



STATE OF CONNECTICUT OFFICE OF POLICY AND MANAGEMENT

MUNICIPAL FINANCE ADVISORY COMMISSION

OFFICIAL 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 14th 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 31st 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 31st, 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 15th. Ms. Aniskoff confirmed that the schedule laid out in the plan was for the Town to provide the requested information by November 15th 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 31st, 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 7th 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