

F.O.I. Compliance – Subject to Committee and Board approval

**COMBINED SPECIAL MEETINGS OF THE
SUPERVISION DISTRICT COMMITTEE
AND
THE REGION 4 BOARD OF EDUCATION**

Date: January 24, 2023

Location: John Winthrop Middle School Library

(To view a recording of this meeting, please visit our website www.reg4.k12.ct.us and select “Remote Meeting Recordings” under the BOARD OF EDUCATION Heading)

Attendance:	<u>Supervision District Comm.</u>	<u>Administration:</u>	<u>Region 4 BOE</u>
	Lon Seidman ✓	Brian White ✓	Kate Sandmann ✓
	Nancy Johnston	Sarah Brzozowy ✓	Lol Fearon ✓
	Justin Pillion ✓	Robert Grissom ✓	John Stack ✓
(✓ = attended)	Kate Sandmann ✓		Rick Daniels ✓
	Jane Cavanaugh		Jane Cavanaugh
	John Stack ✓		Lon Seidman ✓
	David Fitzgibbons ✓		Richard Strauss ✓
	Dale Bernardoni		Jennifer Clark ✓
	Rebecca Greenberg-Ellis		Alex Silva ✓
	Miriam Morrissey ✓		
	Pat Maikowski ✓		
	Bob Ferretti ✓		

Supervision District Committee Chair Lon Seidman and Region 4 BOE Chair Kate Sandmann called their respective groups to order at approx. 6:00 p.m.

Items / Discussion

Superintendent White reminded the Boards of the issue at hand, as first presented and discussed at the December 12th meeting. He introduced Matt Ritter, the boards’ legal counsel who is here this evening to provide the board with guidance as to the return of audited unexpended surplus Regional School District No. 4 and Supervision District funds from FY 2021-22.

There was a lengthy discussion and question period regarding the current state statute and what it requires of regional school districts. There was also a discussion regarding the process by which the region 4 member towns generally develop their budgets.

Superintendent White shared that our auditor, as a means of providing member towns adequate time to plan, has said they would support a two-step procedure for getting the region into compliance with statute.

The first step would allow for allocating the FY 2021-22 surplus funds in a method that would move the boards closer in compliance with Conn. Gen. Statute 10-51, but would not be too dissimilar to the current method of cutting the towns a check for any unexpended funds. Specifically, the auditor would support, for this year only, the allocation of FY

2021-22 surplus funds to be shown as a credit to the member towns on the remaining billings for the current school year through June 30, 2023.

The second step would require that the boards allocate FY 2022-23, and all future year audited surplus funds in a manner that would bring the Boards into full compliance with Conn. Gen. Statute 10-51 as it is currently written.

Specifically, that the boards would direct future audited surplus funds (*e.g. FY 2022-23 audited surplus funds*) to be shown as a known revenue line in the proposed budget documents for the year following their confirmation by audit (*e.g. in the 2024-25 budget*) **to reduce the net expenses of the district for the following fiscal year as required by Conn. Gen. Statute 10-51, subsection (c).** (i.e. the billings to the towns for the 2024-25 budget appropriation would be reduced by the amount of the FY 22-23 listed surplus revenue, per the ADM calculation from the year the audited surplus was realized, which in this example, would be per the 22-23 ADM)

(Additional Clarifying note: in alignment with legal counsel's advice, the FY 2022-23 funds will not be audited until halfway through FY 2023-24, so any audited 2022-23 surplus funds must go into the budget development for the year following their confirmed existence, via the audit, that being the 24-25 budget)

Chair Seidman read a written statement from the districts' auditing firm regarding what BOE action would be acceptable for this year and then what would be appropriate and expected of the Board to do in future years.

Region 4 Treasurer John Stack asked Attorney Ritter what legal risk might come from the Board voting to take the proposed first step, as a half-measure, to allow the towns to have more time to plan for the future permanent change in the process.

Attorney Ritter said that this approach would put the Board in substantial compliance with the statute, and certainly they would be more in compliance with the statute than they have been with their past practice, in the sense that they are no longer just writing a check to the towns. But, he stated that there is no question that this approach doesn't strictly comply with Conn. Gen. Statute 10-51. However, the only risk during this time period would be that someone could file a lawsuit charging that the district is not complying with the statute. If such a lawsuit were to be filed, he believes it likely that a judge would rule that Region 4 must comply going forward, which the Board would plan to do anyway, as advised by the written legal opinion provided to the Board, and as also supported by their auditor.

There was more discussion and time for members to ask additional questions.

On motion duly made and seconded, the Supervision District Committee unanimously VOTED to direct the Superintendent to appropriate the audited unexpended surplus Supervision District funds from FY 2021-22, per the 2021-22 ADM calculation, as a credit to the member towns for the remaining billings for the current school year (22-23) in the amounts of \$85,264 to the Town of Chester; \$109,787 to the Town of Deep River; and \$124,588 to the Town of Essex for a total of \$319,639, and to additionally direct the Joint BOE Policy Committee to adjust BOE policy to align with current state statute.

On motion duly made and seconded, the Supervision District Committee unanimously VOTED to adjourn at approx.. 7:10 p.m.

Supervision District Committee Member and Deep River BOE Chair, Miriam Morrissey, thanked Superintendent White and Finance Director Grissom for all of the great work they did to receive such a wonderful audit for the districts.

The Region 4 Board continued their discussion.

On motion duly made and seconded, the Region 4 Board of Education unanimously VOTED to direct the Superintendent to appropriate an amount of \$218,112 from the total of \$876,536 audited unexpended surplus Regional School District No. 4 funds from FY 2021-22 to the nonrecurring capital reserve fund and to appropriate the remaining balance of the surplus funds (\$658,424) to be given as a credit to the member towns for the remaining billings for the current school year (22-23) in the amounts, per the 2021-22 ADM calculation, of \$155,922 to the Town of Chester; \$230,024 to the Town of Deep River; and \$272,478 to the Town of Essex, and to additionally direct the Joint BOE Policy Committee to adjust BOE policy to align with current state statute.

On motion duly made and seconded, the Region 4 BOE unanimously VOTED to direct the Secretary of the Board to write a letter to the State Legislature asking for an amendment to Conn. Gen. Statute 10-51 as it pertains to the distribution of surplus funds by a regional school district, that would allow for the Region 4 Board's past practice to be in compliance with statute moving forward.

Public Comment: No comments were made.

ADJOURNMENT:

On motion duly made and seconded, the Region 4 Board unanimously VOTED to adjourn at approx. 7:43 p.m.