

STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

REGULAR MEETING MINUTES
Hartford Subcommittee of the MARB

Meeting Date and Time: Thursday, January 18, 2024, 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: 226 004 731 835

Members in Attendance: Kimberly Kennison (OPM Secretary designee), Stephen Falcigno, Mark Waxenberg, Robert White, Lisa Hammersley

City Officials in Attendance: Leigh Ann Ralls, Julian Freund, Paul Foster, Maureen Colman, and Jonathan Harding

Clifton Larson Allen LLP Officials in Attendance: Leslie Zoll and Grace Musiitwa

OPM Staff in Attendance: Simon Jiang, Bill Plummer, John Mehr, and Lori McLoughlin

I. Call to Order & Opening Remarks

The meeting was called to order at 10:04 AM. Ms. Kennison noted that this is the City of Hartford's first meeting since being redesignated from a Tier III to a Tier II municipality under the MARB's oversight. As far as MARB responsibilities are concerned, the approval of labor contracts and review of non-labor contracts will no longer be necessary. The monthly budget reports will continue to be received and reviewed by the MARB.

II. Approval of Minutes:

a. September 21, 2023, Regular Meeting

Mr. Waxenberg made a motion to approve the minutes with a second by Mr. Falcigno. The motion passed 3-0-1 with Mr. White abstaining. Ms. Hammersley joined the meeting after the minutes were approved.

III. Presentation: FY 2023 Audit Reports

Ms. Ralls thanked the audit firm CliftonLarsonAllen (CLA), the City accounting, budget, and finance teams, and the Board of Education finance team for completing the City's FY2023 financial audit on time.

Ms. Zoll from CLA presented the financial audit reports for the City's FY2023 financial audit. She reviewed the terms of CLA engagement that includes expressing opinions on whether the basic

financial statements are presented in accordance with government accounting principles. Management is responsible for the financial statements with CLA determining whether these financial statements are correctly reported. CLA also expressed an opinion for the financial statements to the schedule of expenditures of federal funds, as well as the schedule of expenditures for state financial assistance. It was noted that CLA does not opine on internal controls but does provide a report on internal controls and a report as it relates to the State and Federal programs tested each year.

Ms. Zoll reviewed the results of the audit. The financial statements received an unmodified opinion, that were materially stated in accordance with Generally Accepted Accounting Principal (GAAP). There were no significant deficiencies or material weaknesses relating to internal controls. The Federal and State single audits received an unmodified opinion on those programs CLA tested with no findings or deficiencies to report. As far as Governance Communication, CLA had no disagreements with management, no difficulties performing the audit, and no independence issues.

Ms. Zoll and Ms. Musiitwa reviewed the City's financial highlights. Ms. Zoll pointed out that the General Fund balance had increased from \$20.6 million to \$59.3 million, budgetary expenditures were \$10.4 million less than budgeted, and budgetary revenues were \$14.5 million greater than the budgeted amount.

Ms. Musiitwa reviewed the financials for the Federal Single Audit and State Single Audit. The City spent Federal awards totaling \$223.3 million and \$428.7 million in State awards.

CLA noted that they will be performing the City's FY2024 financial audit.

IV. Other Related Business

Ms. Kennison requested that the Hartford Public Schools (HPS) provide the Subcommittee with an update on FY 24 budget projections and potential shortfall at the end of the year.

Mr. Foster stated that for FY2024, the full projection has not been completed but they have made some assumptions. The City has identified a budget task of about \$2 million, that they hope to solve in FY 2024. This year they have introduced aggressive budget sweeps for non-salary accounts in excess of 50% to be on track for FY24 and continue to track 6% assumptions in vacancy savings. They expect a \$9 million increase in tuition, \$1 million in increased utility costs, and additional expenses of \$5 million. They decided, at the request of the board, to leverage \$9 million of ARPA funds to help balance the budget.

Mr. Foster stated that with the implications of COVID relief funding expiring, the budget process had to start early and HPS will have less to spend in fiscal 2025 than they had the last three years. Based on current projections the HPS is forecasting a \$23 million increase in operating costs, which include increases in labor contracts, internal special education costs, tuition, and utility costs. Transportation costs will also be rising due to inflation, and the need to issue an RFP for a new bus contract. A \$1 million decrease in revenue is also forecasted for FY 2025 which is relevant to the \$60 million projected fiscal 2025 budget deficit, not including expenditures previously funded by COVID relief grants. There are programs and activities that are currently funded with COVID relief funds that HPS believe are essential. Examples are alternative programming at the high school level, increasing the number of social workers, and expanding translation services in the district. The HPS are having Community Budget Forums in the district

to provide an overview of the budget status, and to allow members of the community to discuss priorities.

The Subcommittee requested that Mr. Foster summarize the components (ACTUALLY REQUESTED A REPORT?) which make up the \$77 million shortfall. He stated that they are projecting a \$3 million increase in internal special education costs and \$4 million in transportation inside the district. Mr. Foster noted that the target date for a Board of Education budget vote is at its April 16th meeting.

V. Adjourn

Mr. White made a motion to adjourn with a second by Mr. Waxenberg. The meeting adjourned at 11:10 AM.