

# STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

## DRAFT MINUTES

### MUNICIPAL FINANCE ADVISORY COMMISSION

#### SPECIAL MEETING

WEDNESDAY, JANUARY 22, 2020

Meeting Location: Board of Regents Conference Room  
61 Woodland Street  
Hartford, CT 06105

Date/Time: January 27, 2020, 10:00 A.M.

Members Present: Mr. Douglas Gillette  
Ms. Kimberly Kennison  
Mr. Michael LeBlanc  
Mr. John Schuyler

Members Absent: Chair, Ms. Kathleen Clarke Buch  
Ms. Diane Waldron  
Ms. Rebecca A. Sielman

Others Present: Julian Freund, OPM Staff  
Jean Gula, OPM Staff  
William Plummer, OPM Staff  
Morgan Rice, OPM Staff  
Richard Ives, First Selectman, Town of Brooklyn  
Kevin Kenzenkovic, Temporary Finance Director, Town of Ellington  
Christopher King, Auditor, King, King & Associates, P.C.  
Stephen Pedneault, Accountant, Forensic Accounting Services, LLC.  
Ann Marie Rheault, Finance Director, Town of Plymouth  
Glenn Rybacki, Day Pitney LLP

#### 1. Introduction/Call to order

The meeting was called to order at 10:25 a.m. by Commissioner Kennison, who was chairing today's meeting in the absence of Chairperson Buch.

#### 2. Approval of the Minutes to the October 16, 2019 Meeting

The minutes of the October 16, 2019 meeting were approved, with Commissioner Schuyler abstaining.

**3. Town of Brooklyn – Update on Corrective Action on Audit Findings from the June 30, 2018 Audit / Status of June 30, 2019 Audit**

First Selectman Ives introduced himself and announced that Kelly Vachon had resigned as the Town's finance director as of January 20, 2020. The Town has scheduled four interviews for next week to fill the finance director position. Commissioner Kennison recommended having someone from either the Town's audit firm or Mr. Pedneault, the Town's accounting consultant, sit in on the interviews to ensure the candidates have the expertise needed.

First Selectman Ives believes that the Town has committed the resources needed in the Finance Department for the department to operate in the manner needed for processing transactions and producing reports in a timely manner on a go forward basis. There are now three employees dedicated to payroll, receivables, and payables for the Town and the Board of Education (BOE). In addition, there is a human resource employee that helps with payroll and insurance functions.

Stephen Pedneault introduced himself to the Commission. He is a forensic accountant that was retained by the Town a year ago to assess the Town from a forensic aspect. While Mr. Pedneault determined that there were no forensic issues, he did identify several problems however with the fiscal controls and processes within the Town, including: (a) the understaffing in the finance department, (b) difficulties with the Board of Education payroll and payables system, whereby the Superintendent was the person processing payroll and payables, and (c) that the Town's accounting system was problematic and that none of the current employees were proficient with the system. Mr. Pedneault worked with the Town to bring in several individuals to implement the controls and procedures that were needed.

The Town believes that its records are now reconciled up until November 2019 and that the general ledger is in balance. Town staff is working with its auditors to provide them with the information required to complete the June 30, 2019 audit. The Town expects that the FY2018-19 financial statements will include a prior period adjustment to provide a clean start point for moving forward. The payroll process was outsourced due to difficulties using the Town's Infinite Visions accounting system for that function. Commissioner Kennison requested that the Town provide to the Commission a complete checklist of what has been reconciled on the balance sheet and what has not.

Mr. King from the Town's auditing firm stated that his firm started the audit on the Board of Education side since the Board's records were in a better condition for auditing relative to the Town's records. Therefore, there has been a delay in auditing the Town's records. It appears that the Town has now obtained the rest of the information the audit firm was seeking and Mr. King is in the process of scheduling the continuation of the Town-side audit. At this point, Mr. King does not perceive any obstacles to completing the June 30, 2019 audit, and anticipates having the audit completed and submitted by the end of February 2020.

**4. Town of Ellington – Update on Corrective Action on Audit Findings from the June 30, 2018 Audit / Status of June 30, 2019 Audit**

Commissioner Gillette stated for the record that his firm serves as bond counsel to the Town of Ellington.

Kevin Kenzenkovic started by saying he was the new Temporary Finance Director for the Town of Ellington, starting the position 10 days ago. The Town has had staffing issues which contributed to the findings in the June 30, 2018 audit. The Town is currently seeking a permanent Finance Director. The Town has had a history of developing its budget for the upcoming fiscal year and working on its audit for the prior fiscal year in the same timeframe. Mr. Kenzenkovic has proposed an earlier commencement of the audit process so that the audit and budget development are not being done simultaneously. Several questions were posed to Mr. Kenzenkovic regarding the current status of the June 30, 2019 audit. Mr. Kenzenkovic indicated that he wanted to discuss the audit with the audit firm before responding. He will be providing information to the Commission on the status of the audit once he has made contact with the audit firm.

**5. Town of Plymouth – Results of June 30, 2019 Audit / Corrective Action Plan to Management Letter Findings**

Ms. Ann Marie Rheault, Finance Director of the Town of Plymouth introduced herself to Commissioners and provided an update on the Town's financial condition. She referenced the information that she had earlier provided for today's meeting, noting that the FY 2018-19 audit report was timely submitted. The Town ended fiscal year 2019 with an overall general fund, fund balance of \$3,853,157 and an unassigned general fund balance of \$2,898,442.

Ms. Rheault described the corrective actions that the Town had taken to address the issues cited in the June 30, 2019 management letter. She described a number of fiscally sound actions the Town had recently taken including the use of the proceeds from the sale of Town property, and the Board of Education's move to the State partnership health insurance plan effective July 1, 2018. She described the implementation of certain internal controls regarding the Town and Board of Education computer systems, including obtaining security assessments and monitoring of these systems. Ms. Rheault indicated that FY 2019-20 would be the first year of full results using the recently implemented new accounting system. Ms. Rheault briefly went over the FY 2019-20 budget to actual results to date. Commissioners indicated that the Town appears to have made significant improvements to its finances and internal controls from when the Town first came before the Commission. Commissioners expressed their appreciation for her attendance and presentation at today's meeting.

**6. Proposed Calendar Year 2020 Meeting Dates**

The following list of proposed calendar year 2020 regular meeting dates was presented to and approved by the Commissioners: March 18<sup>th</sup>, May 27<sup>th</sup>, July 29<sup>th</sup>, September 30<sup>th</sup>, and December 9<sup>th</sup>.

**7. Other Business**

Commissioner Kennison indicated that the latest edition of Municipal Fiscal Indicators had not been posted yet, but is anticipated to be posted in the near future. Today's information packets included draft pages from the Municipal Fiscal Indicators for each of the municipalities that had been designated, or had preliminarily been indicated, as falling within one of the Tier categories established under Chapter 117 of the General Statutes. A discussion ensued among the Commissioners regarding the information.

**8. Adjourned.**

The meeting was adjourned at 11:45 a.m.

Respectfully submitted,

Douglas W. Gillette  
Commission Secretary