



Senate Bill No. 1154

Public Act No. 23-197

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE AUDITORS OF PUBLIC ACCOUNTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subdivision (13) of subsection (b) of section 1-210 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(13) Records of an investigation, including any complaint or the name of [an employee] a person providing information under the provisions of section 4-61dd or sections 4-276 to 4-280, inclusive;

Sec. 2. Subsections (b) and (c) of section 7-395 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(b) If, upon such review of the audit report, the secretary finds (1) that such audit has not been prepared in accordance with subsection (a) of section 7-394a, and the municipality, regional school district or audited agency did not request permission to have the audit report prepared in a manner not in compliance with said subsection; or (2) evidence of unsound or irregular financial practices or management letter comments or lack of internal controls in relation to commonly accepted standards in municipal finance, then the secretary shall prepare a report

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concerning such finding, including, but not limited to, information to aid in the evaluation of such finding and recommendations for corrective action. The secretary shall submit such report to (A) the Municipal Finance Advisory Commission established pursuant to section 7-394b; (B) the Auditors of Public Accounts; and (C) the chief executive officer and clerk of the municipality, superintendent of schools for the regional school district or chief executive officer of the audited agency.

(c) Upon receipt of a report submitted pursuant to subsection (b) of this section, the legislative body of the municipality, or in a municipality where the legislative body is a town meeting, the board of selectmen, or if the report involves a school district operating within its boundaries, the regional board of education, shall hold a public meeting to discuss the nature of the unsound or irregular financial practices, management letter comments or lack of internal controls in relation to commonly accepted standards in municipal finance, to address potential causes for such practices, comments or lack of internal controls and to inform proposing a plan for corrective action. After such meeting, the chief executive officer of a municipality or audited agency or superintendent of schools for the regional school district shall attest to and explain the secretary's findings and submit a plan for corrective action, in writing, to the secretary.

Sec. 3. Subsections (c) and (d) of section 3-115b of the general statutes are repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(c) The Comptroller shall establish an opening combined balance sheet for each appropriated fund as of July 1, 2013, on the basis of generally accepted accounting principles. The accumulated deficit in the General Fund on June 30, 2013, as determined on the basis of generally accepted accounting principles and identified in the annual comprehensive [annual] financial report of the state as the unassigned

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negative balance of the General Fund on said date, reduced by any funds deposited in the General Fund from other resources for the purpose of reducing the negative unassigned balance of the fund, shall be amortized in each fiscal year of each biennial budget, commencing with the fiscal year ending June 30, 2016, and for the succeeding twelve fiscal years. The Comptroller shall, to the extent necessary to report the fiscal position of the state in accordance with generally accepted accounting principles, reconcile the unassigned balance in the General Fund at the end of each fiscal year to the unassigned balance in the General Fund on June 30, 2013, the portion already amortized and any unassigned balance created after June 30, 2013. The Secretary of the Office of Policy and Management shall annually publish a recommended amortization schedule to fully reduce such negative unassigned balance by June 30, 2028.

(d) The unreserved negative balance in the General Fund reported in the annual comprehensive [annual] financial report issued by the Comptroller for the fiscal year ending June 30, 2014, reduced by (1) the negative unassigned balance in the General Fund for the fiscal year ending June 30, 2013, and (2) any funds from other resources deposited in the General Fund for the purpose of reducing the negative unassigned balance of the fund shall be amortized in each fiscal year of each biennial budget, commencing with the fiscal year ending June 30, 2018, and for the succeeding ten fiscal years. The Secretary of the Office of Policy and Management shall annually publish a recommended amortization schedule to fully reduce such negative unassigned balance by June 30, 2028.

Sec. 4. Section 4-72 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) The budget document shall consist of the Governor's budget message in which he or she shall set forth as follows: (1) The Governor's program for meeting all the expenditure needs of the government for

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each fiscal year of the biennium to which the budget relates, indicating the classes of funds, general or special, from which such appropriations are to be made and the means through which such expenditure shall be financed; and (2) financial statements giving in summary form: (A) The financial position of all major state operating funds including revolving funds at the end of the last-completed fiscal year in a form consistent with accepted accounting practice. The Governor shall also set forth in similar form the estimated position of each such fund at the end of the year in progress and the estimated position of each such fund at the end of each fiscal year of the biennium to which the budget relates if the Governor's proposals are put into effect; (B) a statement showing as of the close of the last-completed fiscal year, a year by year summary of all outstanding general obligation and special tax obligation debt of the state and a statement showing the yearly interest requirements on such outstanding debt; (C) a summary of appropriations recommended for each fiscal year of the biennium to which the budget relates for each budgeted agency and for the state as a whole in comparison with actual expenditures of the last-completed fiscal year and appropriations and estimated expenditures for the year in progress; (D) for the biennium commencing July 1, 1999, and each biennium thereafter, a summary of estimated expenditures for certain fringe benefits for each fiscal year of the biennium to which the budget relates for each budgeted agency; (E) a summary of permanent full-time positions setting forth the number filled and the number vacant as of the end of the last-completed fiscal year, the total number intended to be funded by appropriations without reduction for turnover for the fiscal year in progress, the total number requested and the total number recommended for each fiscal year of the biennium to which the budget relates; (F) a statement of expenditures for the last-completed and current fiscal years, the agency request and the Governor's recommendation for each fiscal year of the ensuing biennium and, for any new or expanded program, estimated expenditure requirements for the fiscal year next succeeding the biennium to which the budget relates; (G) an explanation of any

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significant program changes requested by the agency or recommended by the Governor; (H) a summary of the revenue estimated to be received by the state during each fiscal year of the biennium to which the budget relates classified according to sources in comparison with the actual revenue received by the state during the last-completed fiscal year and estimated revenue during the year in progress; and (I) such other financial statements, data and comments as in the Governor's opinion are necessary or desirable in order to make known in all practicable detail the financial condition and operations of the government and the effect that the budget as proposed by the Governor will have on such condition and operations.

(b) If the estimated revenue of the state for the ensuing biennium as set forth in the budget on the basis of existing statutes is less than the sum of net appropriations recommended for the ensuing biennium as contained in the budget, plus, for the fiscal year ending June 30, 2014, and each fiscal year thereafter, the projected amount necessary to extinguish any unreserved negative balance in such fund as reported in the most recently audited annual comprehensive [annual] financial report issued by the Comptroller prior to the start of the biennium, the Governor shall make recommendations to the General Assembly in respect to the manner in which such deficit shall be met, whether by an increase in the indebtedness of the state, by the imposition of new taxes, by increased rates on existing taxes or otherwise. If the aggregate of such estimated revenue is greater than the sum of such recommended appropriations for the ensuing biennium plus, for the fiscal year ending June 30, 2014, and each fiscal year thereafter, the projected amount necessary to extinguish any unreserved negative balance in such fund as reported in the most recently issued annual report of the Comptroller published in accordance with section 3-115, the Governor shall make such recommendations for the use of such surplus for the reduction of indebtedness, for the reduction in taxation or for other purposes as in the Governor's opinion are in the best interest of the public welfare.

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Sec. 5. Subsection (a) of section 8-169mm of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) In lieu of the report required under section 1-123, within the first ninety days of each fiscal year of the Connecticut Municipal Redevelopment Authority, the board of directors of the authority shall submit a report to the Governor, the Auditors of Public Accounts and the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding. Such report shall include, but not be limited to, the following: (1) A list of all bonds issued during the preceding fiscal year, including, for each such issue, the financial advisor and underwriters, whether the issue was competitive, negotiated or privately placed, and the issue's face value and net proceeds; (2) a description of each authority development project in which the authority is involved, its location and the amount of funds, if any, provided by the authority with respect to the construction of such project; (3) a list of all outside individuals and firms, including principal and other major stockholders, receiving in excess of five thousand dollars as payments for services; (4) [a] an annual comprehensive [annual] financial report prepared in accordance with generally accepted accounting principles for governmental enterprises; (5) the cumulative value of all bonds issued, the value of outstanding bonds and the amount of the state's contingent liability; (6) the affirmative action policy adopted pursuant to section 8-169kk, a description of the composition of the workforce of the Connecticut Municipal Redevelopment Authority by race, sex and occupation and a description of the affirmative action efforts of the authority; and (7) a description of planned activities for the current fiscal year.

Sec. 6. Subsection (a) of section 15-120o of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

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(a) Within the first ninety days of each fiscal year of the authority, the board of directors of the authority shall submit a report to the Governor, the Auditors of Public Accounts and the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding. Such report shall include, but not be limited to, the following: (1) A list of all bonds issued during the preceding fiscal year, including, for each such issue, the financial advisor and underwriters, whether the issue was competitive, negotiated or privately placed, and the issue's face value and net proceeds; (2) a description of the project, its location, and the amount of funds, if any, provided by the authority with respect to the construction of the project; (3) a list of all outside individuals and firms receiving in excess of five thousand dollars in the form of loans, grants or payments for services; (4) [a] an annual comprehensive [annual] financial report prepared in accordance with generally accepted accounting principles for governmental enterprises; (5) the cumulative value of all bonds issued, the value of outstanding bonds, and the amount of the state's contingent liability; (6) the affirmative action policy statement, a description of the composition of the work force of the authority by race, sex and occupation and a description of the affirmative action efforts of the authority; and (7) a description of planned activities for the current fiscal year.

Sec. 7. Subsection (a) of section 32-605 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) In lieu of the report required under section 1-123, within the first ninety days of each fiscal year of the Capital Region Development Authority, the board of directors of the authority shall submit a report to the Governor, the Auditors of Public Accounts and the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding. Such report shall include, but

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not be limited to, the following: (1) A list of all bonds issued during the preceding fiscal year, including, for each such issue, the financial advisor and underwriters, whether the issue was competitive, negotiated or privately placed, and the issue's face value and net proceeds; (2) a description of the capital city project or any economic development project in the capital region in which the authority is involved, its location and the amount of funds, if any, provided by the authority with respect to the construction of such project; (3) a list of all outside individuals and firms, including principal and other major stockholders, receiving in excess of five thousand dollars as payments for services; (4) [a] an annual comprehensive [annual] financial report prepared in accordance with generally accepted accounting principles for governmental enterprises; (5) the cumulative value of all bonds issued, the value of outstanding bonds and the amount of the state's contingent liability; (6) the affirmative action policy statement, a description of the composition of the work force of the authority by race, sex and occupation and a description of the affirmative action efforts of the authority; (7) a description of planned activities for the current fiscal year; (8) a list of all private investments made or committed for commercial development within the capital city economic development district; and (9) an analysis of the authority's success in achieving the purposes stated in section 32-602.

Approved June 28, 2023