

DRAFT

STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

REGULAR MEETING MINUTES
Hartford Subcommittee of the MARB

Meeting Date and Time: Thursday, January 26, 2022, 10:00 AM – 12:00 PM

Meeting Location: This was a virtual meeting. Meeting materials may be accessed at the following website:
<https://portal.ct.gov/OPM/Marb/Hartford-Committee-Meetings-and-Materials>

Call-In Instructions: Meeting participants may use the following telephone number and access code

Telephone Number: (860) 840-2075

Meeting ID: 205 001 536

Members in Attendance: Kimberly Kennison (OPM Secretary designee), Andrea Comer (State Treasurer designee), Mark Waxenberg, Robert White

City Officials in Attendance: Leigh Ann Ralls, Phillip Penn, Julian Freund, Maureen Colman

OPM Staff in Attendance: Simon Jiang, Bill Plummer, Michael Reis

I. Call to Order & Opening Remarks

The meeting was called to order at 10:03 AM. Ms. Kennison introduced Ms. Comer, the State Treasurer designee, to the subcommittee members in attendance.

II. Approval of Minutes:

a. November 17, 2022, regular meeting

Mr. White made a motion to approve the minutes with a second by Mr. Waxenburg. The motion passed 3-0-1 with Ms. Comer abstaining.

III. Review and Discussion: FY 22 Audit Reports

Leslie Zoll, of Clifton Larson Allen LLP (CLA) presented the City's FY 2022 Financial Statements and State Single Audit. The Federal Single Audit has is projected to be issued in February. The audit firm issued an unmodified opinion on the City's financial statements and no findings in the report on internal controls and compliance. Net position for governmental activities, which is reported on a full accrual basis, increased by \$59.8 million to \$695.1 million as of June 30, 2022. Ms. Zoll noted that GASB 87 was adopted, impacting the presentation of capital assets, long-term debt, accounts receivable and deferred inflows due to the City functioning as both a lessee and lessor. Net position for business type activities decreased by \$102,000 to \$18.8 million. Revenues and Expenditures for the Hartford Parking Authority were \$5.9M. The City's General Fund Balance increased by \$6.8 million to a total of \$38.7 million as of June 30, 2022. Additionally, the City had positive budgetary expenditure results of \$12.5 million and tax collections remain strong at 96.18%.

Looking forward to the FY 2023 audit, Ms. Zoll noted three new GASB standards which will need to be implemented (Statement 91, 94, and 96).

- IV. Review, Discussion and Possible Action: Labor Contracts:
 - a. MOA with Local 1716: Public Works Maintainers and Team Leaders

Mr. Freund provided a briefing on the new MOU with Local 1716. He noted that this new MOU addresses salary schedules for several positions which have been difficult to fill. Mr. White made a motion to recommend approval of the contract by the full MARB, with a second by Ms. Comer. There was no further discussion. The motion passed 4-0-0.

- V. Update: Budget Mitigation Measures

Mr. Penn provided an update on the BOE's budget mitigation measures for FY 2022-2023 and FY 2023-2024. The current budgeted deficit of \$24M (or 6% of operating budget) is driven primarily on the expense side by increases in tuition costs of approximately \$8.6 million (related to 300 additional students going to CREC schools and the recent notification of tuition increases that impact FY24-FY26) and transportation costs of approximately \$5.6 million (related primarily to special education door-to-door requirements in students' IEPs and displaced students). On the revenue side, the BOE has seen flat local funding and decreased State funding resulting in a decrease of approximately \$5.1 million. To close the budgeted deficit, the BOE has taken measures on the expense side by placing an immediate hiring freeze from the General Fund (exception is classroom-based instructional staff and positions funded by Special Funds) to save \$7M to \$9M and reduction and/or consolidation of programs, platforms, and non-personnel expenses estimated \$2M to \$4M. On the revenue side, the BOE is strategically using remaining ESSER funds approximately \$4M to \$6M, reexamining revenue assumptions to determine if they are too conservative estimated increase of revenue projection of \$3M to \$4M and to close the remaining budget gap of \$2M. Mr. Penn also expressed concern that the upcoming legislative session may present bills which have the potential to burden the BOE with additional future tuition costs related to in-district students attending open choice schools. Mr. Waxenberg and Mr. White shared Mr. Penn's concern. It was agreed that monitoring legislation stay on the agenda during this legislative session.

Mr. Freund provided an update on the budget mitigation measures by the City. He noted that the City is pursuing various grants from both foundations and the State. A fresh set of initiatives will be created as the City goes through their five year plan and budget effort.

Ms. Kennison questioned why the net position of the City's Worker's Compensation increased even though there were existing initiatives to mitigate this outcome. Ms. Ralls responded that the settlement of older cases is the main contributing factor.

- VI. Other Related Business

Ms. Kennison informed the board members that there now is a fully executed contract with Milliman.

- VII. Adjourn

Mr. Waxenburg made a motion to adjourn with a second by Ms. Comer. All in favor. The meeting adjourned at 11:14 AM.