



General Assembly

February Session, 2022

Raised Bill No. 5380

LCO No. 2629



Referred to Committee on GOVERNMENT ADMINISTRATION
AND ELECTIONS

Introduced by:
(GAE)

***AN ACT CONCERNING AUDITS OF CERTAIN FINANCIALLY
DISTRESSED MUNICIPALITIES BY THE AUDITORS OF PUBLIC
ACCOUNTS.***

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

1 Section 1. Subsection (c) of section 2-90 of the 2022 supplement to the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2022*):

4 (c) Said auditors shall audit, on a biennial basis if deemed most
5 economical and efficient, or as frequently as they deem necessary, the
6 books and accounts, records of operations and activities, systems and
7 data of each officer, department, commission, board and court of the
8 state government, all institutions supported by the state and all public
9 and quasi-public bodies, politic and corporate, created by public or
10 special act of the General Assembly, and not required to be audited or
11 subject to reporting requirements [.] under the provisions of chapter 111,
12 including all municipalities referred to the Municipal Accountability
13 Review Board under chapter 117, except that all such municipalities
14 shall be so audited on an annual basis. Each such audit may include an

15 examination of any relevant information concerning the department,
16 commission, board or court of state government being audited that is in
17 the possession or control of a private entity that has a contract with such
18 department, commission, board or court, and such information shall be
19 provided upon demand in a format prescribed by the auditors at no cost
20 to the auditors or the department, commission, board or court. Each
21 such audit may include an examination of performance in order to
22 determine effectiveness in achieving expressed legislative purposes.
23 The auditors shall report their findings and recommendations to the
24 Governor, the State Comptroller and the joint standing committee of the
25 General Assembly having cognizance of matters relating to
26 appropriations and the budgets of state agencies.

27 Sec. 2. Section 7-391 of the general statutes is repealed and the
28 following is substituted in lieu thereof (*Effective October 1, 2022*):

29 When used in this chapter, unless the context otherwise requires, the
30 following terms [shall] have the meanings [herein] specified in this
31 section:

32 (1) "Secretary" means the Secretary of the Office of Policy and
33 Management; ["municipality"]

34 (2) "Municipality" includes each town, consolidated town and city,
35 consolidated town and borough, city and borough [; "audited agency"]
36 other than any municipality referred to the Municipal Accountability
37 Review Board under chapter 117;

38 (3) "Audited agency" includes each district, as defined in section 7-
39 324, or other municipal utility, the Metropolitan District of Hartford
40 County, each regional council of governments, any other political
41 subdivision of similar character which is created and any other agency
42 created or designated by a municipality to act for such municipality
43 whose annual receipts from all sources exceed one million dollars;
44 ["reporting agency"]

45 (4) "Reporting agency" includes each district, as defined in section 7-

46 324, or other municipal utility, each regional council of governments,
47 any other political subdivision of similar character which is created and
48 any other agency created or designated by a municipality to act for such
49 municipality whose annual receipts from all sources do not exceed one
50 million dollars; ["appointing authority"]

51 (5) "Appointing authority" means the legislative body of a
52 municipality or the board, committee or other governing body of such
53 audited agency, except in any town where the authority to adopt a
54 budget rests with a town meeting or a representative town meeting
55 "appointing authority" means the board of finance or other board,
56 committee or body charged with preparing the budget, or in a town that
57 has no board of finance or other such board, committee or body, means
58 the board of selectmen or the town council; ["audit report"]

59 (6) "Audit report" means the report of the independent auditor and
60 the annual financial statements of the municipality or audited agency;
61 ["independent auditor"]

62 (7) "Independent auditor" means a public accountant who is licensed
63 to practice in the state of Connecticut and who meets the independence
64 standards included in generally accepted government auditing
65 standards; ["public accountant"]

66 (8) "Public accountant" means an individual who meets standards
67 included in generally accepted government auditing standards for
68 personnel performing government audits and the licensing
69 requirements of the State Board of Accountancy; ["receipts"]

70 (9) "Receipts" means amounts accrued or received by a municipality,
71 audited agency or reporting agency and reportable as revenues in
72 accordance with generally accepted accounting principles; ["municipal
73 utility"] and

74 (10) "Municipal utility" means every Connecticut municipality or
75 department or agency thereof, or Connecticut district, manufacturing,
76 selling or distributing gas or electricity to be used for light, heat or

77 power or water.

78 Sec. 3. Section 7-576i of the general statutes is repealed and the
79 following is substituted in lieu thereof (*Effective October 1, 2022*):

80 (a) Any designated tier II, III, or IV municipality shall be eligible to
81 receive funding from the Municipal Restructuring Fund, which fund
82 shall be nonlapsing. A designated tier II, III or IV municipality seeking
83 such funds shall submit, for approval by the Secretary of the Office of
84 Policy and Management, a plan detailing its overall restructuring plan,
85 including local actions to be taken and its proposed use of such funds.
86 Notwithstanding the provisions of section 10-262j, a municipality may,
87 as part of such plan and in consultation with its local board of education,
88 submit a proposed reduction in the minimum budget requirement
89 related to its education budget. The secretary shall consult with the
90 Commissioner of Education in approving or rejecting such proposed
91 reduction. The secretary shall consult with the [municipal accountability
92 review board] Municipal Accountability Review Board in making
93 distribution decisions and attaching appropriate conditions thereto,
94 including the timing of any such distributions. The distribution of such
95 assistance funds shall be based on the relative fiscal needs of the
96 requesting municipalities. The secretary may approve all, none or a
97 portion of the funds requested by a municipality. In attaching
98 conditions to such funding, the secretary shall consider the impact of
99 such conditions on the ability of a municipality to meet legal and other
100 obligations. The board shall monitor and report to the secretary on the
101 use of such funds and adherence to the conditions attached thereto. The
102 secretary shall develop and issue guidance on the (1) administration of
103 the municipal restructuring fund, (2) criteria for participation by
104 municipalities and requirements for plan submission, and (3)
105 prioritization for the awarding of assistance funds pursuant to this
106 section. Any municipality that receives funding from the municipal
107 restructuring fund, in addition to the other responsibilities and
108 authority given to the board with respect to designated tiers II, III and
109 IV municipalities, shall be required to receive board approval of its
110 annual budgets.

111 (b) Notwithstanding the provisions of subsection (a) of this section,
112 in making distributions from the Municipal Restructuring Fund, the
113 board shall give immediate consideration to any municipality that shall
114 default on debt obligations by January 1, 2018, without an immediate
115 distribution of such funds.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2022</i>	2-90(c)
Sec. 2	<i>October 1, 2022</i>	7-391
Sec. 3	<i>October 1, 2022</i>	7-576i

Statement of Purpose:

To require municipalities that have been referred to the Municipal Accountability Review Board to be audited by the Auditors of Public Accounts.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]