LLC  
Vanessa Rossitto, Nikoleta McTigue, Mike Popham - CLA  
Scott Bassett, RSM

## 1. Call to order

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

## 2. Approval of the meeting minutes of April 17, 2024 Meeting

The minutes were unanimously approved by all Commissioners in attendance.

## 3. FY 2022 and 2023 Municipal Audit Reports Update

Mr. Plummer provided a brief update on the FY 2023 delinquent audit report submissions. He referenced the material in today's packet that included a 3-year summary analysis of the FY 2021-2023 delinquent reports. He indicated that although there had been a reduction in the number of delinquent reports from 20 reports for FY 2022 to 16 reports for FY 2023, OPM is seeking further reductions going forward. OPM earlier this year had proactively developed and provided a Best Practices Guide and checklists to assist municipalities in preparing and filing their annual audits in a timelier manner. For the FY 2022 delinquent audit reports, the last delinquent report was not filed with OPM until July of 2024. OPM is seeking to improve upon the filing dates of the delinquent FY 2023 reports and has already transmitted letters on behalf of the Commission to each of the municipalities with delinquent audit reports.

Commissioner LeBlanc noted that the letters sent out to those municipalities with delinquent FY 2023 audit reports requested a projected date for the issuance of the delinquent reports. He indicated that there were three municipalities that were in attendance for today's meeting to provide the Commission an update on their delinquent FY 2023 audit reports.

### a) City of Danbury:

Mayor Alves introduced himself and indicated that in attendance for today's meeting was his Chief of Staff, the City's Finance Director and the City's Assistant Finance Director. He stated that he took office in December of 2023 and started attending meetings with the Commission regarding the FY 2022 delinquent audit. Since then, he and his administration have been actively working towards filling a number of open positions that previously had been left vacant prior to him taking office. The City now has an Assistant Finance Director to support Mr. Garrick and has continued to retain the services of CLA to assist in getting the City's records prepared for its outside audit firm, RSM. He believes that the City has now invested the resources to complete its annual audits in a timely manner going forward.

Regarding the FY 2023 audit, one of the causes for the delay in its completion has been staffing issues at the Board of Education. CLA and City Finance staff have been assisting the Board of Education due to staffing shortage in the school finance office. He realistically believes that the FY 2023 audit report will be completed by December of 2024.

Commissioner LeBlanc inquired whether the City had a plan in place regarding the completion of the FY 2024 audit. Mayor Alves indicated that obviously with the FY 2023 audit report not expected to be completed until December of 2024, the FY 2024 report would not be submitted by the December 31<sup>st</sup> due date. It is his intent, however, to have the FY 2025 audit completed and the report submitted to OPM by the statutory filing date.

Commissioner Sielman made the observation that from the materials provided by the City, the City appears to have just recently (in early August of 2024), provided census information to its actuaries in order for the actuary to complete its July 2023 actuarial valuation reports regarding pension and OPEB. She recommended that the City, target providing its census information to its actuaries approximately one-month after the close of its fiscal year. (Census data for the July 2024 actuarial valuation provided to actuary by August of 2024) This would allow the City to incorporate its annual actuarial recommended OPEB and pension contributions into its upcoming budget. The City should explore the

causes of the delay in producing the census information needed by its actuaries as the causes may be related to personnel and/or systems issues.

Commissioners thanked Mayor Alves and his staff for attending today's meeting.

b) Town of East Lyme:

Finance Director Kevin Gervais introduced himself and indicated that First Selectman Dan Cunningham had a previous appointment and would not be able to participate in today's meeting. He provided a power point presentation on the history of audit report submission dates by the Town, the status of the FY 2023 audit and the plan going forward regarding the completion of the FY 2024 audit report. Regarding the FY 2023 audit report, he indicated that the Town's audit firm, CLA, had previously provided an open items list but completion of the list was delayed as he had a family emergency that kept him out of the office for approximately three weeks in early July. This caused a delay in the audit field work which was scheduled to start during the week of July 17<sup>th</sup>. A rescheduled date for the field work has not yet been established. After discussions with his audit firm, Mr. Gervais indicated that he projects the FY 2023 audit to be completed by the end of December, 2024. He is targeting completion of the FY 2024 audit by the end of March of 2024. The Town has already retained a Deputy Finance Director and will have all the resources needed in the Finance Office. He expects that after getting caught up with the FY 2023 and 2024 audits, the Town will be able to file its audits on time going forward.

Commissioner LeBlanc requested that Mr. Gervais provide OPM with an updated timeline for the FY 2023 and 2024 audit once the dates have been confirmed for completion of the open items and after further discussions with the audit firm. Commissioner Kennison, indicated that the Town may need to revisit its time line for completion of the FY 2024 audit. Currently, the time line presented is indicating a 3 to 3.5 month turnaround from the start of the audit to completion. That time frame does not appear to be realistic especially with the Town's history of late audits. Commissioner Waldron indicated that with the recent conversion to a new accounting system and with the challenges encountered in completing the FY 2023 and 2024 audits, the Town should ensure that it has the efficiencies and procedures in place to successfully produce a timely audit beginning with the FY 2025 audit, including timely and accurate reconciliations.

Commissioners thanked Mr. Gervais for attending today's meeting.

c) Town of Marlborough

Town Manager David Porter introduced himself and Interim Finance Director Linda Savitsky. He indicated that the Town submitted its FY 2022 audit report in April of 2024. The Town then went through significant delays in adopting its FY 2024-25 budget which ended up going to the ballot box three times before adoption. This further delayed working on the FY 2023 audit. Ms. Savitsky indicated that there has been numerous turnover and new staff especially as it relates to the FY 2023 audit, including the longtime Finance Director of the Town. Other turnovers include the departure of the School Business Manager and the Tax Collector. Fortunately, the former Finance Director has agreed to continue to assist the Town in the background. The Town had originally targeted August of 2024 for getting its FY 2023 records audit ready for the audit firm. At this time, the Town is unable to provide a specific timeline for the issuance of the FY 2023 audit report but the best estimate would be November of 2024. Going forward, for the FY 2024 audit, the Town believes its records are in better condition and it expects a shorter turnaround for completion of the FY 2024 audit.

Commissioner Genovese expressed his concerns that the Town has been unable to retain a permanent Finance Director. Ms. Savitsky described the efforts made to date in obtaining a permanent Finance Director and the challenges faced by smaller-sized towns. She indicated that she would keep OPM apprised of the status of the FY 2023 audit.

Commissioners expressed their appreciation to Town officials for attending today's meeting

#### 4. City of Derby

Mayor, Joseph DiMartino and Finance Director Brian Hall introduced themselves. Mr. Hall referenced the materials submitted by the City for today's meeting including a power point presentation on the results of the FY 2023 audit. He pointed to the \$1.9 million operating deficit reported in the General Fund for FY 2022-23. In the prior meeting with the Commission the City had projected the operating deficit to be approximately \$1 million, but there were unanticipated higher expenditures recorded for workers' compensation including the IBNR that brought the deficit figure up higher. For FY 2024 the City is now projecting a surplus due to actions taken to prevent another year of incurring a deficit. With the actions taken by the City to use ARPA funds towards balancing the budget and the curtailing of expenditures, the City is now projecting close to a one-half million in budget surplus for FY 2023-24. Regarding the FY 2024-25 budget, Mayor DiMartino indicated that there had been a significant property tax increase in order to properly align revenues with expenditures. The City had a history of significantly underestimating expenditures in its adopted budgets, leading to expenditures exceeding revenues. Beginning with the FY 2025 budget, the City is transparent in budgeting expenditures at a more accurate higher level and has increased the property tax levy to balance the budget.

A number of questions were posed to the City regarding whether it was the City's intent to account for its Workers' Compensation costs in an internal service fund in the future, whether the City had budgeted appropriation of fund balance towards financing its FY 2024-25 budget, and whether the City had the necessary accounting/financial reporting system in place to accurately track budget vs actual expenditures to determine whether costs are trending at the rates projected. A discussion ensued between the City and the Commission regarding how the City currently budgets for certain Board of Education grants and the related expenditures. Commissioners believe that the approach currently being used makes it difficult to track true over-expenditures or over estimated revenues related to such grants. Mr. Hall indicated that it was an area that he wanted to scrutinize in more detail before making changes.

Commissioner Waldron noted that the City had incurred \$538,000 in losses as it relates to police outside work and inquired as to whether the City had sought to go after the uncollected billings. She also believes that the City should consider moving the police outside work activities outside of the General Fund and instead using a special revenue fund to account for such activities. Mr. Hall acknowledged that in the past the City had not made a significant effort towards collecting the delinquent charges and is now making a greater effort. He is also open to looking at pulling this item out of the General Fund. He has been somewhat restricted in raising the charges for the outside work due to the police union contract as the City is losing money on these jobs. The Mayor and Mr. Hall have approached the police union to address this matter as part of negotiations with the union. Several of the Commissioners who are Finance Directors indicated that their municipality's policy is to not allow additional services for any account that is delinquent. Commissioner Genovese inquired about the audit findings reported in the FY 2023 audit report and that the corrective action plan prepared by the City appeared to include dates for resolving the audit findings that had already passed. Mr. Hall acknowledged that the dates provided to several of the findings were not up-to-date and that additional time was needed to fully implement the corrective actions.

Commissioner Seilman observed that nearly 25% of the City's FY 2025 adopted budget is composed of costs for health insurance, workers' compensation and pensions. She recommended that the City ensure that it is monitoring these costs closely and seek to control such costs. One consideration for the City is to work with an actuary regarding the workers' compensation IBNR and the set aside for reserves. Ideally, pension and OPEB valuations should be done in the fall to determine the contributions needed for such plans in time when developing the subsequent year's budget.

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



## **5. Town of Hamden**

Mayor Lauren Garrett introduced herself and the Town's Finance Director, Curtis Eatman. She indicated that both the Town and Board of Education Finance offices were fully staffed. She referred Commissioners to the information she provided for today's meeting that included projected FY 2023-24 results through June 30, 2024 and information on the 2024-25 adopted budget with major assumptions. She provided an update on the Town's use of ARPA funds and that the Town is moving the projects towards obligations and contracts. She indicated that she had met with OPM on the next steps needed for the Town to be released from MFAC oversight and that OPM indicated that she should broach this matter in today's meeting. To that regard, she provided a description of the progress the Town has made in its financial condition including recent upgrades by all 3 rating agencies, the significant increase in fund balance, the timely filing of the audit report and a FY 2023 audit with no audit findings. In addition, the Town has implemented a number of financial policies and procedures.

Commissioner LeBlanc congratulated Mayor Garrett on the progress that Hamden has made. He indicated that over the next several months the Commission will be seeking the Town's plan to address some of its longer-term fiscal challenges. This would include the development of strategies to reduce the unfunded pension and OPEB liabilities and internal service fund deficits and to control such related costs.

Commissioners thanked the Town for its attendance at today's meeting.

## **6. Town of Plymouth**

Commissioner Sielman stated that the Town of Plymouth was a client of her firm.

Mayor Kilduff introduced himself and Finance Director Grace Zweig. He indicated his satisfaction with the FY 2023 audit report finally being issued. Several months of the delay in issuing the audit report was due to a potential independence issue between CLA as the Town's independent auditor and a person contracted by the Town through the use of CLA in a consulting role. The Town will now roll right into the FY 2024 audit with a new audit firm. He does not foresee any problems with issuing the FY 2024 audit report on time. The Town is also on the way in conducting a fraud risk assessment.

Commissioner LeBlanc requested that the Town work with its new audit firm in developing a schedule for the FY 2024 audit completion and provide OPM a copy of the schedule.

Commissioners thanked the Town for attending today's meeting.

## **7. Other Business - Legislative Changes Affecting Municipal Finance and Audits:**

Mr. Plummer referred Commissioners to the information in today's packet regarding legislative changes affecting municipal finance and audits and provided a description of the changes.

## **8. Adjournment:**

- The meeting adjourned at 11:32 a.m.

Respectfully submitted,

Kimberly Kennison  
Commission Secretary



# STATE OF CONNECTICUT OFFICE OF POLICY AND MANAGEMENT

## MUNICIPAL FINANCE ADVISORY COMMISSION

### DRAFT MINUTES – SPECIAL MEETING

**Wednesday, November 20, 2024**

Meeting Location: Telephonic Meeting

Date/Time: November 20, 2024, at 10:00 A.M.

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

Others Present: William Plummer, OPM Staff  
Michael Reis, OPM Staff  
Rachel Moser, OPM Staff  
Kimberly Masson, State Treasurer's Office  
Joseph DiMartino, Mayor, City of Derby  
Brian Hall, Finance Director, City of Derby  
Dr. Matthew J. Conway, Jr., Superintendent, Derby Public Schools  
Robert Trainor, Business Manager, Derby Public Schools  
Lauren Garrett, Mayor, Town of Hamden  
Rick Galarza, Assistant Finance Director, Hamden  
Joseph Kilduff, Mayor, Town of Plymouth  
Seth Bernstein, Interim Finance Director, Town of Plymouth  
Mayor, Roberto Alves, City of Danbury  
Taylor O'Brien, Chief of Staff, City of Danbury  
Dan Garrick, Finance Director, City of Danbury  
Joanne Sterk, Assistant Director of Finance – Operations, City of Danbury  
David Porter, Town Manager, Town of Marlborough  
Linda Savitsky, Interim Finance Director, Town of Marlborough  
John Accavallo, Accavallo & Company, LLC  
Vanessa Rossitto, Jessica Aniskoff, Mike Popham - CLA  
Scott Bassett, RSM

#### **Call to order**

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

Commissioner LeBlanc noted that Marcia Marien was attending her first meeting as a Commissioner of the Municipal Finance Advisory Commission (MFAC). She is currently the Finance Director of the Town of Brookfield and as a Commissioner is representing municipalities with a population range of 10,000 – 24,999 residents. This position was previously held by Kathleen Clarke Buch. The Commission is now fully staffed with 8 Commissioners.

Commissioner Marien introduced herself and described her background which included 35 years in the municipal audit field.

**1. Approval of the meeting minutes of August 14, 2024 Meeting**

The August 14<sup>th</sup> minutes were approved with abstentions by Commissioners Marien and Rybacki.

**2. FY 2023 and 2024 Municipal Audit Reports Update**

Mr. Plummer provided a brief update on the FY 2023 audit reports submitted within the 6-month extension allowable time limit, and the audit reports that were delinquent. He identified the remaining six delinquent audits as of today's meeting. He referenced the packet provided to Commissioners including a 3-year summary lookback of municipal audit submissions. Mr. Plummer indicated that so far, there had been some improvements in the submission times of the FY 2023 audit reports in comparison to the FY 2022 reports. However, OPM believes there needs to be significant improvements in this area regarding the number of municipalities submitting significantly late audit reports and the length of the late submissions.

Commissioner LeBlanc observed that there were two municipalities who had not provided projected submission dates to OPM. He indicated that three municipalities were scheduled to update the Commission on their delinquent FY 2023 audit reports.

a) City of Danbury:

Mayor Alves introduced himself and indicated that in attendance for today's meeting was his Chief of Staff, the City's Finance Director and the City's independent auditor. He stated that he took office almost a year ago and started attending meetings with the Commission regarding the FY 2022 delinquent audit. Since then, he and his administration has focused on the outstanding audits and he has worked towards providing the resources necessary to begin to get back to producing timely audits. The Finance Office is now fully staffed and additional resources including consultants and outside firms have been retained to complete the outstanding FY 2023 audit and to turn around the FY 2024 audit at a much quicker pace.

Finance Director Dan Garrick described the items previously requested by the City's auditor to complete the FY 2023 audit and that 18 items remain open with some related to the school side. Mr. Garrick is projecting the FY 2023 audit report being issued in December 2024. Scott Bassett from RSM, the City's independent auditor indicated that December 31<sup>st</sup> is a tight timeline. The audit firm has certain processes that cannot be bypassed in order to issue the report. However, it is his belief that if the FY 2023 audit report is not issued by December 31<sup>st</sup>, it will be issued soon after.

Commissioner LeBlanc inquired on the condition of the City's books as it relates to the FY 2024 audit. Mr. Garrick indicated that in general, the books are in good shape. However, there is some work needed on the school side. To that regard, the City's Assistant Finance Director, Joanne Sterk, has been actively working with the school business office. Commissioner Kennison recommended to Mayor Alves that as the City wraps up the FY 2023 audit and prepares for the FY 2024 audit, that the City work on creating timelines for the FY 2024 and FY 2025 audits targeting key dates with the goal of issuing the FY 2024 audit within the maximum 6-month audit extension time period, June 30, 2025 and the FY 2025 audit by the due date, December 31, 2025.

Commissioners thanked Mayor Alves and his staff for attending today's meeting.

b) Town of East Lyme:

Commissioner LeBlanc indicated that neither the First Selectman Dan Cunningham nor Finance Director Kevin Gervais were available to attend today's meeting. However, Jessica Aniskoff from CLA, the Town's independent auditor was in attendance. Mr. LeBlanc noted that the audit completion schedule provided by East Lyme indicated that the Town would be sending to the auditor, its previous request by November 15<sup>th</sup>. Ms. Aniskoff confirmed that the schedule laid out in the plan was for the Town to provide the requested information by November 15<sup>th</sup> and the audit field work to begin around mid-December, with a targeted issuance date in mid-February 2025. She checked the portal last Friday and no information from the Town had been submitted. There is still time for the Town to provide the information requested, allowing the audit firm to stay on track with beginning audit field work in mid-December. She intends to follow-up with the Town regarding the missing information. Commissioner LeBlanc requested that OPM directly reach out to East Lyme to ensure that the Town is meeting the scheduled dates for audit completion that it provided to the Commission. Commissioner Kennison indicated that OPM would follow up with the Town. She has concerns regarding whether the Town's projected 3-month turnaround of the FY 2024 audit is a realistic timeline.

c) Town of Marlborough

Town Manager David Porter introduced himself and Interim Finance Director Linda Savitsky. He and Ms. Savitsky provided some background regarding the Town not having a Finance Director for close to all of FY 2023. In closing its books for FY 2023, the Town discovered a series of missing journal entries due to the absence of a permanent Finance Director. The Town is still working to identify the missing transfers, complete the reconciliations and enter the journal entries to create accurate records for its auditors. These issues affect both the Town and Board of Education records. There are also issues with the records in the Tax Collector's Office that need to be addressed. As of today, a firm projected completion date for the FY 2023 audit is not available. The next check-in with the independent auditor is schedule for mid-December.

Commissioner Sullivan inquired as to a timeline for the FY 2023 audit as this would also affect the timing of the issuance of the FY 2024 audit since there was an assumption that certain efficiencies had taken place which would provide a quicker turnaround of the FY 2024 audit. Mr. Porter and Ms. Savitsky indicated that with the various and multiple issues that needed to be resolved with the Town's records a timeline and projected issuance date for the FY 2023 audit was not possible at this time. Ms. Savitsky did express her belief that the FY 2024 audit would be a more smoother process.

Commissioner LeBlanc inquired with Vanessa Rossitto from CLA, the Town's independent auditor, as to the audit firm's schedule to begin the FY 2023 audit. Ms. Rossitto indicated that if the Town can provide the firm with the records it needs for the audit by the end of December, the firm would be in a position to start the audit in January of 2025. Commissioners discussed with the Town its search for a permanent Finance Director including a timeline for re-posting of the vacancy and whether the Town had considered bringing in outside help to assist with its financial records. The Town indicated that it had been unsuccessful in the past in its search for a Finance Director with municipal experience and had decided to put the search on hold until the FY 2023 audit was completed. As to outside help with its financial records, the Town is considering this option.

Commissioners expressed their appreciation to Town officials for attending today's meeting

**3. City of Derby**

Commissioner Rybacki noted for the record that the City of Derby is a client of his firm.

Mayor, Joseph DiMartino and Finance Director Brian Hall introduced themselves. Commissioner LeBlanc requested an update from the City. Mr. Hall indicated in terms of staffing, due to time-off and

related issues in the Tax Office, his Finance Office team has had to cover the staffing shortage in that department, causing a delay in some of the items that needs to be completed by the Finance Office staff. There are issues with the QDS tax system and with the City's new ERP system whereby certain processes are having to be done on a manual basis. This creates significant additional work for City staff. In regard to Police outside work, the City is still negotiating with the Police union, but Mr. Hall believes that there has been progress on this issue that would allow for a significant increase the City could charge for these services. The audit for FY 2024 is ahead of prior years in terms of the timing of the completion of the audit. Although Mr. Hall does not believe the FY 2024 audit will be completed by December 31<sup>st</sup>, he does believe it will be completed by the first quarter of calendar year 2025. Regarding the audit findings, Mr. Hall plans to develop planned actions to address some of these long-standing deficiencies.

The FY 2023-24 unaudited results project a \$1.2 million operating surplus that would result in a cumulative fund balance of \$3.8 million as of June 30, 2024. The surplus would reverse the operating deficit trend from the past several years. The FY 2024-25 budget included a significant tax increase in order to achieve a realistic budget as opposed to past years. He does not anticipate any significant tax increase in the FY 2025-26 budget. Mr. Hall does not anticipate the City having to return ARPA funds back to the Federal Government. The City intends to utilize any remaining unobligated funds for revenue loss.

Commissioner Marien noted that the documents submitted by the City indicated that the City over-expended its FY 2023-24 budget by 6%, she inquired as to the controls in place to ensure that similar over-expenditures do not recur as it relates to FY 2024-25. She specifically inquired as to controls related to purchase orders and interim transfers. Mr. Hall indicated his belief that adequate controls were in place and described the control procedures. The areas of significant over-expenditures that had occurred in FY 2023-24 were primarily related to the Finance Office and unrealistic budgeting in areas such as benefits where inappropriate budgeting can lead to significant variances.

Commissioner Waldron inquired about the education overspending as reported in the FY 2023-24 budget vs. actual results document presented and whether controls were in place. Mr. Hall acknowledged that this is one area he believes does need a strengthening of controls. He and the School's Business Manager, Robert Trainor described the problems that led to the overspending and indicated that the City and Board of Education were communicating more closely to prevent this from happening in FY 2024-25. Mr. Hall indicated that he intended to address this matter by more closely monitoring the Board of Education spending, changing certain budgeting practices, and would be implementing additional controls in this area.

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

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

Mayor Lauren Garrett introduced herself and the Town's Assistant Finance Director, Rick Galarza. She indicated that the Town's Finance Director, Curtis Eatman had resigned as it was his intent to move out of the State. The Town is now going through the hiring process for a new Finance Director, but until that happens, she believes that the Town is in good hands with its present staff. The Town recently hired a full-time risk manager and a new economic development director. Unaudited results for FY 2023-24, indicate a positive result from operations with favorable revenue and expenditure variances. Mayor Garrett noted that the Wintergreen School was sold in FY 2022, a certain portion of the proceeds were earmarked to cover school related costs including capital related school projects. Those funds meant for school related projects were kept in the General Fund, fund balance. Those school related costs are now reflected as a use of fund balance in the FY 2023-24 budget results. Regarding ARPA, all funds are expected to be obligated by the December deadline. There are currently two remaining projects that are expected to be obligated by December to obligate the remaining ARPA funds. There is a new audit firm that is conducting the FY 2024 audit, and the Town does expect to request an audit extension. Commissioner LeBlanc inquired as to the projected issuance date of the FY 2024 audit

given that there is an indication that an extension will be requested. The Mayor indicated that She expects the audit to be issued in the January/February 2025 time frame. Several other questions were posed to the Town and the Mayor and Assistant Finance Director responded.

Commissioners thanked the Town for its attendance at today's meeting.

## **5. Town of Plymouth**

Commissioner Sielman stated that the Town of Plymouth was a client of her firm.

Mayor Kilduff introduced himself and Interim Finance Director Seth Bernstein. The Town retained an outside consultant who is acting in the capacity of the Interim Finance Director. The permanent Finance Director position has now been posted and the Town is actively seeking to fill the position. The Mayor indicated that there continues to be no issues with the Town's financial condition. He described the social engineering incident that led to the original loss of \$208,300 in Town funds. Since that time, the Town has recovered over half of that loss reducing the amount to approximately \$84,000. There is currently an insurance claim and law enforcement were notified. The investigation is ongoing but there is no suspicion that Town employees were involved. The Town's Finance Director resigned because of the incident. The Mayor believes that human error was the primary cause of the loss, nevertheless, the Town has implemented additional controls and is providing additional training to employees. Commissioner Waldron inquired whether the training being provided was organization wide and extended to the Board of Education. Mayor Kilduff indicated that training was definitely being provided to those employees on the Town side, but he was uncertain regarding the training at the Board of Education. He intends to obtain that information. Additional questions were posed including further questions on the cyber incident and ARPA funds.

Commissioners thanked the Town for attending today's meeting.

## **6. Other Business - Legislative Changes Affecting Municipal Finance and Audits:**

- Municipal Fiscal Indicators
  - Mr. Plummer explained the late issuance of the FY 2018-2022 Edition of Municipal Fiscal Indicators (MFI) in September of 2024. The late publication was the direct result of the significant late submissions of the FY 2022 municipal audit reports. OPM does not issue MFI until all 170 municipal audit reports have been submitted.
- Proposed Meeting Dates for Calendar Year 2025
  - Commissioner LeBlanc referenced the proposed meeting dates of the Commission for 2025 included in the packet of information provided to Commissioners. He noted the proposed May 7<sup>th</sup> meeting which would be an in-person meeting in Hartford at the Board of Regents.
  - The proposed meeting dates were approved unanimously.

## **7. Adjournment:**

- The meeting adjourned at 11:31 a.m.

Respectfully submitted,

Kimberly Kennison  
Commission Secretary