A special meeting of the Banking & Audit Committee of the Board of Finance was held on November 21, 2024 at 9:00 a.m. in the City Hall Meeting Room 1-3, 111 North Main Street, Bristol.

Members Present: Glenn Heiser, Dave Maikowski and Jon Mace
Also Present: City: Diane Waldron, Robin Manuele and Jessica Pilgrim
CLA: David Flint and Gabe Epstein

1. Call to order.

Chairman Maikowski called the meeting to order at 8:28 a.m.

2. To discuss the June 30, 2024 Audit with CLA and to take any action as necessary.

Gabe introduced David Flint, the new partner on the account replacing Nikoleta McTigue. There are two areas of significance remaining for review and testing which include Capital Assets and Legal Confirms. They are waiting on legal confirms from Corporation Counsel and two for BOE matters. A draft will be provided for review by 12/1/24 so and will be forwarded to CLA's internal technical review team at the same time. Gabe reviewed some of the testing that was done. Discussion was held on the Pequabuck River Retaining Wall project as the expenditures were expended prior to the grant being received. The City was initially going to bond the project and the grant award and approval from the State came in after the project was already in progress. There was a finding with the ESSER grant invoice which will be noted on both the State and Federal single audits. Gabe explained the unpredictable search testing they do each year which management is not aware of. This year it was a judicial search of Department Heads and nothing of significance was found. Fraud interviews were also conducted. The Alternative investments are considered high risk investments for the pension fund and extensive testing was performed in this area. Nothing of concern was noted.

There was an issue that was identified with regard to the Capital Asset transfer related to the Water Pollution Control assets that were transferred to the Enterprise Fund for the June 30, 2023 audit. Approximately $2 million of assets will be transferred back to Governmental Activities from Business Activities. All of these assets are fully depreciated. Also noted was that the Special Education Grant Fund will be a Major Fund this year.

Gabe discussed the City's grants process and procedures as they noted that Grants Administrator is involved in some grants, and other grants the Departments are responsible for. The Comptroller's Office is not always aware of all the grants and who is in charge therefore it is difficult to track down information when it is asked for. Diane provided the example of the municipal parking garage which is $5 million, 100% grant funded and the City has not received any of these funds from the State as of today. It was noted that when filing the application if there is an option for progress payments for grants that should always be selected. In this case the City chose to receive these funds when the project was complete. A few minor items had to be resolved before grant reimbursement could be requested and these items took some time to complete. These are the type of areas that should be discussed with the Comptroller's Office at the time of grant submission so there is not a drain on cash flow during. Discussion was held on the role of the Grants Manager and how in many Cities this position falls under the Comptroller's Office and is fully responsible for grant submission, monitoring and reporting during the life of the project/grant.

The auditors left the meeting at 9:01 a.m.

3. To discuss the City's Investment opportunities and to take any action as necessary.
    a. StoneCastle Cash Management

Ryan explained StoneCastle is an Investment Firm that reached out from the New England States GFOA Conference. Their current rate is 4.35% and is presented as an additional investment option to allow for more diversity with the City's investments. This investment option provides overnight liquidity to banks throughout the country. The City has control on which banks its funds are used for so there is no duplication or investments in banks that the City already is invested in with Northern Capital. The investments are also FDIC insured as the $250,000 maximum would not be exceeded.

Discussion was held on the City's current investment portfolio, which Ryan will provide an update on at the BOF meeting this month including the rates and amounts at each bank.

Commissioner Heiser made a motion seconded by Commissioner Mace

"To recommend the Board of Finance add StoneCastle Cash Management to the approved list of investment choices with an initial investment of up to $1,000,000." Motion approved

4. To discuss the Audit RFP and to take any action as necessary.

Diane discussed this is the last year CLA is contracted for the City's audit and is due to go out for RFP for June 30, 2025. Nikoleta McTique has left the firm, and the City has had a new principal for the audit for the last month. Discussion was held on the limited audit firms which still do governmental accounting and what responses may be received from an RFP. Diane will reach out to other similar communities and see if any have gone out to bid recently, and what their results were. The committee did discuss remaining with CLA as there is a new principal on the audit this year which is essentially a significant change in personnel on the audit. In addition, there was also a comfort level in the CLA technical review process which includes an independent team that only reviews governmental audits for compliance. She will reach out to CLA for pricing for two additional years.

5. Adjournment.

Commissioner Heiser made a motion seconded by Commissioner Mace

"To adjourn at 9:44 a.m." Motion approved

Jodi A. McGrane
Recording Secretary