



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

MUNICIPAL FINANCE ADVISORY COMMISSION

DRAFT MINUTES – REGULAR MEETING

Wednesday, February 19, 2025

Meeting Location: Telephonic Meeting

Date/Time: February 19, 2025, 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
(Commissioner Waldron joined the meeting at 10:50 a.m.)

Others Present: William Plummer, OPM Staff
Michael Reis, OPM Staff
Rachel Moser, OPM Staff
Kimberly Masson, State Treasurer's Office
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
Vijay Dora, 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
Vanessa Rossitto, Jessica Aniskoff, Mike Popham - CLA

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 November 20, 2024 Meeting

The November 20, 2024 minutes were unanimously approved.

3. FY 2023 and 2024 Municipal Audit Reports Update

Mr. Plummer provided a 4-year comparison of municipal audit report submissions from FY 2021-2024. The data reflects that FY 2024 audit report submissions by the December 31st statutory due date have improved as compared to FY 2022 and 2023 audit reports and are now back to the submission levels of FY 2021 audit reports.

Mr. Plummer indicated that there were still 5 audit FY 2023 reports outstanding. Commissioner LeBlanc noted that the City of Stamford had projected the issuance of the FY 2023 audit report by the end of February. The other 4 municipalities had not provided a projected issuance date for their FY 2023 audit reports. He made a motion that letters be sent out by OPM on behalf of the Commission to the 5 municipalities with outstanding FY 2023 audit reports emphasizing that their reports have been outstanding more than a year past the statutory December 31st due date.

Commissioner Marien inquired as to how the Commission and OPM determines which municipalities to meet with regarding their late audit submissions. She noted that the Commission is now meeting with Danbury, East Lyme and Marlborough, but that there were several other municipalities with delinquent report submissions. Commissioner Kennison indicated that OPM has held individual meetings with many of the municipalities with delinquent audits. Those meetings assist OPM in recommending to the Commission which municipalities to meet with. For instance, a municipality may not have an action plan in place for completion of the audit or there may be facing significant staffing shortages of key personnel in the finance office. A history of consistent delinquent audits would also be a factor.

Commissioner LeBlanc's motion for OPM to send a letter to the 5 municipalities with outstanding FY 2023 audit reports was unanimously approved.

Commissioner LeBlanc noted that officials from Danbury, East Lyme, and Marlborough attended today's meeting to provide the Commission with an update on their FY 2023 and 2024 audits. He noted that the City of Danbury submitted its FY 2023 financial audit report last week.

a) City of Danbury:

Mayor Alves introduced himself and commended his Chief of Staff, the City's Finance Director and the assistant Finance Director in working hard to get the FY 2023 audit completed. He stated that he took office 14 months ago and started attending meetings with the Commission regarding the FY 2022 delinquent audit. Since then, he and his administration have been able to produce 2 audits within a 12 month period. CLA was retained as a consultant to assist the City in getting its records prepared for the audit by its independent audit firm RSM. The City plans to continue to work hard in getting the FY 2024 audit done. Mayor Alves indicated that realistically, the FY 2024 audit would be completed by August of 2025.

Finance Director Dan Garrick indicated that the FY 2023 single audit reports would be issued by the end of the week. He confirmed Mayor Alves projection that the FY 2024 audit report would be issued in August of 2025. As to FY 2023-24 operating results he is projecting that the City will be close to a break-even position without having to use fund balance. Commissioner Sullivan inquired as to the

status of the FY 2025 audit. Mr. Garrick indicated that once the FY 2024 audit is completed, the City plans to start immediately working on the FY 2025 audit. At this time, he projects issuance of the report by the end of February, 2026.

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

b) Town of East Lyme:

Commissioner Marien noted for the record that she is not independent with respect to East Lyme.

First Selectman Dan Cunningham and Finance Director Kevin Gervais introduced themselves. First Selectman Cunningham indicated that it was slightly more than a year ago since he took office and became aware of the long-standing history of delinquent audit submissions. At that time, the FY 2022 audit was still outstanding. That audit has now been completed, and he and Finance Director Gervais hold regular meetings regarding completion of the FY 2023 audit as well as regular meetings with the independent audit firm, CLA.

Mr. Gervais indicated that a draft of the FY 2023 financial statements was provided to East Lyme and for which the draft was sent by the Town to the credit rating agency, S&P. He is projecting that the FY 2023 audit would be completed by March or early April at which time the Town will begin to work immediately on the FY 2024 audit. Jessica Aniskoff from CLA emphasized that what was provided to the Town was not a full draft of the audit. She agrees that the FY 2023 audit can be completed in the time frame indicated by Mr. Gervais. She has not had in-depth discussions yet with East Lyme regarding the FY 2024 audit. If the FY 2023 audit report can be issued by the March/April timeframe indicated, the firm would be able to move towards the FY 2024 audit as the busier time of the audit season typically begins in August. Regarding the question posed by Commissioner Sullivan on the status of the FY 2025 audit, Mr. Gervais indicated that the audit contract with CLA goes through FY 2024. One of the first things he would need to do as it relates to the FY 2025 audit would be to generate a RFP for audit services or get approval to allow CLA to conduct the FY 2025 audit. He plans to pursue this once the FY 2023 audit is completed. Mr. Genovese noted the continuing trend in late audit submissions with no improvements to the time to issue the audit reports and inquired whether actions had been taken to improve upon the completion time of the audits. Mr. Gervais indicated his belief that with the hiring of additional staff in the finance office, the implementation of new systems including the new accounting system, the Town will be able to get back to timely audit reporting. Commissioner Kennison indicated her belief in the importance of issuing the FY 2023 audit as soon as possible to prevent the continuing lag of late audits with no improvements of the time to complete the audits.

Commissioners expressed their appreciation for today's presentation from the Town.

c) Town of Marlborough

Town Manager David Porter indicated that he and Interim Finance Director Linda Savitsky were in attendance. He indicated that since the Town last met with the Commission, the Town has hired two experienced municipal accountants who have greatly assisted in reconciling its bank statements relevant to the FY 2023 audit and reconciling sewer assessment receipts. Adjusting journal entries have been made to the Board of Education records, the Board of Education grant accounts and the Town's tax collection records. The plan currently is to have CLA on-site within the first two weeks of March to conduct field work.

The Town's independent auditor, Vannessa Rossitto from CLA indicated that the firm had notified the Town that it would need two weeks advanced notice as to when the Town is prepared to have the audit firm on-site to begin field work. In response to Commissioner Kennison's request for a realistic date that the FY 2023 audit report could be issued, Ms. Rossitto indicated that if the firm was to conduct the field work in March there would be a small chance that the FY 2023 audit could be completed by May,

but it would be unlikely. The firm had previously begun the audit but had to put some of its intended work on hold due to a number of unreconciled balances.

Mr. Porter reminded the Commission of the impediments the Town has encountered in providing timely audits including a new Town Manager and the loss of staff in the finance office, including the Finance Director position. He also believes that the FY 2024 audit will be completed in a shorter timeframe given that those records are in better condition to undergo the audit. Mr. Porter plans to post the permanent Finance Director position and will be exploring the possibility of sharing an experienced Finance Director with other communities.

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

4. City of Derby

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

Finance Director Brian Hall informed the Commission that Mayor Joseph DiMartino was unable to attend today's meeting. Mr. Hall described the staffing challenges in the Tax Office, whereby for the month of January 2025 he had to man that office which delayed intended work on the FY 2024 audit. The City has now hired both a Tax Collector and an assistant Tax Collector beginning in February. There is also a staffing shortage in the Finance Office. Regarding FY 2023-24 operating results, Mr. Hall is projecting a \$1 million surplus. However, a reconciliation between the City and Board of Education is necessary to confirm the Board of Education numbers. Mr. Hall has not yet had the time to address all the audit deficiencies noted in the FY 2023 audit report. He believes some of those deficiencies will not be repeated in FY 2024. Mr. Hall provided an update regarding the ARPA funds.

Commissioner LeBlanc inquired as to whether Mr. Hall had a concern with the Board of Education reconciliation impacting the FY 2023-24 projected results. Mr. Hall indicated that he does have such concerns, and that reconciliation could ultimately result in an increase or decrease to the projection. Mr. Hall indicated that he expects the FY 2024 audit to be completed before June. The FY 2025 audit is not expected to incur the issues that caused some of the delays with the FY 2024 audit. He would expect the FY 2025 audit to be issued in the first quarter of 2026.

Commissioner Sielman expressed her concerns regarding actual contributions towards the City's pension and OPEB plans being less than what was budgeted based upon the FY 2024 and FY 2025 budget vs actual information provided by the City. Mr. Hall acknowledged that for FY 2023-24 with the improper budgeting under the prior administration, the Board decided to reduce the pension contribution from \$1.0 million to \$500,000. For FY 2024-25 the City (including the WPCA) recently contributed \$1.0 million to the pension plan that was budgeted for. The information provided for today's meeting does not reflect that contribution. Commissioner Sielman indicated the City should work with its actuary to change the timing of when the actuarial determined contribution is provided to ensure that the City has ample time to incorporate the full ADEC in its upcoming budget. She also recommended that the portion of the WPCA contributions be budgeted under the WPCA rather than under the City. Several other questions were raised by Commissioners including the use of encumbrances to project actual expenditures, whether police private duty charges were sufficient to cover costs and whether the City had procedures in place to ensure charges assessed by the City for police private duty were being paid, etc.

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 Assistant Finance Director, Rick Galarza. She indicated that the Town is working on its FY 2025-26 budget, and she is preparing to release her

proposed budget on March 17th. The Town is going through the hiring process for a new Finance Director but has yet to attract great applicants. As a result, the Council has allowed her to increase the salary offered for the position to between \$170,000 and \$175,000. All ARPA funds have been obligated and most of the funds have been expended.

Commissioner LeBlanc noted that the Town had retained a new audit firm to conduct the FY 2024 audit and inquired as to the projected completion date of the audit. Mayor Garrett acknowledged that Marcum had been retained to conduct the FY 2024 audit. She is hoping that the audit will be completed in the next couple of months but will have a better projection next week. Commissioner LeBlanc requested that the Town update OPM once the information on the audit becomes available.

Commissioner Waldron inquired as to the status of the October 2024 grand list and its possible effects on the FY 2025-26 budget. Mayor Garrett indicated that the grand list had increased by approximately 40%. Although the significant increase is good, there has been more of a shift to residents from commercial and therefore some difficult decisions will need to be made. Commissioner Sullivan noted that in the FY 2024-25 budget vs actual information provided, there appeared to have been an amendment to the department revenue budget to increase revenues by \$2.9 million. Mayor Garrett indicated that the \$2.9 million was to be used to finance certain Board of Education capital related costs that the legislative council had committed to make after the sale of a school within the Town. The \$2.9 million additional funds have been transferred to the Board of Education Capital and Nonrecurring Fund. Commissioner Rybacki noted that the Town was projecting a \$12.0 million budgetary operating surplus in FY 2023-24 and inquired as to whether the Town planned to allocate the surplus to fund balance or intended to use the surplus in financing its FY 2025-26 budget. Mayor Garrett indicated that the surplus would go towards fund balance but that the Town may use a portion to shore up deficits in certain other funds outside of the General Fund. Commissioners made several other inquiries that were answered by the Town.

Commissioners thanked the Town for attending 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 Vijay Dora. He indicated that he was able to bring on Mr. Dora in mid-December as the new Finance Director. Mayor Kilduff indicated that overspending occurred in FY 2023-24 due to technological needs such as purchases of two new servers, while savings included lower than anticipated costs for medical insurance partially driven by being down five officers at one point. The vacancies have since been filled. The Town's assessor works for 3 different towns, and to date the 2024 grand list has not been finalized. The grand list should be finalized no later than next week. Regarding the FY 2024 audit, the Town has sent over to its auditor the first round of items requested. Mayor Kilduff does not have an estimated date as to when the FY 2024 audit will be concluded but of course his goal is to complete the audit before the end of June. According to Mr. Dora, the audit firm recently requested close to 28 items and the Town has provided 7 or 8 of these items and plans to provide the remaining items requested as soon as possible. Mayor Kilduff indicated that he would provide OPM with an updated timeline on the completion of the FY 2024 audit in the next couple of weeks after he meets with the Town's audit firm. Mayor Kilduff and Mr. Dora answered several other questions posed by Commissioners

Commissioners thanked the Town for attending today's meeting.

7. Other Business

Commissioner Kennison noted that the next regularly scheduled meeting is May 7th and that this meeting would be an in-person meeting in Hartford at the Board of Regents.

8. Adjournment:

The meeting adjourned at 11:26 a.m.

Respectfully submitted,

Kimberly Kennison
Commission Secretary