

State of Connecticut
Municipal Accountability and Review Board

Policies and Procedures

as Authorized by Section 367(b)(14) of

Public Act 17-2, June Special Session

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Overview

Pursuant to Sections 349 to 376¹ of Public Act 17-2, June Special Session (hereinafter “the Act”), municipalities experiencing degrees of fiscal distress and in need of technical or other state assistance can seek designation or be, in some instances, designated into one of four tiers. Designated Tier I municipalities shall be referred to the current State Municipal Finance Advisory Commission (MFAC), while designated Tier II, III and IV municipalities shall be referred to the Municipal Accountability Review Board (MARB) established in the Act. Progressively higher levels of distress and State oversight are associated with each higher numbered tier.

Section 367(b)(14) of Act indicates that the MARB shall establish such written procedures as it deems necessary to carry out its responsibilities and meet the purposes of the Act. These procedures are contained in this document.

¹ The Act was codified in Chapter 117, C.G.S. §§ 7-560 through 7-579a

I. Policies and Procedures Related to All Designated Municipalities

A. Public Information and Comment

1. The MARB, as a state board, is subject to the requirements of the State's Freedom of Information Act.
2. The MARB shall be in the Office of Policy and Management ("OPM") for administrative purposes only², and OPM shall post information related to the MARB on its website, which information shall include, but not be limited to, the membership of the MARB, agendas and minutes of the MARB and any of its committees or subcommittees, its bylaws and policies and procedures, a list of designated municipalities referred to the MARB, and contact information for the Board, including a contact person, telephone number, e-mail address and postal address.
3. The MARB may provide for a public comment period on its board meeting agendas. When a public comment item is on the agenda, there shall be sign-up sheet provided at least 15 minutes prior to the meeting. The speakers will be called in the order that they signed up, but the MARB may reserve the first 10 minutes of the public comment period to state and local elected officials. Each speaker may be limited to no more than three minutes. In the interest in enabling members of the public to attend board meetings for their full duration, the Chairperson may limit the public comment agenda item to 30 minutes.

² C.G.S. §7-576d

I. Policies and Procedures Related to All Designated Municipalities-continued

B. Revisions and Modifications to these Policies and Procedures

Description of Relevant Provisions of C.G.S.

Section 7-576d(b)(14): The MARB shall establish such written procedures as the board deems necessary to carry out its responsibilities and meet the purposes of the Act.

Policies and Procedures

1. The MARB, by a majority vote, may modify these policies and procedures from time to time as it deems appropriate.
2. The MARB may, by majority vote, adapt particular provisions of these policies and procedures with respect to individual designated municipalities if the MARB determines that such adaptations will facilitate its work with such designated municipalities. Each designated municipalities shall review these procedures and identify any procedure(s) contained herein in regard to which it has concerns and suggest, for the MARB's consideration, proposed adaptations to such procedures.
3. The Chairperson and Cochairperson of the MARB may modify specific timelines for submittals or actions contained in these procedures, on a case by case basis, in the event of an unanticipated emergency or fiscal exigency, provided that such modifications are consistent with applicable laws or regulations and with the purposes of the Act. The members of the MARB and the municipality shall be notified of any such modification.
4. Notifications and required submittals to the MARB shall be to the contact person identified on OPM's web-site unless indicated otherwise by the MARB.

II. Policies and Procedures Related to Designated Tier II Municipalities

A. Submittal, Review and Approval of Five-Year Financial Plan

Description of Relevant Provisions of C.G.S.

Section 7-576b(b): Municipalities shall submit a five-year financial plan for the MARB's review and approval in a manner prescribed by the MARB. (Note: This section applies to designated Tier II, III and IV municipalities)

Policies and Procedures

1. Not later than forty-five days after its designation as a Tier II municipality and, thereafter, not later than April 1 of each year, the local chief elected official or chief executive officer shall submit to the MARB, in a format to be determined by the MARB, a five-year financial plan³, the first year of which shall be for the fiscal year commencing on the upcoming July 1 date. The plan shall also include the budget and projected revenues and expenditures for the current fiscal year.
2. Each five-year financial plan shall provide for the:
 - (a) elimination of any fund balance deficits in the general fund;
 - (b) elimination of deficits in all funds, including any capital, internal service, special revenue and enterprise funds;
 - (c) balancing of the operating funds for each year of the plan;
 - (d) estimation of the amount of bonds or notes to be issued by the municipality and the debt service requirements;
 - (e) projected impacts on long-term liabilities, including those associated with employee pensions, other post-employment benefits and debt; and
 - (f) assumptions on which revenue and expenditure projections in the plan are based are based.
3. Expenditure and revenue projections in the plan shall be in a format determined by the MARB, in consultation with the municipality. Expenditures shall be presented at no higher than the department level, with major expenditures for items such as pensions, debt service, active and retiree health insurance and other areas to be broken out separately. Revenues shall be provided by line-item, with appropriate consolidations for smaller and like line-items.
4. The MARB and the chief elected official or chief executive officer and municipal staff shall meet to review the recommended financial plan. The chief elected official or chief executive officer and

³ P.A. 22-35

municipal staff shall provide such information as the MARB and its staff may reasonably require to analyze the assumptions and projections utilized.

5. Not later than 45 days following the receipt of the municipality's recommended five-year financial plan, the MARB, by resolution shall approve or disapprove the plan. If the plan is disapproved, the MARB shall indicate the reasons for such disapproval.

II. Policies and Procedures Related to Designated Tier II Municipalities-continued

B. Monitoring Municipality's Five-Year Plan and Financial Condition and Needs

Description of Relevant Provisions of C.G.S.:

Section 7-576b(b): In addition to the five-year plan, the municipality shall submit monthly financial reports, in a manner prescribed by the MARB.

Sections 7-576a(b) & 7-576b(b): The MARB may require the chief executive officer of the municipality to: (A) provide information and appear before the MARB to discuss the financial condition of the municipality and the implementation of remedial measures to improve its financial condition and (B) submit a written report to the Board on implementation of the recommendations of the commission and other remedial measures.

Section 7-576d(c): With respect to any municipality referred to the MARB, such municipality and each of its administrative units, including its board of education, shall supply the board with such financial reports, data, audits, statements and any other records or documentation as the board may require to exercise its powers and to perform its duties and functions. Such reports may include, but shall not be limited to, (1) proposed budgets, (2) monthly reports of the financial condition of the municipality, (3) the status of the municipality's current annual budget and progress under its financial plan for the then current fiscal year, (4) estimates of the operating results for all funds or accounts to the end of the then current fiscal year, (5) pension plan and debt projections, (6) statements and projections of general fund cash flow reserves, (7) the number of municipal employees on the municipal payroll, and (8) debt service requirements on all bonds and notes of the municipality for the following month.

Policies and Procedures

1. Not later than 30 days following the end of each month, the municipality shall submit to the MARB a monthly financial report in regard to the current annual budget, which report shall contain budgeted, year-to-date and projected year-end revenues and expenditures, in a format determined by the MARB in consultation with the municipality. Expenditures shall be presented at no higher than the department level, with major expenditures for items such as pensions, debt service, active and retiree health insurance and other areas to be broken out separately. Revenues shall be provided by line-items, with appropriate consolidations for smaller and like line-items. A sample format for monthly reports is located on OPM's website. The municipality shall appear before the MARB, as requested by the MARB, to review these reports and other matters affecting the municipality's fiscal condition.
2. At such times as determined by the MARB, but not less than once per fiscal year, the municipality shall provide the MARB with updated projections of revenues and expenditures of the second and third years of the five-year financial plan and a report on the status of major elements of such plan and appear before the MARB to review these matters.
3. Not less than annually, the municipality shall provide information as requested by the MARB in regard to its long-term liabilities, including, but not limited to, those related to debt, pensions, and other post-employment benefit benefits and shall appear before the MARB, as requested, to review this information.

4. The MARB or one of its committees shall annually review with the municipality's chief executive officer and chief financial officer the independent audit of such municipality and any findings contained therein.
5. The MARB may, by resolution or motion, make recommendations to improve the financial condition of a municipality and request a written report from the municipality's chief executive officer, by the date indicated in the resolution or motion, regarding the status of the MARB's recommendations and the remedial actions taken by the municipality to improve its financial condition. The municipal chief executive officer shall appear before the MARB to review the report.

II. Policies and Procedures Related to Designated Tier II Municipalities-continued

C. Annual Budget Assumptions Regarding State Revenues and Property Tax Revenues

Description of Relevant Provisions of C.G.S.:

Section 7-576b(b): In preparing and adopting its annual budget, municipalities shall only include assumptions regarding state revenues and property tax revenues as are approved by the MARB.

Policies and Procedures

1. At the same time that the local chief elected official or chief executive officer submits his or her recommended budget to the local legislative body, one hard copy and an electronic version of such recommended budget shall be submitted to the MARB.
2. The MARB shall review the assumptions contained in the recommended budget regarding state revenues and property tax revenues with the local chief elected official or chief executive officer and municipal staff. Not later than 30 days after receiving the recommended budget, the MARB shall adopt a resolution identifying any issues and concerns it has in this regard these assumptions. The resolution shall be transmitted to the local chief elected official or chief executive officer and the local legislative body within two days of its adoption.
3. The MARB or its assigned representatives shall consult with the local legislative body during its budget deliberations in regard to these assumptions and the MARB's issues and concerns in this regard.
4. Not later than 10 days prior to its action on the annual budget, the local legislative body shall submit, for the MARB's approval or disapproval, the assumptions regarding state revenues and property tax revenues to be contained in the final budget. The MARB shall provide such approval or disapproval not later than three days prior to the local legislative body's scheduled date for adopting the annual budget.
5. If a municipality receives Municipal Restructuring Funds under Section 370 of the Act⁴, the policies and procedures of Section III.A. will apply to the review, comment and approval or disapproval of its annual budget.

⁴ C.G.S. § 7-576i

III. Policies and Procedures Related to Designated Tier III Municipalities

A. Receipt, Review and Comment on Municipality's Annual Budget

Description of Relevant Provisions of C.G.S.:

Section 367(b)(1): The MARB shall review and comment on a municipality's annual budget prior to its adoption by its legislative body.

Policies and Procedures

1. At the same time that the local chief elected official or chief executive officer submits his or her recommended budget to the local legislative body, one hard copy and an electronic version of such recommended budget shall be submitted to the MARB. The submitted recommended annual budget shall include the municipality's general fund and capital fund budget and any enterprise or special revenue fund budgets developed by the municipality or required by local charter or ordinance.
2. The MARB and the chief elected official or chief executive officer shall meet to review the recommended budget. The chief elected official or chief executive officer and municipal staff shall provide such information as the MARB and its staff may reasonably require to analyze the assumptions and projections utilized, including in regard to estimates associated with State aid and property tax revenues and mill rate.
3. Not later than 30 days after the receipt of such annual budget and prior to the local budget adoption date, the MARB shall adopt a resolution identifying potential issues or concerns the MARB may have regarding:
 - a. The reasonableness of the assumptions utilized with respect to expenditures and revenues, including assumptions included in the recommended budget related to state revenues and property tax revenues and a mill rate;
 - b. the overall balance and imbalance of expenditures and revenues;
 - c. the achievability of efficiency measures included in the recommended budget;
 - d. its impact on the municipality's long-term liabilities and the municipality's most current five-year financial plan; and

- e. any other issues or matters that would impact, in the MARB’s opinion, the municipality’s financial sustainability and vitality.

Such resolution shall be transmitted to the local chief elected official and legislative body within two days of its passage.

- 4. The local legislative body shall transmit the approved annual budget to the MARB within three days following its adoption. The Board, at its option, may adopt a resolution indicating any concerns or issues it may have with the adopted annual budget. If a municipality receives Municipal Restructuring Funds under Section 370 of this Act, the MARB shall approve or disapprove its annual budget within 15 days of the MARB’s receipt of such budget.

III. Policies and Procedures Related to Designated Tier III Municipalities-continued

B. Annual Budget Assumptions Regarding State Revenues and Property Tax Revenues and Mill Rate

Description of Relevant Provisions of C.G.S:
Section 367(b)(2): In preparing and adopting its annual budget, municipalities shall only include assumptions regarding state revenues and property tax revenues and a mill rate as are approved by the MARB.

Policies and Procedures

- 1. The MARB or its assigned representatives shall consult with the local legislative body and municipal officials regarding any issues or concerns that the MARB may have with any recommended or proposed budgetary assumptions regarding state revenues and property tax revenue and mill rate, including those contained in the resolution adopted pursuant to Part A.3, above.
- 2. Not later than 10 days prior to its action on the annual budget, the local legislative body shall submit, for the MARB’s approval or disapproval, the assumptions regarding state revenues and property tax revenues and a mill rate to be contained in the final budget. The MARB shall provide such approval or disapproval not later than three days prior to the local legislative body’s scheduled date for adopting the annual budget.

III. Policies and Procedures Related to Designated Tier III Municipalities-continued

C. Review, Comment and Action Regarding Proposed Debt Obligations

Description of Relevant Provisions of C.G.S.:

Section 7-576d(b)(3): The MARB shall be required to approve any debt service obligations issued in accordance with C.G.S. § 7-575 that are supported by a State special capital reserve fund (SCRF) and the issuance of refunding bonds by a majority vote, provided that five or more of the MARB members vote to approve such issuance (e.g. if seven MARB members are present, at least five must vote to approve). The MARB shall only approve such obligations which in its judgment improve the financial condition of the municipality. Notwithstanding any other provision of state statute, the MARB may approve and authorize the municipality's issuance of bonds with a term of no more than 40 years from the date of issuance.**Section 7-576d(b)(4):** The MARB shall review and comment on proposed debt obligations of the municipality not covered by C.G.S. § 7-575 prior to their issuance.

Policies and Procedures

1. The municipality shall, not later than 60 days prior to the issuance of proposed debt obligations, notify the MARB of its intent to issue bonds and include the following with such notice:
 - (a) the amount of the bonds to be issued and for what purpose and, if refunding bonds, a listing of the bonds to be refunded;
 - (b) the projected debt service payments and the assumptions related to such projections;
 - (c) an indication if the municipality is seeking to have some or all of the bonds supported by the SCRF;
 - (d) with respect to refunding bonds, a comparison of the anticipated effects of the proposed refunding with the current debt service payment schedule and alternative schedules and terms;
 - (e) for bonds proposed to be supported by the SCRF, the projected SCRF impact on the cost of issuance;
 - (f) documentation of the municipality's authorization of the issuance of such bonds, including, but not limited to, a certified copy of the resolution or ordinance of the municipality

authorizing the issuance of such bonds and the opinion of nationally recognized bond counsel as to the due authorization of the issuance of such bonds; and

- (g) any other information and documentation required or requested by the MARB within 10 days of its receipt of the notice.
- 2. Following the receipt of the notice, the MARB or its designated representatives, including any financial advisors and bond counsels engaged by the MARB or the State, shall meet with the chief elected official or chief executive officer and its treasurer or finance director to review the proposed debt issuance. The municipality shall make municipality's financial advisor and bond counsel available to the MARB or its representatives as part of this review.
- 3. With respect to refunding bonds or SCRF supported bonds, within 30 days of the receipt of all of the information required in regard to item 1 above, the MARB shall adopt a resolution either approving or disapproving such issuance, in accordance with the Act. Any vote to approve must receive at least five votes. If disapproved, the MARB shall provide the reasons for such disapproval.
- 4. With respect to any non-refunding or non-SCRF supported bonds, within 30 days of the receipt of the information required in item 1., above, the MARB may, based on its review of the proposed issuance, adopt a resolution providing its comments and any recommendations in regard to the issuance.
- 5. Any such resolution related to either item 3 or 4., above, shall be transmitted to the local chief elected official and to the local legislative body within two days of its adoption.

III. Policies and Procedures Related to Designated Tier III Municipalities-continued

D. Review and Comment Regarding Municipal and Board of Education Contracts

Description of Relevant Provisions of C.G.S:

Section 7-576d(b)(5): The MARB may require that the municipality or its board of education notify the board of any or all municipal or board of education contracts that exceed: (A) \$50,000 for municipalities with a resident population under 70,000, or (B) \$100,000 for municipalities with a resident population of 70,000 or more, not less than 30 days prior to execution of such contract, for board review and comment regarding such proposed contract. The MARB shall consult with any designated municipality and its board of education, to implement this provision.

Policies and Procedures

1. Prior to the execution of a contract over \$50,000 (for municipalities under 70,000 population) or over \$100,000 (for municipalities over 70,000 in population), the municipality or its board of education shall submit to the MARB, for its review, a summary of the contract which shall indicate the parties to the contract, the amount of the contract, the proposed term of the contract, a brief summary of the purpose of the contract, the date and method of solicitation (eg. Request for Proposal, invitation to bid, quotes, sole source), number of responses to the solicitation, and brief description of evaluation criteria. If a non-competitive selection process is used, the summary information shall also include a brief explanation of the rationales and basis for a non-competitive process, and the applicable rules of ethics and conflict of interest rules applied.
2. This policy shall apply to contracts for the purchase of supplies, equipment, materials, services or real estate and to contracts for the sale or lease of municipal assets. The policy shall not apply to grant agreements, intergovernmental agreements, purchases made through collective purchasing agreements, employment agreements, agreements for tax incentives or abatements, or other economic development agreements.

3. This policy shall apply to contracts funded substantially from the municipality's or board of education's operating budget. This policy shall not apply to contracts funded by grants received from third parties, capital project funds or other non-operating funds.
 - a. The municipality or its board of education shall provide copies of contracts that are excluded by this policy when requested by the MARB.

III. Policies and Procedures Related to Designated Tier III Municipalities-continued

E. Review and Action Regarding Employee Collective Bargaining Agreements

Description of Relevant Provisions of C.G.S.:

Section 7-576d(b)(6): The MARB, with respect to any proposed employee collective bargaining agreement or amendments negotiated pursuant to sections 7-467 to 7-477 or section 10-153d of the General Statutes, shall have the same opportunity and authority to approve or reject, on not more than two occasions, collective bargaining agreements or amendments as is provided to the legislative body of such municipality.

Policies and Procedures

1. Twice annually, in December and June, the municipality and its Board of Education shall provide the MARB with a list of their employee collective bargaining agreements, providing the following for each agreement: (a) the name of the parties to the agreement; (b) the start and termination date of the agreement and (c) whether such agreement is in negotiations, mediation or arbitration. The municipality and its Board of Education shall provide any additional information requested by the MARB in regard to these agreements.
2. With respect to municipal collective bargaining agreements or amendments agreed to by the parties pursuant to sections 7-467 to 7-477 of the General Statutes, the municipality's bargaining representative shall submit such agreement or amendment and the same request for funds and approvals required to be submitted to the local legislative body under Section 7-474(b) of the general statutes to the MARB within 14 days of the date that such agreement or amendment was agreed to by the parties. This requirement shall also apply to collective bargaining agreements negotiated by boards of education pursuant to Sections 7-467 to 7-477 of the General Statutes. If this request is rejected by either the MARB or the local legislative body, the matter shall be returned to the parties for further bargaining. Such request shall be considered approved unless either or both the legislative

body or the MARB reject such request within thirty days of the end of the fourteen-day period for submission to the MARB and legislative body. The MARB shall offer the parties the opportunity to make a presentation to it prior to any action regarding the submitted request. The MARB may approve or reject such requests on no more than two occasions and shall indicate the reasons for any vote to reject.

3. With respect to board of education collective bargaining agreements reached pursuant to Section 10-153d of the general statutes, the municipality's board of education shall file a signed copy of any proposed collective bargaining contract with the municipality's town clerk, with the Commissioner of Education and the MARB. Upon receipt of a signed copy of such contract the clerk of municipality shall give public notice of such filing. The terms of such contract shall be binding on the legislative body, unless either such body or the MARB rejects such contract at a regular or special meeting called and convened for such purpose within thirty days of the filing of the contract. The MARB shall offer the parties the opportunity to make a presentation to it prior to any action regarding the proposed contract. If the legislative body or the MARB rejects the contract, the parties shall commence the arbitration process, in accordance with the provisions of subsection (c) of section 10-153f, on the fifth day next following the rejection. The MARB may approve or reject such contracts on no more than two occasions and shall indicate the reasons for any vote to reject.

III. Policies and Procedures Related to Designated Tier III Municipalities-continued

F. Review and Action Regarding Collective Bargaining Binding Arbitration Awards

Description of Relevant Provisions of C.G.S.:

Section 576d(b)(7)(A): The MARB shall be provided with the same opportunity and authority to reject, on not more than two occasions, a municipal employee collective bargaining arbitration award as is provided to the legislative body of the municipality in subdivision (12) of subsection (d) of section 7-473c of the general statutes and to provide a written statement to the State Board of Mediation and Arbitration in accordance with that section.

Section 7-576d(b)(7)(B): The MARB shall be provided with the same opportunity and authority to reject, on not more than two occasions, a board of education employee collective bargaining arbitration award as is provided to the legislative body of the local school district or municipality in subdivision (7) of subsection (c) of section 10-153f of the general statutes and to provide a written statement to the Commissioner of Education and to the exclusive representative of the administrators unit as is required in said section. This provision shall not be construed to apply to an arbitration award to which a teacher's unit is a party.

Policies and Procedures

1. The municipality shall notify the MARB of any arbitration award issued in accordance with the provisions of Section 7-473c of the general statutes and provide a copy to the MARB of such award within two days of its receipt of such award. Within 25 days of the municipality's receipt of an arbitration award, either the MARB, by a majority vote, or the legislative body of the municipality, by a two-thirds majority vote of the members of such legislative body present, may reject the award of the arbitrators or single arbitrator at a regular or special meeting called and convened for such purpose. Within ten days after such rejection, the MARB or its authorized representative shall be required to state, in writing, as would the local

legislative body if it rejects the award, the reasons for such vote and shall submit such written statement to the State Board of Mediation and Arbitration and the municipal employee organization. Within ten days after receipt of any such notice, the municipal employee organization shall prepare a written response to such rejection and shall submit it to the MARB, the legislative body and the State Board of Mediation and Arbitration. The MARB may approve or reject such awards on no more than two occasions and shall indicate the reasons for any vote to reject.

2. The municipality's Board of Education shall notify the MARB of any arbitration award issued in accordance with the provisions of Section 10-153f of the general statutes and provide a copy of such award within two days of its receipt of such award. Within 25 days of the Board of Education's receipt of an arbitration award related to an administrator's unit issued pursuant to this section, either the MARB, by a majority vote, or the legislative body of the municipality, by a two-thirds majority vote of the members of such legislative body present, may reject the award of the arbitrators or single arbitrator at a regular or special meeting called and convened for such purpose. Within ten days after a rejection of an administrator's unit award, the MARB or its authorized representative shall be required to state, in writing, as would the local legislative body if it rejects, the reasons for such vote and shall submit such written statement to the State Commissioner of Education and the exclusive representative for the administrator's unit. Within ten days after receipt of such notice, the exclusive representative for the administrator's unit shall prepare a written response to such rejection and shall submit it to the MARB, the legislative body and the Commissioner of Education. The MARB may approve or reject such awards on no more than two occasions and shall indicate the reasons for any vote to reject. With respect it to arbitration awards for teacher's units, the MARB may pass a resolution with any recommendations, issues or concerns it has with respect to any award and shall transmit such resolution to the legislative body, the Board of Education and the exclusive representative for the teacher's unit.

III. Policies and Procedures Related to Designated Tier III Municipalities-continued

G. Submittal, Review and Approval of Five-Year Financial Plan

Description of Relevant Provisions of C.G.S.

Section 7-576b(b): Municipalities shall submit a five-year financial plan⁵ for the MARB's review and approval. (Note: This provision applies to designated Tier II, III and IV municipalities)

Policies and Procedures

1. Not later than forty-five days after its designation as a Tier III municipality and, thereafter, with the submittal of the recommended annual budget in accordance with Section III.A.1. of these Policies and Procedures, the local chief elected official or chief executive officer shall submit to the MARB, in a format to be determined by the MARB, a five-year financial plan, the first year of which shall be for the fiscal year commencing on the upcoming July 1 date. The plan shall also include the budget and projected revenues and expenditures for the current fiscal year.
2. Each five-year financial plan shall provide for the:
 - (a) elimination of any fund balance deficits in the general fund;

⁵ PA 22-35

- (b) elimination of deficits in all funds, including any capital, internal service, special revenue and enterprise funds;
 - (c) balancing of the operating funds for each year of the plan;
 - (d) estimation of the amount of bonds or notes to be issued by the city and debt service requirements;
 - (e) projected impacts on long-term liabilities, including those associated with employee pensions, other post-employment benefits and debt; and
 - (f) assumptions on which revenue and expenditure projections in the plan are based are based.
3. Expenditure and revenue projections in the plan shall be in a format determined by the MARB in consultation with the municipality. Expenditures shall be presented at no higher than the department level, with major expenditures for items such as pensions, debt service, active and retiree health insurance and other areas to be broken out separately. Revenues shall be provided by line-item, with appropriate consolidations for smaller and like line-items.
 4. The MARB and the chief elected official or chief executive officer shall meet to review the recommended financial plan and the chief elected official or chief executive officer and municipal staff shall provide such information as the MARB and its staff may reasonably require to analyze the assumptions and projections utilized.
 5. i If the plan is disapproved or, if the MARB has not approved the plan prior to July 1 of the first year of the plan, the MARB shall indicate the reasons for such disapproval or non-approval.

III. Policies and Procedures Related to Designated Tier III Municipalities-continued

H. Monitoring the Annual Budget and Five-Year Plan & Financial Condition & Needs

Description of Relevant Provisions of C.G.S.:

Section 7-576d(b)(8): The MARB shall monitor the municipality's compliance with the five-year financial plan⁶ and annual budget and recommend that the municipality make such changes as are necessary to ensure budgetary balance in such plan and budget. In this regard, the municipality shall submit monthly financial reports, in a manner prescribed by the MARB. (Section 7-576b(b))

Section 7-576d(b)(10): the MARB may obtain information on the financial condition and financial needs of any such municipality and its board of education.

Section 7-576d(c): The municipality and each of its administrative units, including its board of education, shall supply the board with such financial reports, data, audits, statements and any other records or documentation as the board may require to exercise its powers and to perform its duties and functions. Such reports may include, but shall not be limited to, (1) proposed budgets, (2) monthly reports of the financial condition of the municipality, (3) the status of the municipality's current annual budget and progress under its financial plan for the then current fiscal year, (4) estimates of the operating results for all funds or accounts to the end of the then current fiscal year, (5) pension plan and debt projections, (6) statements and projections

⁶ PA 22-35

of general fund cash flow reserves, (7) the number of municipal employees on the municipal payroll, and (8) debt service requirements of bonds and notes for the following month.

Policies and Procedures

1. Not later than 30 days after the end of each month, the municipality shall submit to the MARB a monthly financial report in regard to the annual budget, which report shall contain budgeted, year-to-date and projected year-end revenues and expenditures, in a format determined by the MARB, in consultation with the municipality. Expenditures shall be presented at no higher than the department level, with major expenditures for items such as pensions, debt service, active and retiree health insurance and other areas to be broken out separately. Revenues shall be provided by line-items, with appropriate consolidations for smaller and like line-items. A sample format for monthly reports is located on OPM's web-site. The municipality shall appear before the MARB, as requested by the MARB, to review these reports and other matters affecting the municipality's fiscal condition.
2. At such times as determined by the MARB, but not less than once during each fiscal year, the municipality shall provide the MARB with updated projections of revenues and expenditures of the second and third years of the five-year financial plan and a report on the status of major elements of such plan and appear before the MARB to review these matters.
3. Not less than annually, the municipality shall provide information as requested by the MARB in regard to its long-liabilities, including, but not limited to, those related to debt, pensions, and other post-employment benefit benefits and shall appear before the MARB, as requested, to review this information.
4. The MARB or one of its committees shall annually review with the municipality's chief executive officer and chief financial officer the annual independent audit of such municipality and any findings contained therein.
5. The MARB may, by resolution, recommend that the municipality make such changes as the MARB determines are necessary to ensure budgetary balance in the municipality's annual budget and financial plan or to improve the short and long-term financial condition of a municipality and require that the municipality's chief executive officer, by the date indicated, submit a written report regarding the status of the MARB's recommendations and the remedial actions taken by the municipality to improve its financial condition. The municipal chief executive officer shall appear before the MARB to review the report.
6. Not later than thirty-five days after its designation as a Tier III municipality, the local chief elected official or the chief executive officer shall submit to the MARB copies of all of the municipality's written financial policies and procedures.

III. Policies and Procedures Related to Designated Tier III Municipalities-continued

I. Review and Recommendations Regarding Municipal Efficiency and Productivity

Description of Relevant Provisions of C.G.S.:

Section 7-576d(b)(9): The MARB shall recommend that the municipality and its board of education implement measures relating to the efficiency and productivity of their operations and management as the board deems appropriate, to reduce costs and improve services so as to advance the purposes of the Act. Such recommendations may include, but shall not be limited to, policies and procedures for the responsible use of municipal and board of education credit and purchasing cards, vehicles and other municipal and board of education property and resources.

Section 7-576d(b)(11): The MARB, in consultation with the municipality, may retain such staff and hire consultants experienced in the field of municipal finance, municipal law, governmental operations and administration or governmental accounting as it deems necessary or desirable for accomplishing its purposes. **According to Section 7-576d(a),** these expenses of the board related to its work with designated tier III or IV municipalities, may, following consultation with such municipalities, be charged to such municipalities by the MARB and may be paid from the proceeds of any deficit obligation or debt restructuring bonds.

Section 7-576d(b)(12): The MARB may require the municipality and its board of education to apply LEAN practices and principles, and to participate in efforts to establish common strategies and goals and to organize around collective impacts for the municipality, such municipality's residents, businesses and employees, to result in an improved fiscal sustainability and municipal vitality.

Section 7-576d(b)(13): The MARB may consult with federal, state, quasi-public and nongovernmental agencies to accomplish its purposes.

Policies and Procedures

1. The MARB shall review and work with the municipality and its board of education to seek efficiencies and savings in regard to its operations and major areas of short and long-term term costs and liabilities and may hire retain such staff and consultants as it deems necessary to accomplish its purposes.

IV. Policies and Procedures Related to Designated Tier IV Municipalities

A. Review and Approval of Municipality's Annual Budget

Description of Relevant Provisions of C.G.S.:

Section 7-576e(a)(3)(i): To review and approve or disapprove the municipality's annual budget, including, but not limited to, the general fund, other governmental funds, enterprise funds and internal service funds. No annual budget, annual tax levy or user fee for the municipality shall become operative until it has been approved by the board. If the board disapproves any annual budget, not later than the May twenty-first prior to the beginning of the new fiscal year, the board shall specify the reasons for such disapproval and shall provide the legislative body until the June fifteenth prior to the beginning of the new fiscal year to resubmit the annual budget in accordance with this section. If the legislative body has not adopted a budget by such June fifteenth date or its resubmitted annual budget is not approved by the board, the board shall adopt an interim budget and establish a tax rate and user fees. Such interim budget shall take effect at the commencement of the fiscal year and shall remain in effect until the municipality submits and the board approves a modified budget. Notwithstanding any provision of the general statutes, or any public or special act, local law, charter or ordinance or resolution, a municipality may approve a modified budget pursuant to this section after any applicable deadline for such adoption has passed.

Section 7-576e(a)(4)(B): To require its review, approval, disapproval or modification of the budget of the board of education for the municipality on a line-item basis and to require the board of education to submit to it any budget transfers The board shall consult with such municipality and the board of education of such municipality, as applicable, to establish policies and procedures for the implementation of the provisions of subparagraphs (A) and (B) of this subdivision.

Policies and Procedures

1. At the same time that the superintendent of schools submits his or her recommended education budget to the local board of education, an electronic version of such recommended budget shall be submitted to the MARB.
2. At the same time that the local chief elected official or chief executive officer submits his or her recommended budget to the local legislative body, an electronic version of such recommended budget shall be submitted to the MARB. The submitted recommended annual budget shall include the municipality's general fund, capital fund budget and any enterprise, special revenue fund, or internal service fund budgets developed by the municipality or required by local charter or ordinance.
3. An updated 5-Year Plan shall be submitted by the municipality with its recommended budget. The recommended budget shall not be considered to have been submitted unless it is accompanied by the updated 5-Year Plan.
4. The format of the municipal and education budgets shall be determined by the MARB, but shall include, at a minimum, the following:

- a. Prior year actuals, current year adopted budget, current year revised budget, current year projections, and the recommended budget for the upcoming fiscal year for the following:
 - i. Revenues at an object level
 - ii. Expenditures at an object level
 - b. Explanation of the major assumptions used to develop the budget
 - c. Summary of major grants and other supplemental sources of revenues supporting the budget
5. The content of the 5-Year Plan shall comply with the Guidelines for 5-Year Financial Plan detailed in Appendix A_of these Policies and Procedures.
 6. The MARB, or one of its subcommittees, and the chief elected official or chief executive officer, and the superintendent of schools, shall meet to review the recommended budget. The chief elected official or chief executive officer and the superintendent of schools shall provide such information as the MARB and its staff may reasonably require to analyze the assumptions and projections utilized, including, but not limited to, revenue estimates, expenditure estimates, staffing and service levels, employee and retiree benefits, and debt service.
 7. The MARB shall approve or disapprove the education and the municipal annual budget. If the board disapproves either budget, it shall provide the municipality or board of education with its reasons for disapproval by May 21st7.
 8. In the event that the MARB disapproves the municipality or education budget, the municipality or board of education shall have until June 15th8 to resubmit a budget that responds to the MARB's reasons for disapproval. A budget resubmitted by the municipality shall have been approved by the local budget adoption authority. The MARB shall act on the resubmitted budget as soon as is practicably possible. If the municipality does not resubmit its budget by June 15th, or if the resubmitted budget is not approved by the MARB, the MARB shall adopt an interim budget and adopt a tax rate and user fees. An interim budget adopted by the MARB shall take effect with the commencement of the fiscal year.
 - a. In the event that an interim budget is adopted by the MARB, the municipality may resubmit to the MARB a budget to replace the interim budget. Any budget resubmitted by the municipality to replace the interim budget shall have been approved by the local budget adoption authority.
 - b. If the MARB approves a budget submitted to replace the interim budget, such budget shall take effect on a date to be established when such action is taken by the MARB.
 - c. An interim budget adopted by the MARB shall remain in effect unless and until a replacement budget is submitted by the municipality and approved by the MARB.
 9. No annual budget, annual tax levy or user fee for the municipality shall become operative until it has been approved by the board.

⁷ C.G.S. § 7-576e(a)(3)(i)

⁸ *Id.*

IV. Policies and Procedures Related to Designated Tier IV Municipalities-continued

B. Review, Approval and Authorization of Debt Obligations

Description of Relevant Statute:

Section 7-576e(a)(3)(ii)

To review and approve all bond ordinances and bond resolutions of the municipality.

Section 7-576e(a)(6)

To approve and authorize the issuance of obligations under section 7-575, including, with regard to a designated tier IV municipality otherwise ineligible to issue such obligations, for the purposes of issuing general obligations for purposes of deficit financing, addressing pension liabilities in accordance with section 7-374c, debt restructuring and other purposes allowed for which municipal obligations are authorized by the general statutes.

Section 7-576e(b)

Notwithstanding the provisions of section 7-370c, or any other public or special act, local law or charter, or ordinance or resolution, which limits or imposes conditions on the date of the first maturity of, or the due date of the first sinking fund payment for, or on the amount of any principal or any principal and interest installments on, or sinking fund payment deposit for, refunding bonds issued by any municipality, the board may authorize a designated tier IV municipality to issue refunding bonds for which the provisions of section 7-371 regarding such limitations shall not apply, regardless of whether or not such refunding bonds achieve net present value savings, as described in section 7-370c, with respect to the refunded bonds. The board shall only approve the issue of such refunding bonds upon a determination that, in its judgment, the issue of such bonds will improve the financial condition of such municipality.

Section 7-576e(c)

Notwithstanding the provisions of section 7-370c or 7-371, or any other public or special act, local law or charter, or ordinance or resolution, which limits or imposes conditions on the final maturity of, or the due date of the last sinking fund payment for, bonds issued by any municipality, the board may authorize a designated tier IV municipality to issue bonds for which the last installment of any series of such bonds shall mature, or the last sinking fund payment for such series of bonds shall be due, not later than forty years from the date of issue of such bonds. The board shall only approve the issuance of such bonds upon a determination that, in its judgment, such issuance will improve the financial condition of such municipality.

1. The municipality shall, not later than 60 days prior to the issuance of proposed debt obligations issued pursuant to sections 7-576e(a)(6), 7-576e(b) or 7-576e(c) of the General Statutes, notify the MARB of its intent to issue bonds and include the following with such notice:
 - (a) the amount of the bonds to be issued and for what purpose and, if refunding bonds, a listing of the bonds to be refunded;
 - (b) the projected debt service payments and the assumptions related to such projections;
 - (c) an indication if the municipality is seeking to have some or all of the bonds supported by the SCRF;

- (d) with respect to refunding bonds, a comparison of the anticipated effects of the proposed refunding with the current debt service payment schedule and alternative schedules and terms;
 - (e) for bonds proposed to be supported by the SCRF, the projected SCRF impact on the cost of issuance;
 - (f) an indication if the municipality seeking to issue some or all of the obligation pursuant to section 7-576e(a)(6), 7-576e(b) or 7-576e(c) of the General Statutes;
 - (g) documentation of the municipality's authorization of the issuance of such bonds, including, but not limited to, a certified copy of the resolution or ordinance of the municipality authorizing the issuance of such bonds and the opinion of nationally recognized bond counsel as to the due authorization of the issuance of such bonds; and
 - (h) any other information and documentation required or requested by the MARB within 10 days of its receipt of the notice.
2. Following the receipt of the notice, the MARB or its designated representatives, including any financial advisors and bond counsels engaged by the MARB or the State, shall meet with the chief elected official or chief executive officer and its treasurer or finance director to review the proposed debt issuance. The municipality shall make municipality's financial advisor and bond counsel available to the MARB or its representatives as part of this review.
 3. Within 30 days of the receipt of all of the information required in regard to item 1 above, the MARB shall adopt a resolution either approving or disapproving such issuance. If disapproved, the MARB shall provide the reasons for such disapproval.
 4. Any such resolution related to item 3 above, shall be transmitted to the local chief elected official and to the local legislative body within two days of its adoption.
 5. No bond ordinance or bond resolution shall be deemed to have been authorized until it has been approved by the MARB. When seeking authorization of a bond ordinance or bond resolution, the municipality shall provide the MARB with the following:
 - (a) Copy of the proposed bond ordinance or bond resolution
 - (b) Detailed description of the uses of the proposed bonds with reference to the City's multi-year capital improvement plan
 - (c) The projected debt service payments resulting from the proposed bond authorization and the assumptions related to such projections
 - (d) The projected cumulative debt service payments including existing debt, other authorized unissued debt and projected debt service resulting from the proposed bond authorization
 - (e) Projected impact on total outstanding debt
 - (f) Other related information as requested by the MARB

IV. Policies and Procedures Related to Designated Tier IV Municipalities-continued

C. Monitoring the Annual Budget and 5-Year Financial Plan

Description of Relevant Statute:

Section 7-576e(a)(3)(iii)

To monitor compliance with the municipality's five-year financial plan and annual budget and require that the municipality make such changes as are necessary to ensure budgetary balance in such plan and budget.

Policies and Procedures

1. Not later than 30 days after the end of each month, the municipality shall submit to the MARB a monthly financial report in regard to the annual budget, which report shall contain budgeted, year-to-date, and projected year-end revenues and expenditures, in a format determined by the MARB, in consultation with the municipality. Expenditures shall be presented at no higher than the department level, with major expenditures for items such as pensions, debt service, active and retiree health insurance and other areas to be broken out separately. Revenues shall be provided by line-items, with appropriate consolidations for smaller and like line-items. A sample format for monthly reports is located on OPM's web-site. The municipality shall appear before the MARB, as requested by the MARB, to review these reports and other matters affecting the municipality's fiscal condition.
2. At such times as determined by the MARB, but not less than once during each fiscal year, the municipality shall provide the MARB with updated projections of revenues and expenditures of the second through fifth years of the five-year financial plan and a report on the status of major elements of such plan and appear before the MARB to review these matters.
3. Not less than annually, the municipality shall provide information as requested by the MARB in regard to its long-term liabilities, including, but not limited to, those related to debt, pensions, and other post-employment benefit benefits and shall appear before the MARB, as requested, to review this information.
4. The MARB or one of its committees shall annually review with the municipality's chief executive officer and chief financial officer the annual independent audit of such municipality and any findings contained therein.
5. The MARB may, by resolution, recommend that the municipality make such changes as the MARB determines are necessary to ensure budgetary balance in the municipality's annual budget and financial plan or to improve the short and long-term financial condition of a municipality and require that the municipality's chief executive officer, by the date indicated, submit a written report regarding the status of the MARB's recommendations and the remedial actions taken by the municipality to improve its financial condition. The municipal chief executive officer shall appear before the MARB to review the report.
6. Not later than forty-five days after its designation as a Tier IV municipality, the local chief elected official or the chief executive officer shall submit to the MARB copies of all of the municipality's written financial policies and procedures.

IV. Policies and Procedures Related to Designated Tier IV Municipalities-continued

D. Review and Action Regarding Collective Bargaining Agreements

Description of Relevant Statute:

Section 7-576e(a)(3)(iv)

To approve or reject all collective bargaining agreements for a new term, other than modifications, amendments or reopening of an agreement, to be entered into by the municipality or any of its agencies or administrative units, including the board of education. If it rejects an agreement, the board shall indicate the specific provisions of the proposed agreement present or missing which caused the rejection, as well as its rationale for the rejection. The board may indicate the total cost impact or savings that are acceptable in a new agreement. At any time during negotiations and prior to reaching any agreement, or a modified agreement, the parties, by mutual agreement, may request guidance from the board as to the level and areas of savings that may be acceptable to the board in a new agreement. Following any rejection of a proposed collective bargaining agreement, the parties to the agreement shall have ten days from the date of the board's rejection to consider the board's concerns and propose a modified agreement. After the expiration of such ten-day period, the board shall approve or reject any such modified agreement. If the parties have been unable to reach a modified agreement or the board rejects such modified agreement, the board shall impose binding arbitration on the parties, in accordance with clause (v) of this subdivision, to arbitrate issues identified by the board as the cause for such inability or rejection. In establishing the issues to be arbitrated, as well as in deciding to reject a proposed agreement, the board shall not be limited to matters raised or negotiated by the parties.

Also, to approve or reject all modifications, amendments or reopeners to collective bargaining agreements entered into by the municipality or any of its agencies or administrative units, including the board of education. If it rejects a modification, amendment or reopener to an agreement, the board shall indicate the specific provisions of the proposed modification, amendment or reopener which caused the rejection, as well as its rationale for the rejection. The board may indicate the total cost impact or savings acceptable in a new modification, amendment or reopener. If the board rejects a proposed amendment or reopener to a collective bargaining agreement, the parties to the agreement shall have ten days from the date of the board's rejection to consider the board's concerns and put forth a revised modification, amendment or reopener. After the expiration of such ten-day period, the board shall approve or reject any revised modification, amendment or reopener amendment. If the parties are unable to reach a revised modification, amendment or reopener or the board rejects such revised modification, amendment or reopener, the board shall impose binding arbitration upon the parties in accordance with clause (v) of this subdivision. The issues to be arbitrated shall be those identified by the board as causing such inability or rejection. Prior to the board acting on any such modification, amendment or reopener, the parties shall have an opportunity to make a presentation to the board.

Policies and Procedures

1. Twice annually, in December and June, the municipality and its Board of Education shall provide the MARB with a list of their employee collective bargaining agreements, providing the

following for each agreement: (a) the name of the parties to the agreement; (b) the start and termination date of the agreement and (c) whether such agreement is in negotiations, mediation or arbitration. The municipality and its Board of Education shall provide any additional information requested by the MARB in regard to these agreements.

2. The municipality or its board of education shall submit to the MARB for its approval any collective bargaining agreement for a new term, or any collective bargaining agreement modification, amendment or reopener within 14 days of the date that such agreement or amendment was agreed to by the parties. The municipality or Board of Education submitting a collective bargaining agreement, modification, amendment, or reopener for approval, shall provide the MARB with a summary of the agreement, a fiscal impact analysis of the provisions of the agreement including detailed salary and step analysis, a comparison to provisions in similar agreements in comparable municipalities, and other such data as may reasonably be requested by the MARB.
 - a. The content of the fiscal impact analysis shall comply with the Guidelines for Collective Bargaining Agreement Fiscal Impact detailed in Appendix B of these Policies and Procedures
3. The MARB may approve or reject a proposed agreement.
 - a. If the MARB rejects an agreement, the board shall indicate the provisions causing the rejection and its rationale. Following rejection, the parties to the proposed agreement will have 10 days to propose a revised agreement.
 - b. Following the 10-day period, the MARB may approve or reject the revised agreement. Prior to taking action on the revised agreement, the parties shall be provided an opportunity to make a presentation to the board
 - c. If the Board rejects the revised agreement, or if the parties are unable to reach a revised agreement, the MARB shall impose binding arbitration on the parties to arbitrate issues raised by the board (in accordance with the following item IV.E)
 - d. If the MARB rejects a modified agreement, or otherwise imposes binding arbitration due to the parties being unable to reach a modified agreement, the MARB shall adopt a resolution establishing the issues to be arbitrated. When establishing the issues to be arbitrated, the MARB shall not be limited to matters raised or negotiated by the parties
4. Any collective bargaining agreement subject to MARB approval shall not take effect until the MARB has approved the agreement.

IV. Policies and Procedures Related to Designated Tier IV Municipalities-continued

E. Actions Regarding Imposing or Rejecting Binding Arbitration

Description of Relevant Statute:

Section 7-576e(a)(3)(v)

Except as otherwise provided in this subdivision, with respect to collective bargaining agreements of the municipality or any of its agencies or administrative units, including, but not limited to, the board of education, that are in or are subject to binding arbitration, the board shall have the power to impose binding arbitration upon the parties any time after the seventy-fifth day following the commencement of negotiations or to reject any arbitration award pending municipal or board of education action pursuant to section 7-473c or 10-153f on the date the board is established. If, upon the date of a municipality's designation as a tier IV municipality, the parties are in binding arbitration, or if the board rejects a pending arbitration award, the board shall immediately replace any established binding arbitration panel with an arbitrator selected in accordance with this section. If the board imposes binding arbitration or replaces an existing binding arbitration panel, it shall do so with an arbitrator selected by the Governor from a list of three potential arbitrators approved by and submitted to the Governor by the board. Such list of potential arbitrators shall include former judges of the state or federal judicial systems or other persons who have experience with arbitration or similar proceedings. Prior to the Governor's selection of an arbitrator, the parties may provide recommendations for such selection to the board. The board shall not be limited to selecting arbitrators from those recommended by the parties. The board may reduce the time limits in the applicable provisions of the general statutes or any public or special acts governing binding arbitration by one-half. In imposing such arbitration or in replacing an arbitration panel, the board shall not be limited to consideration and inclusion in the collective bargaining agreement of the last best offers or the matters raised by or negotiated by the parties provided the board shall indicate reasons for raising any matters not negotiated by the parties. The board shall be given the opportunity to make a presentation before the arbitrator. In addition to any statutory factors that shall be considered by the arbitrator with respect to proposed municipal or board of education collective bargaining agreements, the arbitrator shall give highest priority to the short and long-term fiscal exigencies that resulted in the municipality's designation as a tier IV municipality. Not later than ten days after the issuance of any of the arbitrator's decisions on the matters subject to such binding arbitration, the board may request reconsideration of one or more of such decisions and state its position as to the impact of such decisions on the short and long-term fiscal sustainability of the municipality. Not later than five days after the board's request for such reconsideration, the parties may submit comments to the arbitrator in response to the board's stated position. Not later than thirty days following the board's request for such reconsideration, the arbitrator, based on the record of the arbitration, may either modify or maintain the original arbitration decisions. The arbitrator's decisions shall be binding upon the parties. With respect to collective bargaining agreements negotiated pursuant to section 10-153d and arbitration awards issued pursuant to section 10-153f, the provisions of this subdivision shall not apply until the board has rejected such agreement or award pursuant to subdivision (7) of subsection (b) of section 7-576d on two occasions.

Policies and Procedures

1. The municipality or its board of education shall notify the MARB any time negotiation of a collective bargaining agreement has commenced. Such notification shall be provided to the MARB within two business days of the commencement of negotiations.

2. The MARB may, any time after the 75th day following the commencement of negotiations of a collective bargaining agreement, impose binding arbitration.
3. If the MARB rejects a proposed collective bargaining agreement, the parties shall have ten days to propose a modified agreement. If the parties fail to submit a modified agreement, or if the MARB rejects the modified agreement submitted, the MARB shall impose binding arbitration..
4. If the MARB rejects a binding arbitration award in accordance with the provisions of C.G.S. Section 7-576d(b)(7)(A) or 7-576d(b)(7)(B), or rejects an arbitration award pending at the time a municipality is designated as a Tier IV municipality, the MARB shall replace the established binding arbitration panel.
5. If the MARB imposes binding arbitration, or if the MARB replaces an established binding arbitration panel, it shall do so with an arbitrator selected as follows:
 - a. The MARB shall submit to the Governor a list of three potential arbitrators.
 - b. The parties may make recommendations to the MARB for potential arbitrators, but the board will not be limited to recommendations from the parties.
 - c. The potential arbitrators shall be former State or Federal judges, or others with arbitration or similar experience.
 - d. The arbitrator will be selected by the Governor from the list of potential arbitrators approved by the MARB.
5. If the MARB imposes binding arbitration, or if the MARB replaces an established binding arbitration panel, it shall adopt resolution establishing the issues to be arbitrated. When establishing the issues to be arbitrated, the MARB shall not be limited to the last best offers of, or matters raised or negotiated by, the parties. If the MARB raises matters not negotiated by the parties, the resolution shall indicate the reasons for raising such matters.
 - a. The MARB may reduce the time limits permitted for binding arbitration by one half. If the MARB opts to reduce the time limits for binding arbitration, it shall do so by resolution.
6. The MARB may make a presentation to the arbitrator.
7. The MARB shall have 10 days following the issuance of arbitrator's decisions, the MARB may request reconsideration of one or more such decisions and state its position regarding the impact of the decision(s). The parties may submit comment to the arbitrator regarding the MARB's's request for reconsideration no later than 5 days after MARB's request.

IV. Policies and Procedures Related to Designated Tier IV Municipalities-continued

F. Approval of Budget Transfers

Description of Relevant Statute:

Section 7-576e(a)(4)(A)

To require its approval of proposed transfers of a municipality's appropriations in excess of fifty thousand dollars ... The board shall consult with such municipality and the Board of Education of such municipality, as applicable, to establish policies and procedures for the implementation of the provisions of subparagraphs (A) and (B) of this subdivision.

Policies and Procedures

1. Prior to making any budget transfers in excess of \$50,000, the municipality or its Board of Education shall submit for MARB approval a request for such transfer. The request for a budget transfer shall include, at a minimum, the following:
 - a. Identification of the account(s) funds are to be transferred from and account(s) which funds are transferred to and the original budget and year-to-date expended and encumbered for each;
 - b. Explanation of the need for the transfer; and
 - c. Indication that sufficient funds are available for the remainder of the fiscal year in the accounts from which funds are being transferred.
2. The MARB shall approve or reject the requested transfer at its first scheduled meeting subsequent to the submittal of the request for transfer.
3. A budget transfer subject to this provision shall be deemed to have not been executed until it has been approved by the MARB.

IV. Policies and Procedures Related to Designated Tier IV Municipalities-continued

G. Appointment of a Financial Manager

Description of Relevant Statute:

Section 7-576e(a)(4)(C):

To appoint a financial manager and delegate to such manager, in writing, such powers as the board deems necessary or appropriate for the purpose of managing the financial and administrative affairs of the municipality for the period of time during which the municipality is subject to the powers of the board provided the board may override any actions taken by such manager at any time and shall not delegate the powers enumerated under subdivisions (2), (3) and (5) to (7), inclusive, and (11) to (13), inclusive, of subsection (b) of section 7-576d, or subdivisions (1), (2) and (4) to (6), inclusive of this subsection.

Policies and Procedures

1. The MARB may adopt a resolution to conduct a search for Financial Manager for the purpose of managing the financial and administrative affairs of the municipality. A resolution to conduct a search for a Financial Manager shall include a scope of work for the Financial Manager.
2. The search for a Financial Manager shall be in accordance with State policies and procedures regarding the acquisition of professional services.
3. The MARB shall approve the selection of a Financial Manager by adopting a resolution approving the proposed contract for the Financial Manager which shall include a scope of work and reporting requirements of the Financial Manager.
4. The responsibilities of the Financial Manager shall include, but not be limited to monitoring the City's compliance with Tier IV requirements and reporting to the MARB regarding the City's compliance.
5. The MARB may, from time to time, delegate certain board powers to the Financial Manager, provided the MARB shall not delegate the excluded powers enumerated in Section 7-576e(a)(4)(C) of the General Statutes.
6. The delegation of any board powers shall be by resolution.
 - a. For any board power(s) delegated to the Financial Manager, the resolution authorizing such delegation shall specify the duration for which the delegation of power(s) shall be in effect, provided the MARB may override any actions taken by such manager.

IV. Policies and Procedures Related to Designated Tier IV Municipalities—continued

H. Review and Approval of Municipal and Board of Education Contracts

Description of Relevant Statute:

Section 7-576e(a)(5)

The board may require that the municipality or its board of education notify and submit to the board any or all municipal or board of education contracts that exceed (A) fifty thousand dollars for municipalities with a resident population under seventy thousand, or (B) one hundred thousand dollars for municipalities with a resident population of seventy thousand or more, not less than thirty days prior to execution of such contract, for the purpose of the board's review and approval of such contracts. The board shall establish policies and procedures, in consultation with any such municipality and such municipality's board of education, to implement the provisions of this subdivision.

Policies and Procedures

1. Prior to execution of a contract over \$50,000 (for municipalities under 70,000 in population) or over \$100,000 (for municipalities over 70,000 in population), the municipality or its board of education shall submit to the MARB, for its review and approval, a summary of the contract which shall indicate the parties to the contract, the amount of the contract, the proposed term of the contract, a brief summary of purpose of the contract, the date and method of solicitation (e.g., RFP, invitation to bid, quotes, sole source), number of responses to the solicitation, and brief description of evaluation criteria. If a non-competitive selection process is used, the summary information shall also include a brief explanation of the rationale for a non-competitive process and the applicable rules of ethics and conflict of interest rules applied.
2. Any change orders to contracts that have been previously approved by the MARB shall require approval by the board. .
3. A change order to a contract that was not previously approved by the MARB due to not meeting the dollar threshold established in the statute will require MARB approval if the change order increases the total value of the contract, plus all change orders, to the threshold dollar value.
4. Contracts subject to this requirement shall include, but not be limited to, contracts for the purchase of supplies, equipment, materials, services, or real estate, contracts for the sale or lease of municipal assets, grant agreements, intergovernmental agreements, purchases made through collective purchasing agreements, employment agreements, agreements for tax incentives or tax abatements, and other economic development agreements.
5. A contract subject to MARB approval under these policies and procedures shall not be considered executed until it has been approved by the MARB.
6. A municipality may execute a contract that is subject to these provisions without MARB approval only in the case of emergency (for example, in instances for which a delay would cause a public safety, public health or environmental threat). In such instances, the municipality shall follow its local Charter, ordinances or policies related to emergency contracts, and shall notify the MARB as soon as practically possible.

Appendix A

Guidelines for Five-Year Financial Plan to Be Submitted By Tier II, III, and IV Designated Municipalities

I. Background

Municipalities designated at Tier II, III, or IV are required by statute to prepare a 5-Year Financial Plan for MARB approval.¹ The preparation of a 5-Year Financial Plan is also a requirement for consideration of the distribution of Municipal Restructuring Funds.²

The following guidance is intended to provide municipalities with an understanding of the minimum content and preferred format to satisfy the requirement of the 5-Year Financial Plan. In addition to the content outlined below, the MARB may require additional data and exhibits depending on the specific circumstances of a designated municipality.

II. Content

A. Scope

At a minimum, the five-year plan must include the municipality's General Fund and appropriated Enterprise Funds. A municipality may be asked to provide additional information for other funds depending on the municipality's fund structure and the relationships among funds.

B. Projection Period

The financial plan must cover, at a minimum, five years beyond the current fiscal year.

C. Prior and Current Fiscal Year

In addition to the five years projected beyond the current fiscal year, the plan should include:

- Prior fiscal year actual revenues and expenditures
- Current fiscal year budget
- Current fiscal year projected (i.e. projected year-end amount)

D. Fund Balance

In addition to revenues and expenditures, the plan should also depict the following for each fiscal year:

- Net Surplus/(Deficit)
- Beginning fund balance
- Ending fund balance

E. Revenues:

Revenues shall be provided by line-item. Appropriate consolidation of revenue sources that generate very small dollar amounts is permissible. However, Transfers In should be itemized by transfer, regardless of dollar amount. Any Use of Fund Balance (if applicable) should be factored into the calculations of beginning and ending fund balance as outlined in section II.D.

¹ C.G.S. Section 7-576b(b)

² C.G.S. Section 7-576i

Appendix A

Guidelines for Five-Year Financial Plan to Be Submitted By Tier II, III, and IV Designated Municipalities

F. Expenditure Categories:

At a minimum, expenditure categories must include:

- Municipal Operating Expenditures (may be listed by department or by object)
- Education Operating Expenditures (may be listed by department or by object)
- Existing Debt Service
- Future Debt Service (i.e. based on anticipated future debt issuance)
- Defined Benefit Pension Expense (i.e. ADEC expense plus other expenses related to managing pension funds)
- Health Insurance Expense
- Other Employee Benefits
- General Liability and Claims
- Capital Expenditures
- Contingency (Unallocated contingency only. Any other items should be grouped in a Miscellaneous category)
- Transfers Out (each transfer itemized)

G. Mill Rate Calculation Sheet:

The plan should include one exhibit that depicts the mill rate calculations for each year of the plan.

H. Narrative Sections

1. Summary

The five-year plan should include a narrative summary describing the major financial considerations and drivers that influenced the plan. The goals and strategies used in developing the plan should be described. If the General Fund or any other fund is in a deficit position, the plan must explain how the deficit will be eliminated. The summary should also describe any initiatives to control expenditures or enhance revenues and explain how they are reflected in the five-year plan. Any planned issuance of new debt or refunding of debt and its effect on annual debt service should also be explained. Tables, graphs and other exhibits that help support the narrative section are encouraged.

2. Assumptions

Major assumptions used to project revenues and expenditures must be explained. These include assumptions for:

- Grand List changes and projected growth
- Mill rates
- Tax collection rates
- Other significant assumptions affecting revenues
- Employee salaries/wages

Appendix A

Guidelines for Five-Year Financial Plan to Be Submitted By Tier II, III, and IV Designated Municipalities

- Employee benefits
- Future/anticipated debt issuance:
 - Include an explanation of future debt issuance related to the municipality's capital improvement plan
 - Include an explanation for any restructuring of debt service on current outstanding debt that will impact the projections
- Other significant assumptions affecting expenditures
- Explanations for any significant one-time or non-recurring revenues or expenditures
- Use of Fund Balance: Explain reason for including Use of Fund Balance as a budgeted funding source. If the municipality has a fund balance policy, explain how the Use of Fund Balance complies with the policy.

Explanations of assumptions should reference historical trends, development projects, labor contracts, rates of inflation and other data that supports the assumptions used.

III. Format

Based on the above guidance, the plan should include a table, similar in format to the attached template, with the following columns:

- Revenue or Expenditure Account Name
- Prior Year Actual
- Current Year Budget
- Current Year Projected (i.e. year-end projection)
- Year 1 Projected (Recommended Budget)
- Year 2 Projected
- Year 3 Projected
- Year 4 Projected
- Year 5 Projected

The attached sample template provides an illustrative example of a preferred format for the five-year plan. While the exact format and list of accounts shown does not need to be replicated, municipalities should use the overall structure as a guide.

IV. Supplemental Materials

Municipalities are asked to submit the following supplemental materials along with the required Five-Year Financial Plan:

- Copy of the municipality's current 5-Year Capital Improvement Plan
- Amortization schedule of existing long-term debt
- Copy of the municipality's Fund Balance Policy

Template for Revenue and Expenditure Projections in 5-Year Plan

	Prior Year Actual	Current Year Budget	Current Year Projected	Year 1 Projected	Year 2 Projected	Year 3 Projected	Year 4 Projected	Year 5 Projected
Revenues								
<i>Property Taxes</i>								
Current Levy								
MV Supplemental								
Prior Year Collections								
Suspense Collections								
Current Year Interest								
Prior Year Interest								
Suspense Interest								
<i>Subtotal Property Taxes</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Intergovernmental</i>								
Education Cost Sharing								
Adult Education								
PILOT								
Municipal Revenue Sharing								
MV Tax Reimbursement								
Mashantucket Pequot & Mohegan Fund								
Town Aid Road								
Municipal Grants in Aid								
Property Tax Relief - Disabled								
Property Tax Relief - Veterans								
Youth Service Bureaus								
Health Per Capita Grant								
Federal Grants								
<i>Subtotal Intergovernmental</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Permits, Licenses, Fines, Charges for Services</i>								
Building Permits								
Health Licenses								
Animal Licenses								
Excavation Permits								
Planning and Development Fees								
Animal Control Fees								
Marriage Licenses								
Property Conveyance Fees								
Other Town Clerk Fees								
Parking Fines								
Fines and Penalties								
Building Code Violations								
Parks and Recreation Fees								
Public Works Fees								
<i>Subtotal Permits, Licenses, Fines, Charges</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Template for Revenue and Expenditure Projections in 5-Year Plan

	Prior Year Actual	Current Year Budget	Current Year Projected	Year 1 Projected	Year 2 Projected	Year 3 Projected	Year 4 Projected	Year 5 Projected
<i>Income from Investments</i>								
Investment Income								
Rental Income								
<i>Subtotal Income from Investments</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Other Operating Revenues</i>								
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Sources								
<i>Use of Fund Balance</i>								
<i>Transfers In</i>								
Transfer In from Enterprise Fund								
Transfer in from Police Special Duty Fund								
<i>Subtotal Transfers In</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Other</i>								
Total Other Financing Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues and Other Financing Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Template for Revenue and Expenditure Projections in 5-Year Plan

	Prior Year Actual	Current Year Budget	Current Year Projected	Year 1 Projected	Year 2 Projected	Year 3 Projected	Year 4 Projected	Year 5 Projected
Expenditures								
<i>Municipal Operating Expenditures</i>								
Salaries								
Services								
Supplies and Equipment								
Utilities								
Other Operating Expenditures								
<i>Subtotal: Municipal Operating Expenditures</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Education Operating Expenditures</i>								
Salaries								
Services								
Supplies and Equipment								
Utilities								
Other Operating Expenditures								
<i>Subtotal: Education Operating Expenditures</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Municipal Employee Benefits</i>								
Defined Benefit Pension								
Health Insurance								
Other Employee Benefits								
<i>Subtotal: Employee Benefits</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Education Employee Benefits</i>								
Defined Benefit Pension								
Health Insurance								
Other Employee Benefits								
<i>Subtotal: Employee Benefits</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Debt Service</i>								
Existing Debt Service								
Debt Service on Pension Obligation Bonds								
Future Debt Service								
<i>Subtotal: Debt Service</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>General Liability and Claims</i>								
<i>Capital Expenditures</i>								
<i>Miscellaneous Expenditures</i>								
<i>Contingency</i>								
Total Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Template for Revenue and Expenditure Projections in 5-Year Plan

	Prior Year Actual	Current Year Budget	Current Year Projected	Year 1 Projected	Year 2 Projected	Year 3 Projected	Year 4 Projected	Year 5 Projected
Other Financing Uses								
<i>Transfers Out</i>								
Transfer to Internal Service Fund								
<i>Subtotal Transfers Out</i>								
<i>Other</i>								
Total Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Surplus/(Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance								
Ending Fund Balance								
RE/PP Mill Rate								
MV Mill Rate								

Appendix B
Guidelines for Labor Contract Fiscal Impact Analysis

The financial impact of a labor contract should be depicted both in terms of its gross cost or savings as well as its cost or savings when compared to the municipality's budget and 5-Year Plan. For example, if a contract provides a general wage increase (GWI) of 2% on base salaries totaling \$1 million, the gross cost of that provision would be \$20,000. However, if the 5-Year Plan assumes a GWI of 3%, the difference between the contractual GWI of 2% and the assumed GWI of 3% would be shown as a savings of \$10,000.

The template below includes fields for displaying the gross cost or savings related to the economic provisions of a labor contract as well as fields for displaying the cost or savings when compared to the assumptions used in the municipality's budget or 5-Year Plan.

Agreement Between _____

		Year 1	Year 2	Year 3	Year 4	
		FY _____	FY _____	FY _____	FY _____	
Major Economic Provisions						
Topic	Proposed Change					
Wages	General Wage Increases in Agreement (as %age)	__%	__%	__%	__%	
	General Wage Increases Assumed in Budget/5-Year Plan (%age)	__%	__%	__%	__%	
	Cost of General Wage Increase in \$	\$ -	\$ -	\$ -	\$ -	
	Cost of Step Yearly Increment Changes in \$	\$ -	\$ -	\$ -	\$ -	
	Total Combined Cost of GWI and Steps	\$ -	\$ -	\$ -	\$ -	
<i>Cost/(Savings) of GWI and Steps in Comparison to Budget/5-Year Plan</i>		\$ -	\$ -	\$ -	\$ -	
Healthcare	Health Plan Design Change: Cost/(Savings)	\$ -	\$ -	\$ -	\$ -	
	Premium Cost Share	Current employee share (as %age of premium cost)	__%	__%	__%	__%
		Proposed employee share (as %age of premium cost)	__%	__%	__%	__%
	Projected Cost/(Savings) of change in premium cost share	\$ -	\$ -	\$ -	\$ -	
	Total Combined Cost/(Savings) of changes in Health Insurance Provisions	\$ -	\$ -	\$ -	\$ -	
<i>Cost/(Savings) of Health Insurance Changes in Comparison to Budget/5-Year Plan</i>		\$ -	\$ -	\$ -	\$ -	
Pension	Current Employee Contribution __%	__%	__%	__%	__%	
	New Employee Contribution __%	__%	__%	__%	__%	
	Cost/(Savings) in \$	\$ -	\$ -	\$ -	\$ -	
<i>Cost/(Savings) of Pension Changes in Comparison to Budget/5-Year Plan</i>		\$ -	\$ -	\$ -	\$ -	
Total Cost/(Savings) of Major Economic Provisions Above		\$ -	\$ -	\$ -	\$ -	
Total Cost/(Savings) of Above in Comparison to Budget/5-Year Plan		\$ -	\$ -	\$ -	\$ -	
Other Measures with Significant Economic Impact						
Topic	Proposed Change					
	Cost/(Savings)	\$ -	\$ -	\$ -	\$ -	
	Cost/(Savings)	\$ -	\$ -	\$ -	\$ -	
	Cost/(Savings)	\$ -	\$ -	\$ -	\$ -	
Total Cost/(Savings) of Contract		\$ -	\$ -	\$ -	\$ -	
Total Cost/(Savings) of Above in Comparison to Budget/5-Year Plan		\$ -	\$ -	\$ -	\$ -	

Notes: _____