

BOARD OF FINANCE
MINUTES
REGULAR MEETING
3 Primrose Street – Council Chambers
Monday, December 12, 2022 at 7:30 p.m.

These minutes are subject to approval by the Board of Finance

Present: John Madzula, Sandy Roussas, Laura Miller, Chandravir Ahuja and Steven Goodridge

Absent: Erica Sullivan

Also Present: First Selectman Dan Rosenthal, Finance Director, Bob Tait, one member of the Public

Chair Madzula called the meeting to order at 7:37p.m. Attendees saluted the American Flag.

Voter Comments

Betsy Litt, 86 Great Hill Road – spoke as a member on behalf of the Library Board. She commented about the 10% limit for fund balance and is hoping to see additional funding for the library. She is concerned about the HVAC.

Communications

Chair Madzula shared he received the BOE Chair, Deb Zukowski regarding the tri-party non lapsing fund agreement. Additionally, the teachers contract has been approved.

Minutes

Sandy Roussas moved to approve the minutes from the November 29, 2022. Laura Miller seconded. All in favor and motion passes.

First Selectman's Report

The First Selectman reported the BOS approved a 3-year Public Works contract at the last BOS meeting. Wage increase for 2022-23 (this current year) is 2.5%. 2.5% is already reflected in the current so there will be no budget impact. The wage increase for Year 2 and 3 is 2.99%. Employee medical insurance contributions increase 0.5% each year. The idea is to align in consistency with other union contracts. The First Selectman reminded the Board to please speak closely to the microphone so the audio is conveyed more clearly to those listening online.

Finance Director's Report

Finance Director, Bob Tait, reported on the 2023-24 budget process leading up to the Board of Finance (see attached). The departments have a deadline this Friday. Mr. Tait and Mr. Rosenthal will meet with departments between December 19th through January 6th to discuss budget line items. Mr. Ahuja inquired about assessment appeals, deadline is this Wednesday. Board of Assessment Appeals meetings are concluded by the end of March generally.

New Business

1. Non-Lapsing Fund

It was stated that the most recent policy edited and reviewed by the BOF was not approved by the LC. Ms. Zukowski commented that the Non-Lapsing Fund Policy has not been approved by all 3 Boards and the BOE is currently working with an outdated policy. Ms. Roussas mentioned the BOF's mandate is to recommend policy to be approved by LC and the LC approved another

document. Ms. Zukowski asked if bringing in the attorney's recommendation would be beneficial. Ms. Roussas reminded the Board that the policy that was approved by the LC was not the document that the tri-party work group created. Mr. Ahuja would like to go through the policies and review. Mr. Goodridge and Ms. Miller agreed.

2. Fund Balance Discussion for Outside Agencies

Mr. Ahuja inquired about the process by which departments go through the budget process. Mr. Tait spoke regarding The Town of Newtown Policy on Outside Agency Request for Funds (see attached). If undesignated fund balance is over 10% of the budget then discussion will occur specifically for the need of transparency. Mr. Tait commented about designated v undesignated fund balance. Mr. Ahuja asked about bordering towns' benchmarks. Mr. Ahuja discussed his desire to develop more knowledge about spending categories, funding gaps and funding sources. The Board will discuss further at the next meeting.

3. ARP and Recycling Committee Reports

Ms. Roussas shared the ARP Committee approved Fairfield Hills campus safety improvement request in the amount of \$20,000. Additionally, \$240,000 for Public Works dumptruck (24 years old). There are 3 outstanding requests to be approved. The First Selectman said there should be funds leftover that will be allocated within the next year per the ARP agreement.

No Recycling report.

Unfinished Business

None

Voter Comments

None

Announcements

Chair Madzula and Mr. Ahuja presented the CIP to the LC last week.

Adjournment

Sandy Roussas made a motion to adjourn. Laura Miller seconded. All members were in favor and the meeting was adjourned at 8:42pm.

Respectfully submitted,
Kiley Morrison Gottschalk, Clerk

Attachments

Communications

BOE Non-Lapsing Fund

Policy on Outside Agency Request for Funds

From: Debbie Halstead <debbie.halstead@newtown-ct.gov>
Date: December 5, 2022 at 10:44:33 AM EST
To: Dan Rosenthal <dan.rosenthal@newtown-ct.gov>
Cc: Deborra Zukowski <debz.newtown.ct@gmail.com>, Jeff Capeci <jeff@thecapecis.com>, John Madzula II <jsmbofnewtown@gmail.com>
Subject: Agreement with Newtown Federation of Teachers Contract on file

Hello,

In accordance with **Sec. 10-244c** the teachers agreement contract is on file as a link on the Board of Education's webpage.

[Agreement with Newtown Federation of Teachers and Board of Education for 2023-2026 Contracts filed 11-2-22](#)

Have a good day.

Debbie Aurelia Halstead, MMC, MCTC
Town Clerk
Registrar of Vital Statistics
Municipal Veterans Representative

Newtown Municipal Center
3 Primrose Street
Newtown, CT 06470
203-270-4214

debbie.halstead@newtown-ct.gov

The tri-party Non-Lapsing agreement

Zukowski, Deborra <zukowskid_boe@newtown.k12.ct.us> Tue, Nov 22, 2022 at 1:15 PM To: John Madzula <jsmbofnewtown@gmail.com>
Cc: John Madzula <jsmadzula2@gmail.com>, Jeff Capeci <Jeff@thecapecis.com>, "Gouveia, Tanja" <vadast@newtown.k12.ct.us>, Daniel Cruson <crusond_boe@newtown.k12.ct.us>

Hey there John,

There are still a few loose ends, re: the cross BoE, BoF, and LC agreement about the process regarding the BoE Non Lapsing Account. At this point, both the LC and BoE formally approved the attached version. I think that the BoF looked at, and possibly approved, a different version.

At this point, the BoE still has its old policies related to the Non-Lapsing on record. These policies and the approved tri- party policy conflict a bit, so we may want to look into updating them. Before we do that, though, it would be good to know that the BoF is onboard, and we can add the BoF approval to the policy too.

Thanks, Deb Z

Non-Lapsing Education Fund
A Policy Agreement between:
Board of Education, Board of Finance & Legislative Council

Section 1. Deposits into Non-Lapsing Education Fund.

The Board of Education may, subject to the approval of the Legislative Council, deposit into the Non-Lapsing Education Fund all or a portion of any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the Town, provided that the amount deposited into the Non-Lapsing Education Fund shall not exceed the amount set forth in Section 10-248a of the Connecticut General Statutes. The Legislative Council shall consider the recommendation of the Board of Finance, if any, prior to approving the deposit of funds into the Non-Lapsing Education Fund. The Legislative Council may authorize deposits into the Non-Lapsing Education Fund in each fiscal year such that the total amount in the Non-Lapsing Education Fund may accumulate over time if not expended.

Section 2. Timeline for Consideration of Deposits into Non-Lapsing Education Fund.

No later than the first week of September, the Board of Education shall send notice to the Legislative Council and the Board of Finance of its request to deposit all or a portion of any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the Town into the Non-Lapsing Education Fund.

The Board of Finance and the Legislative Council shall hold a joint meeting to discuss the Board of Education request to deposit funds into the Non-Lapsing Education Fund.

Section 3. Expenditure of Funds from Non-Lapsing Education Fund.

The Board of Education may, subject to the approval of the Legislative Council, authorize expenditures from the Non-Lapsing Education Fund for any expenses that the Board of Education determines are necessary to support students or that are in the best interests of the Newtown Public Schools. The Legislative Council shall consider the recommendation of the Board of Finance, if any, prior to authorizing the expenditure of funds from the Non-Lapsing Education Fund.

If the Board of Education requests an expenditure from the Non-Lapsing Education Fund to pay for all or part of the costs of an approved Capital Improvement Plan ("CIP") project, then such request shall be deemed approved when the Legislative Council approves the CIP as part of the annual review process.

Section 4. Educational Purposes.

The Non-Lapsing Education Fund shall only be used for educational purposes as required by Section 10-248a of the Connecticut General Statutes.

Section 5. Annual Reporting Requirement.

The Board of Education shall review the fund balance and revenues and expenditures of the Non-Lapsing Education Fund on an annual basis and provide a written report to the Legislative Council and the Board of Finance at the time a request for deposit is made.

Approved by Board of Education: 11/3/21
Approved by Legislative Council: 11/17/21

**LEGISLATIVE COUNCIL REGULAR MEETING
COUNCIL CHAMBERS, 3 PRIMROSE STREET, NEWTOWN, CT
WEDNESDAY, NOVEMBER 17, 2021**

MINUTES

PRESENT: Jordana Bloom, Alison Plante, Phil Carroll, Ryan Knapp, Judit DeStefano, Paul Lundquist, Chris Eide, Matthew Mihalcik, Cathy Reiss, Andy Clure, Chris Smith (7:55 pm)

ABSENT: Dan Honan

ALSO PRESENT: First Selectman Dan Rosenthal, Finance Director Bob Tait, BOF Chair Keith Alexander, BOE Chair Michelle Embre Ku, CH Booth Library Director Douglas Lord, Library Board of Trustees Members: President Michelle Brown, Treasurer Greg Branecky, Trustee Amy Dent and Trustee Alex Villamil; 7 public, 0 press

CALL TO ORDER: Mr. Lundquist called the meeting to order with the Pledge of Allegiance at 7:33 pm.

VOTER COMMENT: None

MINUTES: Ms. DeStefano moved to accept the minutes of the November 3, 2021 Legislative Council Regular Meeting. Seconded by Mr. Eide. Motion passes (10-1). Mr. Clure opposed.

Andy Clure questioned the inclusion of two photos showing open carry in the meeting minutes of 11/3, specifically questioning a perceived edit to the email. Po Murray sent a note with photos to illustrate specific examples of open carry that had occurred in Newtown. Mr Lundquist wrote back asking what the context was since there was no indication of what the photos were showing. Ms Murray wrote back offering descriptions of the two photos. She also included new additional commentary, calling out a specific Council member by name. The member who was called out objected, and Mr Lundquist agreed to not share the additional commentary in our minutes. However Mr Lundquist thought it was still appropriate to share the original photos and description (as provided by Ms Murray) without the new commentary. Mr Lundquist noted that all correspondence addressed to the full Council is always shared with members, including Ms Murray's full email in this case.

COMMUNICATIONS: Mr. Lundquist shared the BOE District Highlights newsletter (*attachment C*) and an email received from Andrew Buzzi (*attachment D*).

COMMITTEE REPORTS: None

FIRST SELECTMAN'S REPORT: First Selectman Dan Rosenthal reported on an excellent presentation given by the Sustainable Energy Commission at the BOS meeting on Monday. They spoke about solar and electric charging stations in Town. They have a good relationship with Public Building and Site. About a year ago, the BOS appointed a building inventory work group. The First Selectman attended their meeting last week and was very impressed. They've created a database which has the ability to log any maintenance done on the buildings. It can also keep track of work done, ages of items like roofing, windows, etc; and can scan in plans. He feels this will be very beneficial from a day to day standpoint. A construction manager has been hired to begin the bidding process for the Hawley HVAC project. In response to last week's comments about the bus driver shortage – he did get a reply from the Superintendent who said it would be challenging to get other Town employees to fill in because it takes a minimum of two months to get a driver properly trained. He will continue to work with Dr. Rodrigue on this in trying to find a solution.

NEW BUSINESS

GO TO PAGE 5 FOR BOE NON LAPSING FUND

Discussion and Possible Action

- Introduction of 2022-23 – 2026-27 BOF Recommended CIP

Keith Alexander, Chair of BOF, presented the 2022-23 – 2026-27 Recommended CIP. *See attachment E.* This will be passed along to the new Legislative Council. He presented the changes to the 2022-23 BOS/BOE combined CIP and the main amendments to the 2021-22 approved CIP are listed out on page 60. In regards to the CIP summary, Mr. Tait said the projects appear on the prior year CIP except for year five. The bond forecast schedule does not include the \$2.5 million offset that was approved from the Federal funds to the Hawley School. Without the \$2.5 million, we are still below debt service of the total budget so we are still within where we want to be. Mr. Knapp asked if we are losing the effect of taking a year off bonding by shifting it to other years. Mr. Tait said the large difference is in year three which relates to the HVAC school project. The other changes were mainly to the library, but once the \$2.5 million for Hawley was included, the bonding will be the same except for the third year. The CIP detail will show the comparison from year to year in bonding. The First Selectman noted that the high school turf project was moved up in large part to large donations. The funding came from donors, the field-use surcharge account that comes from youth activity fees managed by Parks and Rec, plus they expect the teams that use the field to actively fundraise for it. The reality is that if we didn't have the money in hand, we would not appropriate for it or move forward with the project. Mr. Alexander briefly spoke on adjustments for the library renovations. Based on some of the adjustments and where the money was sitting, it was moved around in order to bring some of the projects forward which in turn shifted other things around.

- Consideration of BOF Recommended Amendments to the 2021-2022 approved CIP:

- \$420,000 library project added for roof, gutters, downspout and shutters replacements/upgrades/repair moved to 2021-22. To be funded by the library available fund balance reserved for capital improvements.

In relation to the recommended CIP, Mr. Lundquist explained that the reasoning behind this consideration is largely a matter of urgency. The understanding is that the roof is in dire condition and may not make it through this winter. The other element is there is a recommendation by the BOF for the project to be paid for by the library's available fund balance versus getting it funded through the CIP. Ms. Brown began the conversation by asking the Council to overturn the BOF decision and honor their CIP award for the repairs to the building. She stated that because the library is a Town building, it should be paid for with CIP funding, not donor funding described in the BOF recommendation. Ms. Dent explained that the reason the library has fallen behind in expending all of their funds is a combination of reasons. About 7-7.5% of their budget comes from fundraising by the Friends of the Library and over 7.5% from Board of Trustee fundraising. The library fund also includes PPE funding which was awarded by the State. A significant portion of the funds which have been proposed are for projects that are not eligible for the CIP such as shelving and furniture. There has been significant turnover in staffing and trustees. Since Mr. Lord arrived, there has been a lack of Trustee experience with construction, mirroring demands of supply and shortages due from Covid which have impacted their ability to deliver on all their projects. Serving as part of the Building and Grounds Committee, Mr. Villamil reported that they have had three roofers come in to inspect and assess the roof. From the information they gathered recently, they believe they have about two months time to continue to further evaluate the project. The bids they have received range in cost from \$250,000-\$380,000 including an option to recycle the existing slate. The roofers all agreed that there may be some issues over the winter like ice damming. Ms. Brown said that originally the contractor gave the impression that the roof would not withstand the winter, but currently, they have been able to gather more input and have come to the conclusion that they actually have longer than originally thought. There is some urgency but not as much as they thought a month

ago. Mr. Bernecky serves as Chief Financial Officer to the Trustees. He added that the Town grants the library, which is a 501(c)3, under \$1.4 million while their budget is \$1.6 million which mainly covers operating expenses and salaries. The difference of \$200,000+ comes from fundraising efforts which have been lessened over the last year mainly due to Covid. Ms. Reiss expressed concern that a town owned building is damaged by leaks. Did these vendors give any indication that the vendors can protect the roof and can make it through the winter. Mr. Villamil said this is his main focus. He noted that the weak points are the edges and they can begin to take protective measures to the inside of the building. Mr. Lord said this has been on the CIP for several years, but has continued to be pushed off. Mr. Knapp asked for clarification on what the intent of what the library's money was for. Mr. Lord replied that the intent of the fund balance includes various capital items such as cabinetry, flooring, furniture, maintenance to the HVAC, plus programming like the Health Literacy Project, Suicide Prevention and English Language Conversation Groups. Ms. Brown interjected that they are not asking to amend the CIP, but to overturn the BOF funding recommendation and keep the CIP that the library was already scheduled to have. First Selectman Rosenthal explained that the challenge is that with the way the current CIP was presented, they would not be able to do the roof until next year. This is why the BOF repackaged it so it could be done in the present year in a way that it would be consistent with CIP policy. Mr. Carroll commented that the leaky roof at the library has been addressed several times in the past – haven't they been repaired and why does it keep happening. Mr. Lord replied that it is five separate leaky areas which only partially have been repaired with basic repairs, chimney cap repairs and sealing. Mr. Eide expressed concern of the message this can send to potential donors. He believes the co-mingling practice of combining donations, Town allocated funds and basic library fees into one account is concerning. Ms. Dent mentioned that she has already spoken to someone about changing the by-laws to set this up as a separate fund. Mr. Tait reiterated that the fundraising should be a separate fund and operating expenses separate. Ms. DeStefano feels that it doesn't seem this needs to be allocated on the CIP thereby disrupting the future CIP because it's an emergency allocation. Mr. Lundquist replied that the library simply does not want to disrupt their own funds, and it does not sound like the danger of a failing roof is as imminent as originally described. Mr. Knapp asked if this repair is something that can wait until June/July and stay on the 22-23 plan year. Mr. Villamil believes the repairs can wait until June and if anything needs to be fixed in the interim, the library will have to use their own fund. Ms. Bloom strongly believes this is the Town's responsibility to fund the repairs. The First Selectman clarified that there is not enough money in the CIP to handle the roof right now. He also expressed that deploying resources, getting materials and working through the winter is challenging. Mr. Lundquist recommended not to take immediate action tonight which would allow the future Council enough time to figure out how to bond for it. There is enough information that is unknown at this point. Mr. Eide suggested that the next Council have the authority on hand so when the decision comes they will know if and what to shuffle. After some more discussion, the current Council decided not to take action on this tonight.

- \$200,000 library project (unspent) in the current approved 2021-22 CIP amended to be used for HVAC comprehensive upgrades in 2022-23 (to be combined with 2022-23 \$350,000).

Mr. Lundquist stated that this should also be on hold for the next Council.

- Resolution Providing for an Appropriation of \$115,965 for Replacement of Police Vehicle MDTs (Mobile Data Terminals) to be Funded from Capital and Non-Recurring Fund

Ms. DeStefano moved the Resolution Providing for an Appropriation of \$115,965 for Replacement of Police Vehicle MDTs (Mobile Data Terminals) to be Funded from Capital and Non-Recurring Fund. Seconded by Mr. Eide. All in favor. Motion passes (11-0).

The First Selectman explained this is to replace aging equipment that we currently have in police

vehicles including dashboard cameras, backseat cameras and mobile data terminals which are failing. The reason behind the Chief asking for this now is a concern that the price will go up substantially. See *attachment F*.

- Transfer: \$11,150 from Contingency to Various Retirement Accounts

Ms. DeStefano moved to approve the transfer of \$11,150 from Contingency to Various Retirement Accounts. Seconded by Ms. Plante. All in favor. Motion passes (11-0).

Mr. Tait said these represent departments that have new employees who contribute to a defined contribution plan while the Town contributes 5%. See *attachment G*.

OLD BUSINESS

Discussion and Possible Action

- Non-Lapsing Education Fund Policy from the BOF, BOE, LC Joint Workgroup

Mr. Lundquist shared a final document from the joint work group on the non-lapsing education fund policy. Town attorney and BOE attorney reviewed the policy – while the Town attorney did not have any edits, the BOE's attorney made some formatting edits. The BOF also made changes to the agreed upon document. See *attachments A and B*.

Ms. Reiss moved that we accept the BOE's version of the policy as ours as well. Seconded by Mr. Carroll. All in favor. Motion passes (11-0).

VOTER COMMENT: *Michelle Embre Ku, 28 Platts Hill Road*, thanked the members of this Legislative Council. They have worked very well with the BOE and appreciated the service they received. She especially thanked Mr. Lundquist who has served on the Council for 10 years and appreciates the work he has done for the Town.

Keith Alexander, 11 Fawnwood Road, commented on the library from a personal perspective. He agrees the Town is responsible for the building. He believes that any donors that have given money to the library, should not be held responsible for maintenance such as the roof. He wished the Council good luck.

ANNOUNCEMENTS: Mr. Lundquist thanked everyone for all the hard work they did as a Council. He continued that it has been a pleasure and honor to have served as Chairman. He thanked Rina the clerk for all her hard work. He thanked Mr. Tait for his help and all his hard work. He is glad to see Mr. Knapp, Mr. Mihalcik, Mr. Carroll and Mr. Honan coming back to serve on the next Council. On behalf of all the Council members, Ms. DeStefano and Mr. Knapp thanked Mr. Lundquist for his great work and service as Chair. They presented him with a gift card and the 2021 Town ornament.

ADJOURNMENT: There being no further business, Mr. Smith moved to adjourn the meeting at 9:33 pm. Seconded by Ms. Bloom. All in favor.

*Respectfully submitted,
Rina Quijano, Clerk*

**ATTACHMENT "A" STARTS ON PAGE 6 &
ATTACHMENT "B" STARTS ON PAGE 10**

**THESE MINUTES ARE SUBJECT TO APPROVAL BY THE LEGISLATIVE COUNCIL
AT THE NEXT MEETING.**

Town of Newtown

Non-Lapsing Education Fund

Joint Work Group

Board of Education, Board of Finance & Legislative Council

TO: Keith Alexander Chair Board of Finance
Michelle Embree Ku Chair Board of Education
Paul J. Lundquist Chair Legislative Council

FROM Joint Non-Lapsing Work Group:
Dan Delia Board of Education
Chris Eide Legislative Council
Debbie Leidlein Board of Education
John Madzula II Board of Finance
Cath Reiss Legislative Council
Ned Simpson, Chair Board of Finance

Attached is the work product of the Board of Finance Joint Non-Lapsing Work Group. We ask that your body review and act upon this recommendation.

The Work Group has been meeting since March 2021. Our efforts started with a compilation of pertinent documents. Discussion with Town Attorney D. Grogen and School District Attorney M. Ritter occurred at our May 3rd meeting. This was followed by discussions with town Finance Director, Robert Tait and schools Director of Business & Finance, Tanja Vadas. With that base of knowledge available, the Work Group worked to craft the attached document.

This agreement constitutes the entire agreement between the BOE, BoF, and LC members of the Joint Committee on the Non-Lapsing Fund. Such agreement was made notwithstanding any existing agreements, policies, and understandings, both written and oral, between the parties and policies of the parties with respect to the subject matter hereof regarding the roles, flows, and approvals for funds going into the Non-Lapsing Fund and expenditures from the Non-Lapsing Fund

With this transmittal, we consider our work complete.

Thank you for entrusting the responsibility for seeking three-way agreement.

Attached
Non-Lapsing Joint Agreement 20210927.docx

Non-Lapsing Education Fund
A Policy Agreement between:
Board of Education, Board of Finance & Legislative Council

Section 1. Deposits into Non-Lapsing Education Fund.

The Board of Education may, subject to the approval of the Legislative Council, deposit into the Non-Lapsing Education Fund all or a portion of any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the Town, provided that the amount deposited into the Non-Lapsing Education Fund shall not exceed the amount set forth in Section 10-248a of the Connecticut General Statutes. The Legislative Council shall consider the recommendation of the Board of Finance, if any, prior to approving the deposit of funds into the Non-Lapsing Education Fund. The Legislative Council may authorize deposits into the Non-Lapsing Education Fund in each fiscal year such that the total amount in the Non-Lapsing Education Fund may accumulate over time if not expended.

Section 2. Timeline for Consideration of Deposits into Non-Lapsing Education Fund.

~~No later than the first week of September~~~~On or before September 1 of each year~~, the Board of Education shall send notice to the Legislative Council and the Board of Finance of its request to deposit all or a portion of any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the Town into the Non-Lapsing Education Fund.

~~On or before September 15 of each year~~, The Board of Finance and the Legislative Council shall hold a joint meeting to discuss the Board of Education request to deposit funds into the Non-Lapsing Education Fund.

Section 3. Expenditure of Funds from Non-Lapsing Education Fund.

The Board of Education may, subject to the approval of the Legislative Council, authorize expenditures from the Non-Lapsing Education Fund for any expenses that the Board of Education determines are necessary to support students or that are in the best interests of the Newtown Public Schools. The Legislative Council shall consider the recommendation of the Board of Finance, if any, prior to authorizing the expenditure of funds from the Non-Lapsing Education Fund.

If the Board of Education requests an expenditure from the Non-Lapsing Education Fund to pay for all or part of the costs of an approved Capital Improvement Plan ("CIP") project, then such request shall be deemed approved when the Legislative Council approves the CIP as part of the annual budget process.

Section 4. Educational Purposes.

The Non-Lapsing Education Fund shall only be used for educational purposes as required by Section 10-248a of the Connecticut General Statutes.

Section 5. Annual Reporting Requirement.

The Board of Education shall review the fund balance and revenues and expenditures of the Non-Lapsing Education Fund on an annual basis and provide a written report to the Legislative Council and the Board of Finance ~~at the time a request for deposit is made~~~~on or before August 1 of each year~~.

Approved by Board of Education: _____.

Adopted by Board of Finance:

Approved by Legislative Council: _____

Mr. Simpson made a motion to amend the motion for the BOF to accept the document prepared by the BOE Non Lapsing Working Group and Section 1. Preamble be renamed to Section 1. Purpose. All in favor except Keith Alexander. Motion passes.

Sandy Roussas made a motion to amend the motion for the BOF to accept the document prepared by the BOE Non Lapsing Working Group and change the language in Section 3 subsection b to “If the BOE requests an expenditure from the Non-Lapsing Education Fund to pay for all or part of the costs of an approved Capital Improvement Plan (“CIP”) project, then such request is approved when the requests for the CIP is amended and approved by appropriate parties as part of the annual review process. Ned Simpson seconded. All in favor except Keith Alexander and John Madzula. Motion passes.

Town of Newtown

Non-Lapsing Education Fund

A Policy Agreement between:

Board of Education, Board of Finance & Legislative Council

Section 1. Preamble Purpose

In 2010, the General Assembly passed a law, Connecticut General Statutes 10-248a, establishing a mechanism through which unexpended funds from the prior fiscal year from the budgeted appropriation for education could be transferred to a fund for expenditure in future years. The intent was to avoid “spend it or lose it” transactions and reward school administration for budget management. Such a fund is called “non-lapsing” The Board of Finance (BoF) of the Town of Newtown established such a non-lapsing education fund (the “Non-Lapsing Fund”) on May 12, 2014.

The statute was amended in 2019. This change increased the-maximum deposit amount to two percent and gave a board of education the authority to spend from their non-lapsing account without review/approval from any other town body. (Attachment A)

The Board of Education (BOE) changed their policy and procedures to reflect the revised statute. During preliminary discussions the Board of Finance raised concerns regarding the proposed Board of Education drafts.

Since 2014 the Board of Education has submitted Non-Lapsing deposit and expenditure transactions to the Board of Finance, which the Board of Finance approved. Due to the COVID-19 Pandemic in 2020, the Board of Education maintained an unusually high surplus at the end of the fiscal year 2019-2020. At their September 14, 2020 meeting the Board of Finance did not approve a request for a \$1.3 million deposit of Board of Education appropriations surplus into the Non-Lapsing Fund. There was significant public criticism of this Board of Finance action. The Legislative Council then discussed the Non-Lapsing Fund and the Town’s attorney issued an opinion that it should be Legislative Council that approves Board of Education requests for Non-Lapsing transactions.

The purpose of this policy is to work within the spirit of cooperation and the law to establish a three way agreement between the Board of Education, Board of Finance and Legislative Council to define roles, responsibilities and process for Non-Lapsing Fund deposits and expenditures.

Section 2. Deposits into Non-Lapsing

The Board of Education may, subject to the approval of the Legislative Council considering recommendation from the Board of Finance, deposit into the Non-Lapsing Fund all or a portion of any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the Town, provided that the amount deposited into the Non-Lapsing Fund shall not exceed the amount set forth in Section 10-248a of the Connecticut General Statutes.

- A. The Board of Education shall send notice to the Legislative Council of their desire to present their request to a joint meeting of the Board of Finance and the Legislative Council to be held no later than the first week of September.
- B. The Legislative Council considering recommendation from the Board of Finance may authorize deposits into the Non-Lapsing Fund in each fiscal year.
- C. The total amount in the Non-Lapsing Fund may accumulate without limitation over time if not expended.

Town of Newtown

Section 3. Use of Funds

- A. The Board of Education shall, subject to the approval of the Legislative Council considering recommendation from the Board of Finance, authorize expenditures from the Non-Lapsing Fund for any expenses that the Board of Education determines are necessary to support students or that are in the best interests of the Newtown Public Schools.
- B. If the Board of Education requests an expenditure from the Non-Lapsing Education Fund to pay for all or part of the costs of this account to be used to help pay for an approved Capital Improvement Plan (CIP) project, then such request is approved when the ~~Legislative Council approves the CIP.~~ requests for the CIP is amended and approved by appropriate parties as part of the annual review process.
- C. As part of the communication in Section 2. A. above, the Board of Education will provide a written summary of the Non-Lapsing Fund's balance and expenditures for the prior fiscal year

Section 4. Educational Purposes

The Non-Lapsing Fund balance comes from an appropriation that was approved by the voters of the Town for educational purposes and the Board of Education shall use the Non-Lapsing Fund for educational purposes.

Approved by Board of Education: _____.

Adopted by Board of Finance:

Approved by Legislative Council: _____

Town of Newtown

Attachment A - The Statute - 10-248a

2011 Statute

Sec. 10-248a. Unexpended education funds account. For the fiscal year ending June 30, 2011, and each fiscal year thereafter, notwithstanding any provision of the general statutes or any special act, municipal charter, home rule ordinance or other ordinance, the board of finance in each town having a board of finance, the board of selectman in each town having no board of finance or the authority making appropriations for the school district for each town may deposit into a non-lapsing account any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the town, provided such amount does not exceed one per cent of the total budgeted appropriation for education for such prior fiscal year.

2020 Statute

Sec. 10-248a Unexpended education funds account. For the fiscal year ending June 30, 2020, and each fiscal year thereafter, notwithstanding any provision of the general statutes or any special act, municipal charter, home rule ordinance or other ordinance, the board of finance in each town having a board of finance, the board of selectman in each town having no board of finance or the authority making appropriations for the school district for each town may deposit into a nonlapsing account any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the town, provided

- (1) such deposited amount does not exceed two per cent of the total budgeted appropriation for education for such prior fiscal year,
- (2) each expenditure from such account shall be made only for educational purposes, and
- (3) each such expenditure shall be authorized by the local board of education for such town.

Excerpt of Comments from Board of Education's Attorney

The following is excerpt from the June 23, 2020 Board of Education CIP/Facilities/Finance Committee meeting where Matthew Ritter, Shipman & Goodwin the school district's attorney discussed the revised statute. Mr. Ritter was Speaker of the Connecticut House of Representatives for the session where the statute was passed

"Best advice I can give you regarding 10-248a, is that it is meant to be a mutually cooperative relationship. The statute involves board of education powers and town powers. If one side thinks they can do whatever they want it's going to mess up the whole concept. It really does rely on cooperation between the two sides.

Money gets deposited into the account. Expenditures get approved by the board of education for educational purposes. The language in 10-248a has some notwithstanding language regarding general statutes and local charters. It talks about how money gets deposited, expenditures from the account are approved by the board of education for educational purposes.

Question: Does this mean the local board of education can use the funds for items, including capital expenses, without going through the appropriation process set forth in the town charter as long as it is for educational purposes? The answer is Yes.

The statute overrides a town charter. Best way to look at it is this. When the money is in the account, unless you have a policy to the contrary, which is a negotiation, the fall back is 10-222. The local board's discretion on how to spend that money as long as it's for educational purposes. Could be capital, could be non-capital.

Town of Newtown

So, your reaction might be, well that's great the board of education has complete control. No. Here is the problem. If you spend money on projects the board of finance or the town council hate, they will not agree to put money into the account in the future. That goes back to my initial comment: you've got to get along to make this work. The answer is unless there is a policy that talks about how you spend money from that fund, all the statute requires is that board of education approve the project that it goes for educational purposes."

Town of Newtown

Policy on Outside Agency Request for Funds

Purpose Statement:

The purpose of this policy is to ensure that limited public resources that are contributed to outside agencies (through the budget process) go to outside agencies that benefit the citizens of Newtown and show a financial need.

Scope:

Outside agencies are entities or funds that operate outside of the Town's general fund who request public funds (i.e. local taxes) during the budget process to partially fund their operations. Current example outside agencies are:

Not For Profits – categorized in the budget document as “outside agencies”:

Regional Hospice
Women's Center of Danbury
Ability Beyond Disability
United Way of Western Connecticut
Newtown Parent Connection
Kevin's Community Center

Not For Profits/Authorities – categorized in the budget document as (quazi) departments:

Lake Authorities – Zoar & Lillinonah

Newtown Underwater Search & Rescue

Newtown Volunteer Ambulance Association

Newtown Youth & Family Services

Children's Adventure Center

Cyrenius H. Booth Library

Town Special Revenue Funds - categorized in the budget document as “other financing uses”

Edmond Town Hall

Policy Statement:

Any outside agency requesting public funds to partially fund their operations will need to submit a report describing their mission and outlining how they benefit Newtown residents in the most recent fiscal year completed.

The outside agency will be required to submit their two most recent financial statement and their current working budget compared to the two prior year budgets.

Any outside agency with an undesignated fund balance of over 10% of total budget will have to submit a report outlining planned expenditures of excess undesignated fund balance (amount over 10%). Planned expenditures can be over a period of time (capital planning). An undesignated fund balance under \$50,000 need not report.

Procedures:

The Finance Director shall inform, in the October time period before the budget process starts, outside agencies that plan to request a contribution in the next budget process submit a request with the required information:

- A mission statement
- A description of services which includes services that benefit Newtown residents (providing specific data)
- The most recent two completed financial statement.
- A budget comparison report comparing current budget to prior two years.
- A statement of planned use of excess undesignated fund balance.
 - Excess undesignated fund balance is the amount over 10% of total budget.
 - This requirement is not necessary if undesignated fund balance is under \$50,000.

This documentation will be included in the Town budget process as additional information for the budget reviewers to make decisions or to make additional inquiries.

	<u>2023-24 Budget process up to the Board of Finance</u>								
*** 12/16/2022 - Departments submit budget forms to Finance Director									
*** 12/19/2022m to 01/06/2023 - First Selectman & Finance Director reviews budget with departments:									
<u>1st Selectman & Finance Director budget meetings with departments</u>	<u>27-Dec</u>	<u>28-Dec</u>	<u>29-Dec</u>	<u>3-Jan</u>	<u>4-Jan</u>	<u>5-Jan</u>			
Police	9:15								
Edmond Town Hall BOM		9:30							
Information Technology			10:00						
Public Works (highway, transfer sta., winter maintenance, building maintenance)				9:30					
Emergency Communications				2:15					
Parks & Recreation					8:30				
Human Services (social services, senior center)					11:00				
Board of Fire Commissioners					4:00				
Youth & Family Services						11:00			
Land Use						1:30			
Library									
Note: the above departments represent 83% of the total BOS budget (not including debt service & transfer to capital & non-recurring)									
*** 01/17/2023 to 02/02/2023 - Board of Selectmen review First Selectman's proposed budget.									
*** 02/06/2023 - Board of Selectmen submit budget to the Board of Finance.								R.T. 12/12/2022	