

DRAFT
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, and 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 a.m. 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 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.

Ms. Zoll shared that the financial statements received an unmodified opinion, that were 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. 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. CLA had no disagreements with management, no difficulties performing the audit, and no independence issues.

Ms. Zoll pointed out the City's financial highlights as 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. She also noted that CLA 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 of \$77 million.

Mr. Foster stated that he introduced a relatively aggressive sweep of budgets, in excess of 50% of the original budget, for certain non-salary accounts to make sure they are on track for FY24. The last resort is the use of fund balance to close the gap, as he would prefer to save these funds for FY25, if needed.

Mr. Foster stated that with the implications of COVID relief funding expiring, the HPS will have less to spend in fiscal 2025 than they had over 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 the need to issue an RFP for a new bus contract. 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 provide a report that summarizes the components which make up the \$77 million shortfall. 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.