

**LEGISLATIVE COUNCIL  
FINANCE AND ADMINISTRATION COMMITTEE**

Special Meeting

Activity Room A, Newtown Community Center, 8 Simpson St, Newtown, CT  
Tuesday, May 9, 2023

**Minutes**

**PRESENT:** Matthew Mihalcik, Ryan Knapp, Michelle Embree Ku

**ABSENT:** Angela Curi, Charles Gardner, Jeff Capeci

**CALL TO ORDER:** At 7:20pm, there not being a quorum, a meeting of the body could not be called to order

Ryan Knapp shared an outline for a capital non-recurring and debt service policy

**(Attachment A)**

For the next meeting:

Michelle Ku will provide a redlined version of the education nonlapsing fund policy – comparison of the previous policy to the new.

Matt Mihalcik will contact outside agencies to see if they would like to provide input on the Board of Finance suggested policy on outside agency requests for funds.

Ryan Knapp will continue to flesh out the debt service policy.

*Respectfully submitted,*

*Michelle Embree Ku, Vice Chair*

*Finance and Administration Committee of the Legislative Council*

## ATTACHMENT A

### Capital Non-Recurring Policy Notes

#### Ideal Use Examples:

- One-time capital expenses that would otherwise create a demand spike in the operations budget, driving taxation
- Capital purchases that would allow the Town to save on future costs such as leases.
- Technology upgrade purchases that have a shorter lifespan than the debt service repayment period.
- Forecasted Capital Improvement Projects

#### Possible Sources:

- Budgetary Surpluses in excess of Fund Balance Policy (note Fund Balance, given its importance to Newtown's Bond Rating, should be maintained and only excesses above and beyond the amount prescribed in policy should be transferred to Capital Non-Recurring)
- Operating Budget Funding, for use as a saving vehicle to save for costs of future projects.
- Windfalls such as large undesignated grants or bond refinancing that would create a one time source revenue not to reoccur in the subsequent fiscal year.

#### Policy

- [CNR fund details]
- CNR use should be prioritized towards ideal use cases as listed above
- Operations budget line items that are level funded, as these do not create a spending spike each <sup>year</sup> when viewed year over year, should not be reduced with CNR except in exigent circumstances.
- Operations budget line items for recurring costs that have been reduced with CNR should be restored over a period of X years so as to not create the artificial appearance of a large spending increase.

- o HOW?

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#### Funding

- Whereas surpluses are volatile and inconsistent
- Whereas a pay as you go model saves the taxpayers money relative to bonded debt
- Whereas saving for projects allows more projects to be completed with the same resources
- The Town of Newtown shall effort to reduce it's reliance on bonded debt and transition to a pay as you go model.
- Currently Newtown has a Debt Service Limit of 8% of it's Operations Budget, this means the total limit increases with each increasing budget.
- Propose to treat 8% a Capital funding which included both Debt Service and CNR. This will allow Operations Budget contributions to go into CNR and increase said contributions as Debt expires with a long-term goal of shifting more of the 8% from Debt Service to CNR.

Plan to restore operations spending? BOE tech and maintenance.

Plan to increase contribution out of operating budget as was the case with building up Roads?

Goal?

Years?

Amount?