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AUDIT COMMITTEE MEETING OF THE BOARD OF FINANCE

The City of Stamford Board of Finance held an Audit Committee meeting
via Zoom:

Thursday, June 13, 2024, at 6:00 p.m.

CALL TO ORDER: Audit Committee Chair, Mary Lou Rinaldi, called the meeting to order at
6:00 p.m. (*Video 00:00:12*)

MEMBERS PRESENT: Audit Committee Chair, Mary Lou Rinaldi; Audit Committee Member, Dennis
Mahoney

OTHERS PRESENT: Board of Finance Chair, Richard Freedman; Board of Finance Members: Geoff
Alswanger, Laura Burwick and J.R. McMullen; Ben Barnes, Teresa Viscariello, Vernessa DeCausey and
Bill Brink.

MINUTES

1. FY 23 WPCA AUDIT DEFAULT PRESENTATION -- DISCUSSION (*Video 00:00:12*)

The SWPCA did not submit the Debt Service Coverage Ratio Certificate (the DSCR Certificate) and the Annual Audited Financial Statements (the Audit) prior to the date required under the Indenture of Trust (the Indenture) dated as of December 21, 2001, by and among the City, the SWPCA, and the Trustee, as amended and supplemented. Such violation of covenant has a 30-day cure period which ended on April 7, 2024.

On April 5, 2024, prior to the 30-day cure period expiring, the SWPCA provided the DSCR Certificate to the Trustee. This certificate showed a Debt Service Coverage Ratio of 1.64 (defined as the ratio of aggregate annual debt service to revenues net of operating expenses), comfortably above the minimum level established in the Indenture of 1.15.

Under Section 1001(4) of the Indenture, the failure by the SWPCA to deliver the Audit by April 7, 2024, constituted an Event of Default (Default) under the Indenture. Although it did not remedy the Default, on April 12, 2024, a draft of the audit was delivered to the Trustee. Upon completion and remedied pursuant to Section 1004 of the indenture. During the period between April 7 and the completion of this audit there was no action by the Trustee or the bondholders to accelerate payment on or call the outstanding revenue bonds. Based on the remedy of the Default with the filing of this audit, the SWPCA's outstanding revenue bonds are presented as Long-Term Revenue Bonds Outstanding.

Attending: Ben Barnes, Director of Administration
Teresa Viscariello, Controller
Bill Brink, Executive Director, WPCA
Vernessa DeCausey, Accounting, WPCA

Audit Committee Chair, Mary Lou Rinaldi, advised that this audit meeting was scheduled upon receiving correspondence from the External Auditors (RSM), alerting to a default on the FY23 WPCA Audit. Ms. Rinaldi asked for an explanation for the non-compliance creating the default.

Ben Barnes provided history on this item. Mr. Barnes pointed out that there are two pieces of a complete audit submission required by the due date: the debt service ratio certificate, and the audited financial statements. Mr. Barnes advised that the debt service ratio certificate was submitted just before the deadline, but completed audited financial statements were not submitted at the time because they were not completed. The default was declared, since the WPCA's fully mandated audit was not submitted by the deadline.

Mr. Barnes emphasized that a month and a half later, when the audit was completed, WPCA submitted the completed financial statements along with a revised debt service certificate.

Mr. Barnes confirmed that the WPCA was clearly in default for a period. That default was remedied under the terms of the agreement by filing the full audit. Mr. Barnes does not believe there are any long-term impacts or any potential for further action against the WPCA.

Ms. Rinaldi requested additional information regarding the former controller retained for consulting work for the City post-retirement. The Board of Finance was clearly advised at a previous monthly meeting that the primary reason for retaining the former controller as a consultant was because he was needed to work on the WPCA audit. Mr. Barnes further stated that "the former controller was the only one who knew what he was doing, and how to get it done". Ms. Rinaldi asked for clarification as to why the former controller couldn't get the WPCA audit completed on time as promised. Ms. Rinaldi reiterated her frustration that the former controller did not adequately perform when he was employed by the City as controller and was further disappointed by his unsatisfactory performance as a consultant retained by the city.

Mr. Barnes also cited technical impediments (transitioning from HTE to Oracle) that caused delays since there were significant conversion challenges when they brought over the fixed asset ledger from HTE into Oracle in the middle of FY23.

Dennis Mahoney asked if the WPCA or the City had any past defaults, and if there would be any reputational issues associated with the recent WPCA FY23 Audit. Mr. Mahoney asked if processes and staff are now in place to ensure timely future Audits.

Mr. Barnes stated that Vernessa DeCausey, WPCA, took the lead on the audit for the first time, and he credited Ms. DeCausey with completing her work quickly and not being the cause of any delays. In addition, Mr. Barnes confirmed that good systems are in place. The Oracle ERP is functioning to produce timely financial reports for the WPCA.

Ms. Rinaldi asked for an update on the FY23 Audit since she was advised by RSM that the audit review process has not yet started.

Teresa Viscariello provided a pointed overview of the current workings of the Controller's office:

- The City is no longer engaged with the Consultant (former Controller).
- The City has received initial requests from RSM for planning: bank accounts, investment accounts, and all five pension disclosure reports.
- Additional staffing has been added through CLA consulting services.
- Additional temporary staff have been added to assist with certain receivable items.
- Seasonal workers provide additional support.
- New City project accountant was hired
- Ms. Viscariello, the newly appointed controller, holds weekly meetings with RSM, consultants from CLA and bi-weekly meetings with staff.
- Ms. Viscariello is fully engaged with every staff member in redistributing work daily.
- We are using the RSM platform to load most documents – change implemented for FY23 --allowing for real time acceptance/denial of submitted documents.
- Estimated time frame to submit general ledger through closing period 12 to be in the next week.

Mr. Barnes added that he anticipates the FY23 Audit will be completed close to Labor Day, 2024.

Ms. Rinaldi asked if a scheduled monthly update to the Board would be helpful to make sure we're on track.

Mr. Barnes agreed that a monthly update to the Board through the end of 2024 would be a good idea.

Ms. Rinaldi thanked Vaness DeCausey and Bill Brink for attending the meeting and clarified that this meeting was scheduled to better understand the reason for the default of the WPCA Audit.

No motions were made. No votes were taken.

ADJOURNMENT: (Video 00:28:02)

Ms. Rinaldi adjourned the meeting at 6:28 p.m.

[This meeting is on video.](#)

Tracy Donoghue
Tracy Donoghue
Clerk of the Board