

CONNECTICUT STATE BOARD OF EDUCATION
Hartford

TO BE PROPOSED:

December 5, 2018

RESOLVED, That the State Board of Education, pursuant to Section 10-4b of the Connecticut General Statutes, orders in the matter of the Ansonia Board of Education and the City of Ansonia, that the Chair appoint a subcommittee of three members of the State Board of Education to conduct an inquiry as set forth in C.G.S. Section 10-4b and Section 10-4b-9 of the Regulations of Connecticut State Agencies, to be held at the State Office Building at 450 Columbus Boulevard in Hartford, Connecticut, beginning at _____ a.m. on _____ and _____, and such other days as may be ordered by the subcommittee, regarding the Ansonia school district's minimum budget requirement (MBR) for the 2018-19 school year, including the reduction by the Ansonia Board of Aldermen of the Ansonia Board of Education's educational appropriation for the 2017-18 school year, and directs the Commissioner to take the necessary action.

Approved by a vote of _____ this fifth day of December, Two Thousand Eighteen.

Signed: _____
Dr. Dianna R. Wentzell, Secretary

CONNECTICUT STATE BOARD OF EDUCATION
Hartford

TO: State Board of Education

FROM: Dr. Dianna R. Wentzell, Commissioner of Education

DATE: December 5, 2018

SUBJECT: Ansonia Section 10-4b Proceeding: Recommendation to Conduct Inquiry

Executive Summary & Overview of Recommendation

Pursuant to Section 10-4b of the Connecticut General Statutes (C.G.S.) and the regulations promulgated thereunder, the Connecticut State Board of Education (CSBE) may initiate a proceeding to investigate the failure or inability of a local board of education to implement the educational interests of the state, which includes a failure to implement the mandates in the general statutes pertaining to education within the jurisdiction of the CSBE.

After completion of the investigation phase, the standard for proceeding to the next phase in the Section 10-4b process – which is a hearing known as an “inquiry” – is whether there is reasonable cause to believe that there has been a failure to implement an educational interest of the state. In particular, if, after investigation, the CSBE concludes that there “is reasonable cause to believe that a board of education has failed or is unable to make reasonable provisions to implement the educational interests of the state or that a local governmental body or its agent may be responsible for such failure or inability,” the CSBE shall order an inquiry. Section 10-4b-8 of the Regulations of Conn. St. Agencies. If the investigation findings indicate that a municipality is responsible, the CSBE shall include the municipality as a respondent. Section 10-4b-9(b) of the Regulations of Conn. St. Agencies.

The present matter concerns the CSBE’s decision to initiate a Section 10-4b investigation concerning the City of Ansonia’s (City) compliance with its obligation to fund the Ansonia Board of Education (Ansonia Board) at levels sufficient to meet the statutory Minimum Budget Requirement (MBR) in the 2017-18 and 2018-19 fiscal years. As summarized below and in the attached investigative report, an investigative team from the Connecticut State Department of Education (CSDE) has completed its investigation and has concluded that there is reasonable cause to believe that the City of Ansonia is failing to meet its MBR funding obligation in the current 2018-19 fiscal year as a result of its unilateral action during 2017-18 to reduce the appropriation to the Ansonia Board by \$600,000. CSDE has determined that there is reasonable cause to believe that the City lacked proper legal authority to make this mid-year reduction to the appropriation for education. Thus, CSDE recommends that the State Board order that this matter proceed to an inquiry to adjudicate the issues of MBR compliance for 2018-19 and the related unilateral reduction of the 2017-18 appropriation. CSDE’s investigation did not find reasonable cause to conclude that there was an MBR violation in the 2017-18 fiscal year.

Section 10-4b Complaint Against the Ansonia Board of Education and the City of Ansonia

On September 5, 2018, the CSBE issued a Section 10-4b Complaint concerning this matter and directed the Commissioner to initiate an investigation pursuant to C.G.S. Section 10-4b to determine whether the City had appropriated sufficient funds to the Ansonia Board to comply with the educational funding obligations of the MBR as set forth in C.G.S. Section 10-262j in fiscal years 2017-18 and 2018-19.

With legal assistance from the SDE Division of Legal and Governmental Affairs, SDE Chief Financial Officer Kathy Demsey, Director of Internal Audit Nora Chapman, Kevin Chambers and Dave Twedt of SDE's Bureau of Fiscal Services, and Justin Cleary, of SDE's Office of Internal Audit (OIA), investigated the Complaint. Attached hereto are the investigative report and OIA's report in support of the factual findings of the investigation, with attachments.

As detailed in the attached report, the investigative team recommends that the CSBE order an inquiry into the issue of Ansonia's failure to meet the MBR for fiscal year 2018-19, which includes the unilateral reduction by the Ansonia Board of Aldermen of the Ansonia Board's educational appropriation for the 2017-18 fiscal year.

Board Inquiry Pursuant to Section 10-4b

The Regulations governing proceedings brought under C.G.S. Section 10-4b require the CSBE to (1) dismiss the complaint if it does not have reasonable cause to believe that there has been a failure to implement an educational interest of the state or (2) order an inquiry if it has such reasonable cause. *See* Section 10-4b-8 of the Regulations of Conn. St. Agencies.¹ An inquiry would consist of a hearing conducted in accordance with the Uniform Administrative Procedures Act, C.G.S. Sections 4-179 through 4-184, inclusive (UAPA), and the Rules of Practice, Sections 10-4-11 through 10-4-19, inclusive, of the Regulations of Connecticut State Agencies. The hearing must be completed within 30 business days of the order, or by January 18, 2019 (if an inquiry is ordered on December 5, 2018). The Chair of the CSBE may designate a subcommittee of three members to serve as a hearing panel. Or, in the alternative, a quorum of the CSBE can preside over the hearing.

If a hearing panel conducts the inquiry, it shall complete and submit a report to the CSBE within ten (10) business days following the close of evidence and the filing of briefs, if any (no later than February 4, 2019). The report of the hearing panel shall include: (1) its conclusions of law and fact upon which the decision is based; and (2) its proposed decision.

As the Complaint in this matter was initiated by the CSBE, the CSBE is already a party to this inquiry and will be represented by its designee, the Commissioner of Education who will represent the educational interests of the state on the CSBE's behalf. The City of Ansonia also is already a party to this proceeding.

¹ The State Board may decide whether to order an inquiry at its December 5, 2018 regular meeting or postpone decision until its January 2, 2019 regular meeting pursuant to Section 10-4b-8 of the Regulations of Connecticut State Agencies because this report was provided to the State Board less than eight days prior to its December 5, 2018 regular meeting.

The CSBE shall render a final decision no later than 25 business days following the submission of a report by the hearing panel. This would enable the CSBE to render its final decision at its regularly scheduled meeting on March 6, 2019 (and in any event no later than March 13, 2019). At that time, if the CSBE determines that the Ansonia Board has failed or is unable to make reasonable provision to implement the educational interests of the state, and if the CSBE determines that the City of Ansonia is responsible for the Ansonia Board's inability to comply, the CSBE may order the City of Ansonia to take reasonable steps to comply with the provisions of Section 10-4a of the General Statutes and the requirements of the MBR statute, Section 10-262j of the General Statutes.

Recommendation

I hereby recommend that the CSBE:

1. Order an inquiry into the claim that the Respondents have failed to comply with the MBR requirement in C.G.S. Section 10-262j for FY2018-19, including the claim that the Ansonia Board of Aldermen unilaterally reduced the educational appropriation of the Ansonia Board for FY2017-18 without proper legal authority for making such unilateral reduction; and
2. Appoint a subcommittee of the CSBE to preside over the inquiry, which shall be held at the State Office Building at 450 Columbus Boulevard in Hartford, Connecticut, at such times and on such dates as are ordered by the CSBE and/or the presiding subcommittee.

Prepared by: Laura L. Anastasio, Attorney
Division of Legal and Governmental Affairs

Approved by: Peter M. Haberlandt, Director
Division of Legal and Governmental Affairs

Connecticut State Board of Education
Hartford

INVESTIGATIVE REPORT

In the Matter of
Connecticut State Board of Education
v.
Ansonia Board of Education
and
City of Ansonia

November 13, 2018

This is a report of the findings and conclusions resulting from an investigation of a complaint brought under Connecticut General Statutes (C.G.S.) Section 10-4b, against the Ansonia Board of Education (Ansonia Board or Respondent 1) and the City of Ansonia (City or Respondent 2).

I. Procedural background

On September 5, 2018, the Connecticut State Board of Education (CSBE) initiated a complaint pursuant to C.G.S. Section 10-4b charging that the Ansonia Board failed to implement the educational interests of the state. (Exhibit 1). Specifically, the CSBE alleged:

1. That the City failed to meet its obligation to fund Ansonia Public Schools by failing to meet the minimum budget requirement (MBR) as articulated by Section 10-262j of the C.G.S. for the fiscal year (FY) 2018; and
2. That the City has failed to appropriate sufficient funding to the Ansonia Board for the FY2019, which shall result in a violation of its MBR obligations under Section 10-262j.

On June 19, 2018, the CSBE received a request from several members of the Ansonia Board that the CSBE initiate proceedings pursuant to C.G.S. Section 10-4b against the Ansonia Board for being unable to implement the educational interests of the state pursuant to Section 10-4a, and against the City of Ansonia due to its failure to appropriate sufficient funding to allow the Ansonia Board to meet the MBR as well as other educational requirements of the C.G.S. Because the City and the Ansonia Board were negotiating a resolution in the related court case (Docket Number CV18-6028205-S), the CSBE did not take immediate action on this request.

On August 7, 2018, State Department of Education (SDE) Chief Financial Officer Kathy Demsey notified the Ansonia Superintendent of Schools that the SDE had concluded based upon an initial review that the City's appropriation to the Ansonia Board for FY2019 will result in a violation of the MBR for the current fiscal year, and in addition, that the City did not meet its MBR for FY2018.

On August 8, 2018, SDE's Director of Legal Affairs notified the Mayor of Ansonia, David Cassetti, of the SDE's position that the City did not meet its MBR for FY 2017-18 and that the City would not meet its MBR for FY 2018-19 unless it appropriated an additional \$600,000 for the Ansonia Board. In this letter, the Director of Legal Affairs requested that the City meet with SDE officials and representatives from the Ansonia Board to discuss a resolution to this matter in order to avoid enforcement action. The City declined the offer of a meeting.

On September 5, 2018, the CSBE passed a resolution to initiate a proceeding under C.G.S. Section 10-4b for failure to meet the MBR and directed the Commissioner to take all necessary action. The Commissioner sent the CSBE's complaint to the parties via certified mail, which was received by the parties on September 7, 2018. The Ansonia Board filed its response to the complaint on September 26, 2018, and the City filed its response to the complaint on September 22, 2018.

II. The City's Response

The City responded to the CSBE's complaint by noting that the Ansonia Board and the City are currently involved in litigation in Connecticut Superior Court: *Ansonia Board of Education v. City of Ansonia*, Docket Number AAN-CV18-6028205-S, in which the Ansonia Board initiated a cause of action related to the City's reduction of its 2017-18 budget by \$600,000. According to the City, such litigation should preclude the CSBE from enforcing the requirements of C.G.S. Section 10-262j. The City further stated that should the CSBE fail to stay the investigation under Section 10-4b, it would seek an injunction against the CSBE. The City also enclosed its motion for summary judgement in the court case.

Included with the City's submission was an email from Superintendent Carol Merlone, dated March 15, 2018, that represents that she had a conversation with the "State Department" and that the City could reduce its 2017-18 budget by \$600,000. This email did not identify the official from the "State Department" or whether such official was authorized to approve such a reduction.

In its motion for summary judgement, the City acknowledges that it appropriated an additional \$600,000 for the 2017-18 budget for the Ansonia Board. The City contends that when the state budget was adopted in October of 2017, the City learned that the Ansonia Board would receive an Alliance District grant of approximately \$1,400,000 and a priority school district grant of \$400,000, both of which were to be used solely for educational purposes. The City argues that because of the City's budget constraints, it became aware of Section 266 of Public Act (P.A.) 17-2 of the June Special Session (JSS), enacted in October 2017 and was entitled to rely upon this provision as authority to reduce the City's appropriation by \$600,000.

Sec. 266. (Effective from passage) (a) Notwithstanding the provisions of section 12-142 of the general statutes, title 7 or 10 of the general statutes, chapters 170 and 204 of the general statutes, any special act, any municipal charter or any home rule ordinance, if a municipality or regional board of education has adopted a budget or levied taxes for the fiscal year ending June 30, 2018, prior to the adoption of the state budget for said fiscal year and such municipality or regional board of education receives, pursuant to such adopted state budget, an amount in excess of one hundred thousand dollars of state aid than that projected in the municipality's or regional board of education's adopted budget, such municipality or regional board of education may (1) amend its budget in the same manner as such budget was originally adopted, and (2) not later than January 1, 2018, adjust the tax levy and the amount of any remaining installments of such taxes. The amendment to such budget shall be in an amount not exceeding the increase in state aid to the municipality or regional board of education. If a municipality has levied a tax that was due and payable in a single installment for the fiscal year ending June 30, 2018, such municipality may mail or hand deliver to persons liable therefor a supplemental rate bill for any additional tax levy resulting pursuant to subdivision (2) of this subsection or the repeal of the motor vehicle mill rate cap.

(b) For the purposes of this section, "municipality" means any town, city, borough, consolidated town and city or consolidated town and borough.

P.A. 17-2, JSS, Section 266 allows municipalities and regional boards of education that adopted a budget or levied taxes for FY2018 before the state adopted its FY2018 budget to change their budgets and reduce their tax levies if the state's budget provides over \$100,000 more in state aid than the board or municipality projected. Soon after enacting Section 266, the General Assembly modified its terms in a subsequent public act, as noted in the highlighted language below.

Sec. 20. (*Effective from passage*) Notwithstanding the provisions of section 12-142 of the general statutes, title 7 or 10 of the general statutes, chapters 170 and 204 of the general statutes, any special act, any municipal charter or any home rule ordinance, if a municipality or regional board of education has adopted a budget or levied taxes for the fiscal year ending June 30, 2018, prior to the adoption of the state budget for said fiscal year and such municipality or regional board of education receives, pursuant to such adopted state budget, an amount in excess of one hundred thousand dollars of state aid more than the amount projected in the municipality's or regional board of education's adopted budget, such municipality or regional board of education may, **by vote of its legislative body or, in a municipality where the legislative body is a town meeting, by vote of the board of selectmen,** (1) amend its budget, (2) **not later than February 1, 2018, adjust the tax levy and the amount of any remaining installments of such taxes, and (3) not later than February 1, 2018, issue tax refunds or rebates for any excess taxes paid pursuant to such budget.** The amendment to such budget shall be in an amount not exceeding the increase in state aid to the municipality or regional board of education.

See P.A. 17-4, Section 20, June Special Session. Thus, the General Assembly:

1. Extended, from January 1, 2018 to February 1, 2018, the date by which such municipalities and boards must adjust tax levies if they choose to do so;
2. Allowed municipalities and boards, by February 1, 2018, to issue tax refunds or rebates for excess taxes paid, according to the newly adopted budget;
3. Required that any budget amendments, levy adjustments, or refunds be done by a vote of (a) the municipality's or board's legislative body or (b) the board of selectmen, in the case of a municipality whose legislative body is a town meeting; and
4. Eliminated the requirement that such budgets be amended in the same manner in which they were originally adopted.

III. The Ansonia Board's Response

The Ansonia Board admitted the allegations in the CSBE's complaint with the following clarifications:

First, with respect to paragraph #13, the Ansonia Board admitted that for FY2017, the Ansonia Board and the City agreed that the City would return the State Special Education Excess Cost Grant to the Ansonia Board and the City would transfer \$600,000 in in-kind expenditures to the Ansonia Board and that the effect of such agreement was to increase the appropriation for FY2018 by \$600,000.

Second, with respect to paragraph #15, the Ansonia Board admitted that the City appropriated \$31,860,484 at its Board of Aldermen's meeting on June 20, 2017. The Ansonia Board did not have sufficient information to verify whether the City took such action in recognition of its previous agreements with the Ansonia Board.

IV. Investigative Team

With legal assistance from the SDE Division of Legal and Governmental Affairs, SDE Chief Financial Officer Kathy Demsey, Director of Internal Audit Nora Chapman, Kevin Chambers and Dave Twedt of SDE's Bureau of Fiscal Services, and Justin Cleary, of SDE's Office of Internal Audit (OIA), investigated the complaint.

On October 16, 2018, the OIA and SDE Bureau of Fiscal Services staff met with Mr. Rich Bshara, City of Ansonia Acting Comptroller, and Ms. Kim DeStefano, City of Ansonia Accountant and held another meeting with Dr. Carole Merlone, Superintendent of the Ansonia Public Schools, Dr. Joseph DiBacco, Assistant Superintendent of Ansonia Public Schools and Ms. Lisa Jones, Ansonia Public Schools Business Administrator to gain an understanding of any MBR related issues and of the accounting processes.

The documents examined include: the City of Ansonia Board of Aldermen meeting minutes for Ansonia Board budget activities, City general ledger reports and Ansonia Board general ledger reports that detail actual Ansonia Board budget detail, revenues and expenses for fiscal year 2016-2017 and fiscal year 2017-2018, in order to determine the MBR for fiscal year 2016-2017 and fiscal year 2017-2018 and what the MBR should be for 2018-2019.

V. Findings of Fact and Conclusions:

Findings of Fact Count #1: The City failed to meet the MBR for FY2018.

FY2017:

1. The MBR for fiscal year 2016-2017 was \$31,260,484.
2. The City's budget appropriation for the Ansonia Board, as approved by the Board of Aldermen on May 24, 2016, for the fiscal year ending June 30, 2017 was \$31,060,484.
3. On June 14, 2016, the Board of Aldermen approved a budget revision that added an additional \$200,000 to the Ansonia Board's budget appropriation for the fiscal year ending June 30, 2017.
4. The revised Ansonia Board budget appropriation for fiscal year 2016-2017 totaled \$31,260,484, which was \$953,831 above the MBR for FY2015 (\$30,306,653.)
5. During the course of FY2016-2017, the Ansonia Board anticipated a budget shortfall due to higher than expected special education costs and requested that the City release the Special Education Excess Cost Grant funds to the Ansonia Board.

6. On February 14, 2017, the Board of Aldermen approved a resolution concerning the Special Education Excess Cost Grant provided to the City.
7. Special Education Excess Cost Grant funds totaling \$1,365,198 were transferred to the Ansonia Board via the general ledger. These funds would be used to cover additional special education expenses not anticipated by the Ansonia Board at the beginning of the year. In addition, in-kind expenses that were to be offset by the special education excess cost funds totaling \$594,488 were also transferred to the Ansonia Board.
8. The Team examined documentation which supported the actual Ansonia Board revenues and expenses for the fiscal year 2016-2017 as captured by the City's general ledger and Ansonia Board's general ledger.
9. The budget appropriation realized by the City and Ansonia Board for the 2016-2017 fiscal year each totaled \$31,260,484.
10. The \$594,488 Board of Aldermen adjustment for in-kind services transferred to the Ansonia Board in fiscal year 2016-2017 was not treated by the City nor the Ansonia Board in fiscal year 2016-2017 as an increase in the appropriation as captured by the general ledger reports.

FY2018:

11. The MBR for fiscal year 2017-2018 was \$31,260,484.
12. The City's budget appropriation for the Ansonia Board, as approved by the Board of Aldermen on June 20, 2017, for the fiscal year ending June 30, 2018, was \$31,860,484.
13. On January 9, 2018 the Board of Aldermen approved a budget revision that decreased the Ansonia Board budget appropriation by \$600,000 for the fiscal year ending June 30, 2018. The revised Ansonia Board budget appropriation for fiscal year 2017-2018 totaled \$31,260,484.
14. Special Education Excess Cost Grant funds totaling \$1,216,883 were transferred to the Ansonia Board via the general ledger to cover special education expenses and in-kind expenses totaling \$515,000 were also transferred to the Ansonia Board.
15. Based upon the documentation which supported the actual Ansonia Board revenues and expenses for the fiscal year 2017-2018 as captured by the City's general ledger and Ansonia Board's general ledger, the budget appropriation realized by the City and the Ansonia Board for the 2017-2018 fiscal year each totaled \$31,260,484.
16. The \$515,000 adjustment for in-kind services transferred to the Ansonia Board in fiscal year 2017-2018 was not treated by the City nor the Ansonia Board in fiscal year 2017-2018 as an increase in the Ansonia Board appropriation as captured by the general ledger reports.
17. On June 11, 2018, the Board of Aldermen approved a Settlement of Temporary Injunction Application that stated the following:
 - The City agreed to create a separate settlement fund for the purpose of paying outstanding necessary expenses of the Ansonia Board in an amount not to exceed \$500,000 for the current fiscal year ending June 30, 2018.
 - The expenses were limited to payroll expenses, employee benefits, utilities, student transportation, insurance, special education tuition and textbooks (in an amount not to exceed \$30,000).
 - The settlement was solely for the purpose of resolving the emergency application for temporary injunction and neither party will use it for future appropriation purposes.

18. Based upon the above-cited approved settlement, the City established the Ansonia Board Settlement Contingency Account (1-001-0200-11-813-0001) for the amount of \$500,000.
19. The Ansonia Board created Voucher #90 on August 3, 2018 in the amount of \$252,681.71 to be deducted from the Settlement Fund.
20. The Ansonia Board created Voucher #93 on September 10, 2018. \$135,498.11 was to be deducted from the Settlement Fund.
21. As of October 18, 2018, the Ansonia Board expenditures totaling \$388,179.82 had been applied to the Settlement Fund.
22. As of October 18, 2018 the City and Ansonia Board have not reconciled their general ledger accounts.

Conclusion Count #1:

The Investigative Team has determined that the Ansonia Board was in compliance with the MBR for FY2017 and FY2018 because the evidence does not support the conclusion that the City made an additional appropriation of \$600,000 as early as FY2017; rather, such an increase in the actual appropriation occurred in FY2018.

However, although the City met its MBR for FY2018 of \$31,260,484, the City was not authorized by law to reduce the Ansonia Board's appropriation from \$31,860,484 to \$31,260,484 after completing a final appropriation for the Ansonia Board in accordance with C.G.S. Section 10-222. At the time of the City's action, neither Section 10-222 nor any other pre-existing statute authorized a municipality to reduce its budgeted appropriation for education for a given fiscal year during the year. *Cf. Bd. Of Educ. v. City of New Haven*, 237 Conn. 169, 179-80 (1996) (noting that the authority to expend appropriations for education rests with the board of education). The City argues that Section 266 of P.A. 17-2, enacted in October 2017 at the time of adoption of the state budget, authorized it to reduce its FY2018 appropriation for education because it received over \$100,000 more in state aid, in the form of its Alliance District and Priority School District grants, than it had projected. The SDE disagrees. Section 266 of P.A. 17-2, as modified by Section 20 of P.A. 17-4, does not provide a valid statutory basis for the City's action to reduce the appropriation it had already made to the Ansonia Board.

First, the legislation at issue authorized a City to modify its budget based on the late adoption of the state budget only if the City received additional state aid "**pursuant to [the] adopted state budget.**" P.A. 17-4, Section 20, June Special Session (emphasis added). The statute pertaining to the Alliance District grant program, C.G.S. Section 10-262u, provides that the local or regional boards of education for towns designated as an alliance district may apply to the Commissioner of Education, specifying in its alliance district plan the objectives and performance targets designed to improve student achievement. Alliance district funds must be used to improve student achievement in the district and must be expended in accordance with the submitted plan. Such funds must be used solely for educational purposes. The Commissioner may withhold funds if a board of education fails to comply with its plan. Because the alliance district grants are not entitlement grants—such grants are contingent upon the district submitting an acceptable plan and complying with such plan—and because such funds must be expended for educational purposes and are intended to provide supplemental funding to the state's most needy districts, it is the position of the CSBE that the Ansonia Board did not receive alliance district

funding pursuant to the state budget. Such funding was allocated to the SDE to distribute to those alliance districts that submitted an acceptable plan and that complied with such plan.

In addition, the budget adjustment authority provided by P.A. 17-4, Section 20 would become effective only after an eligible municipality actually received unexpected state aid above the qualifying threshold. Here, the record does not establish that the City actually received, by the time of its action, a net increase of more than \$100,000 in total state aid beyond the amount of state aid it had originally projected. Therefore, the aforementioned provision in P.A. 17-4, Section 20 is not applicable in this matter and did not authorize the City to essentially take alliance district funds to supplement the City budget for non-educational purposes.

Second, the legislation does not authorize a reduction to the appropriation for education; it merely authorizes a shift in the source of revenue used to support the municipal budget, from local tax revenue to state revenue. In the context of assessing the City's claim that it was entitled to reduce its appropriation for education, it bears emphasizing that this legislation concerns municipalities that received significantly more state aid than they had expected. The legislation was enacted to provide tax relief to residents of municipalities that levied taxes at rates higher than they otherwise would have had they known the amount of state aid they would be receiving at the time they adopted their budgets. Thus, Section 20 of P.A. 17-4 authorizes an eligible municipality to amend its budget (in an amount not exceeding the increase in state aid) **and** "not later than February 1, 2018, adjust the tax levy and the amount of any remaining installments of such taxes, and . . . not later than February 1, 2018, issue tax refunds or rebates for any excess taxes paid pursuant to such budget." P.A. 17-4, Section 20, June Special Session.

The legislation directs an eligible municipality to take all of these actions in combination if it wishes to use unexpected state revenue to replace municipal tax revenue as a source of funding. Even assuming for the sake of argument that this legislation authorizes reductions in municipal appropriations, it does not authorize a municipality to reduce its budget for education without also providing commensurate tax relief to its residents. Here, the evidence does not establish that City provided tax relief (either through adjusting the amount of taxes or by issuing refunds/rebates) prior to February 1, 2018 in connection with the \$600,000 reduction to the appropriation for education.

While the \$600,000 reduction was unlawful it did not result in the total funding for education dipping below the MBR and C.G.S. Section 10-4b makes it clear that the CSBE does not have the statutory authority to order a municipality to increase its appropriation for a board of education if it is meeting its MBR. *See* C.G.S. Section 10-4b(b):

If the state board finds that a local governmental body or its agent is responsible for such failure or inability, the state board may order such governmental body or agent to take reasonable steps to comply with the requirements of section 10-4a. **The state board may not order an increase in the budgeted appropriations for education of such local or regional board of education if such budgeted appropriations are in an amount at least equal to the minimum budget requirement in accordance with section 10-262j.** (Emphasis added).

Findings of Fact Count #2: The City has appropriated insufficient funds to meet the MBR for FY2019.

1. The City appropriated \$31,860,484 to the Ansonia Board for FY2018. Because the provision of Public Act 17-4, Section 20 does not apply in these circumstances, the City was not authorized to reduce the Ansonia Board's appropriation later in the year.
2. The Ansonia School District received an additional 2018-2019 ECS supplemental payment from the State of Connecticut of \$3,537 to assist the school district in accommodating the needs of students from Puerto Rico who were displaced by Hurricane María.
3. The MBR for FY2019 is \$31,864,021.
4. The City's Budget Appropriation for the Ansonia Board, as approved by the Board of Aldermen on June 11, 2018, of \$31,260,484 will not meet the MBR for FY2019.

VI. Recommendation

Based upon the above findings and conclusions, we recommend that the CSBE uphold Count #2, the failure to comply with C.G.S. Section 10-262j for FY2019 and order a hearing on the matter within thirty days of the January 2, 2019, meeting. We further recommend that the State Board of Education dismiss so much of Count #1 as alleges a failure to comply with C.G.S. Section 10-262j for FY2018.

Prepared by:

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Reviewed by:

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Connecticut State Department of Education

MEMORANDUM

Office of Internal Audit

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TO: Dianna R. Wentzell, Commissioner

FROM: Nora Chapman
Supervising Accounts Examiner, Office of Internal Audit

DATE: November 13, 2018

SUBJECT: Ansonia Board of Education and the City of Ansonia

Attached is the Office of Internal Audit's report relative to the State Board of Education 10-4b complaint against Ansonia Board of Education and the City of Ansonia. Please contact me if you have any questions or concerns.

NC/

cc: Kathy Demsey, Chief Financial Officer

BACKGROUND

On September 5, 2018, the State Board of Education filed a complaint (Attachment A) pursuant to Section 10-4b of the Connecticut General Statutes (C.G.S.) against the Ansonia Board of Education (BOE) and the City of Ansonia (City). The Office of Internal Audit (OIA) was asked to determine if the BOE failed to implement the educational interests of the state and if the City failed to meet its obligation to fund Ansonia Public Schools by failing to meet the minimum budget requirement (MBR) for fiscal year 2016-2017 and fiscal year 2017-2018 and whether there was reason to believe that the BOE and the City would be in compliance for the current fiscal year 2018-2019. OIA was required to report its findings to the Commissioner of the Connecticut State Department of Education (CSDE) by November 13, 2018.

On October 16, 2018, OIA and CSDE Bureau of Fiscal Services staff met with Mr. Rich Bshara, Acting Comptroller, and Ms. Kim DeStefano, Accountant from the City of Ansonia and held another meeting with Dr. Carole Merlone, Superintendent, Dr. Joseph DiBacco, Assistant Superintendent and Ms. Lisa Jones, Business Administrator from the Ansonia Public Schools to gain an understanding of any MBR related issues and of the accounting process.

OIA reviewed the City of Ansonia Board of Aldermen meeting minutes for the BOE budget activities, the City and the BOE general ledger reports that detail actual BOE budget detail, revenues and expenses for fiscal year 2016-2017 and fiscal year 2017-2018, in order to determine the MBR for fiscal year 2016-2017 and fiscal year 2017-2018 and what the MBR should be for 2018-2019. Attachment B is a non-exhaustive listing of the documentation that OIA reviewed for fiscal years 2015-2016 through 2018-2019, the findings of fact for both years are as follows:

FINDINGS OF FACT

Fiscal Year 2016-2017

- The minimum budget requirement for fiscal year 2016-2017 was \$31,260,484. The fiscal year 2016-2017 MBR was \$953,831 above the fiscal year 2015-2016 MBR of \$30,306,653.
- The City's budget appropriation for the BOE, as approved by the Board of Aldermen on May 24, 2016, for the fiscal year ending June 30, 2017 was \$31,060,484. On June 14, 2016, the Board of Aldermen approved a budget revision that added an additional \$200,000 to the BOE's budget appropriation for the fiscal year ending June 30, 2017. The revised BOE budget appropriation for fiscal year 2016-2017 totaled \$31,260,484. During the course of FY2016-2017, the BOE anticipated a budget shortfall due to higher than expected special education costs and requested that the City release the Special Education Excess Cost Grant funds to the BOE. On February 14, 2017, the Board of Aldermen approved a resolution concerning the Special Education Excess Cost Grant provided to the City. Special Education Excess Cost Grant funds totaling

\$1,365,198 was transferred to the BOE via the general ledger. These funds would be used to cover additional special education expenses not anticipated by the BOE at the beginning of the year. In addition, in-kind expenses that were to be offset by the Special Education Excess Costs funds totaling \$594,488 was also transferred to the BOE. OIA examined documentation which supported the actual BOE revenues and expenses for the fiscal year 2016-2017 as captured by the City and the BOE general ledgers. The budget appropriation realized by the City and the BOE for the fiscal year 2016-2017, each totaled \$31,260,484. The \$594,488 Board of Aldermen adjustment for in-kind services transferred to the BOE in fiscal year 2016-2017 was not treated by the City nor the BOE in fiscal year 2016-2017 as an increase in the BOE appropriation as captured by the general ledger reports.

Fiscal Year 2017-2018

- The minimum budget requirement for fiscal year 2017-2018 is \$31,260,484.
- The City's budget appropriation for the BOE, as approved by the Board of Aldermen on June 20, 2017, for the fiscal year ending June 30, 2018, was \$31,860,484. On January 9, 2018 the Board of Aldermen approved a budget revision that decreased the BOE budget appropriation by \$600,000 for the fiscal year ending June 30, 2018. The revised BOE budget appropriation for fiscal year 2017-2018 totaled \$31,260,484. Special Education Excess Cost Grant funds totaling \$1,216,883 was transferred to the BOE via the general ledger to cover special education expenses and in-kind expenses totaling \$515,000 was also transferred to the BOE. OIA examined documentation which supported the actual BOE revenues and expenses for the fiscal year 2017-2018 as captured by the City and the BOE general ledgers. The budget appropriation realized by the City and the BOE for the fiscal year 2017-2018, each totaled \$31,260,484. The \$515,000 adjustment for in-kind services transferred to the BOE in fiscal year 2017-2018 was not treated by the City nor the BOE in fiscal year 2017-2018 as an increase in the BOE appropriation as captured by the general ledger reports.
- On June 11, 2018, the Board of Aldermen approved a Settlement of Temporary Injunction Application that stated the following; the City will create a separate settlement fund for the purpose of paying outstanding necessary expenses of the BOE in an amount not to exceed \$500,000 for the current fiscal year ending June 30, 2018. The expenses were limited to payroll expenses, employee benefits, utilities, student transportation, insurance, special education tuition and textbooks (in an amount not to exceed \$30,000). The settlement was solely for the purpose of resolving the emergency application for temporary injunction and neither party will use it for future appropriation purposes.
 - The City established the BOE Settlement Contingency Account (1-001-0200-11-813-0001) for the amount of \$500,000.

- The BOE created Voucher #90 on August 3, 2018 in the amount of \$252,681.71 to be deducted from the Settlement Fund.
- The BOE created Voucher #93 on September 10, 2018. \$135,498.11 was to be deducted from the Settlement Fund.
- As of our review, OIA notes BOE expenditures totaling \$388,179.82 was applied to the Settlement Fund.
- As of our review, OIA notes that the City and BOE have not reconciled their general ledger accounts for fiscal year 2017-2018 and the BOE has not filed the 2017-2018 Education Financial System data with CSDE. In addition, although the MBR for 2017-2018 \$31,260,484 has been met, OIA questions the legality of the City's reduction of the BOE's appropriation from \$31,860,484 to \$31,260,484.

Fiscal Year 2018-2019

- Until a legal opinion is issued regarding the legality of the City's reduction of the BOE's fiscal year 2017-2018 appropriation from \$31,860,484 to \$31,260,484, the MBR for fiscal year 2018-2019 cannot be determined by the OIA.
- In addition, districts that accepted displaced students that were affected by Hurricane Maria received additional Education Cost Sharing funding. In fiscal year 2018-2019, the City received \$3,537, which must be added to the MBR for fiscal year 2018-2019.
- If it is decided that the BOE appropriation for fiscal year 2017-2018 is \$31,260,484, than the City's Budget Appropriation for the BOE, as approved by the Board of Aldermen on June 11, 2018, of \$31,260,484 will not meet the MBR for fiscal year 2018-2019. An additional appropriation of \$3,537 must be added to the BOE budget for a total of \$31,264,021.
- If it is decided that the BOE appropriation for fiscal year 2017-2018 is \$31,860,484, than the City's Budget Appropriation for the BOE, as approved by the Board of Aldermen on June 11, 2018, of \$31,260,484 will not meet the MBR for fiscal year 2018-2019.

Conclusion

- The OIA has determined that the City met its obligation to fund the Ansonia BOE for fiscal year 2016-2017 and fiscal year 2017-2018 and is in compliance with the MBR. The MBR for fiscal year 2018-2019 cannot be determined.

Attachment A

Copy of the §10-4b Complaint



STATE OF CONNECTICUT
STATE BOARD OF EDUCATION



September 6, 2018

William Nimmons
President
Ansonia Board of Education
42 Grove Street
Ansonia, CT 06401

Mayor David Cassetti
City of Ansonia
253 Main Street
Ansonia, CT 06401

VIA: HAND DELIVERY RECEIPT REQUESTED

Dear Mr. Nimmons and Mayor Cassetti:

I am writing to formally notify you that on September 5, 2018, the Connecticut State Board of Education ("CSBE") approved a resolution initiating a complaint pursuant to Section 10-4b of the Connecticut General Statutes ("C.G.S.") against the Ansonia Board of Education ("Ansonia Board") and the City of Ansonia ("City"). The complaint alleges that the City has failed to meet its statutory obligation to fund its public schools in accordance with C.G.S. Section 10-262j, which substantially impacts the Ansonia Board's ability to provide its students with a suitable program of educational experiences. I have enclosed a copy of the resolution, a copy of the complaint, and the regulations promulgated pursuant to C.G.S. Section 10-4b.

Pursuant to Section 10-4b-6a of the Regulations of Connecticut State Agencies, you are requested to file a response to this complaint within ten (10) business days of the receipt of this letter. Your response should answer the complaint and include factual information supporting your answer. Upon receipt of your response, I will order an investigation to be conducted. This investigation may include, but need not be limited to, telephone calls, site visits, written correspondence and informal meetings. Once the investigation is complete, I will report the results of the investigation to the CSBE at its next regularly scheduled meeting.

Sincerely,

Dianna R. Wentzell

Dr. Dianna R. Wentzell
Commissioner of Education

DRW:lla

cc: Dr. Carole Merlone, Ansonia Board of Education
Frederick L. Dorsey, Esq., Kainen, Escalera & McHale, PC
Peter Haberlandt, Esq., Director, Division of Legal and Governmental Affairs
John Marini, Esq., Corporation Counsel, City of Ansonia
Vincent M. Marino, Esq., Cohen & Wolf PC

Enclosures

V.A.

CONNECTICUT STATE BOARD OF EDUCATION
Hartford

TO BE PROPOSED:

September 5, 2018

RESOLVED, That the State Board of Education hereby initiates a complaint pursuant to Section 10-4b of the Connecticut General Statutes regarding the alleged inability of the Ansonia Board of Education (BOE) to implement the educational interests of the State, specifically the Minimum Budget Requirement of Connecticut General Statutes Section 10-262j, as a result of the City of Ansonia's failure to appropriate sufficient funds to the BOE to meet its MBR obligations in fiscal years 2017-18 and 2018-19; and, further that, the City of Ansonia be included as a Respondent in this matter, the State Board of Education hereby having found that the City of Ansonia may be responsible for the failure or inability of the Ansonia Board of Education to implement the educational interests of the state; and the State Board of Education further directs the Commissioner to provide notice of this complaint to the City and BOE by providing them a copy of the Section 10-4b Complaint attached to the Commissioner's September 5, 2018 report to the State Board of Education and to take all other necessary action.

Approved by a vote of 7:0, this fifth day of September, Two Thousand Eighteen.

Signed: Dianna R. Wentzell
Dr. Dianna R. Wentzell, Secretary
State Board of Education

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Procedures to Implement Section 10-4b of the Connecticut General Statutes

Sec. 10-4b-1. Definitions

For the purposes of these regulations:

- (a) “Commissioner” means the Commissioner of Education;
 - (b) “Complaint” means a written document which complies with the requirements of Section 10-4b-3 of these regulations;
 - (c) “Substantial complaint” means a complaint that sets forth basic facts which state a cause of action concerning an alleged violation of the educational interests of the state;
 - (d) “Educational interests of the state” means those defined in Section 10-4a of the General Statutes as amended by Section 10 of Public Act 79-128;
 - (e) “Board” means the State Board of Education;
 - (f) “Board of education” means a local or regional board of education;
 - (g) “Complainant” means the individual(s) or the Board alleging in a complaint that a board of education has failed or is unable to implement the educational interests of the state;
 - (h) “Respondent” means (1) the board of education against which a complaint has been filed; and
(2) a local governmental body upon the finding by the Board pursuant to Section 10-4b-8 of these regulations that there is reasonable cause to believe that a local governmental body or its agent may be responsible for the failure or inability of a board of education;
 - (i) “Parties” means (1) the complainant;
(2) the respondent; and
(3) the Commissioner upon the finding by the Board pursuant to Section 10-4b-8 of these regulations that there is a reasonable cause to believe that a board of education has failed or is unable to make reasonable provisions to implement the educational interests of the state;
 - (j) “Response” means a written reply by a respondent to a substantial complaint;
 - (k) “Days” means business days, which shall include all days of the week except Saturday, Sunday, and legal holidays defined pursuant to Section 1-4 of the General Statutes;
 - (l) “Completion of the inquiry” means the close of evidence;
 - (m) “Remedial Process” means a planned and systemic good faith effort by a board of education through which compliance with a finding of failure or inability to implement the educational interests of the state may be attained; and
 - (n) “Eligible person” means a resident, 18 years or over, of a local or regional school district, or a parent or guardian of a student enrolled in the public schools.
- (Effective April 7, 1980)

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Sec. 10-4b-2. Designee and agent of the board

The Commissioner shall be the designee and agent of the Board for the purposes specified in section 10-4b of the General Statutes as amended by section 14 of P.A. 79-128 and these regulations.

(Effective April 7, 1980)

Sec. 10-4b-3. Complaint

(a) **When complaints may be brought.** (1) A resident of a local or regional school district, or parent or guardian of a student enrolled in the public schools of such school district who has been unable to resolve a complaint with the board of education may file a written complaint with the Commissioner alleging the failure or inability of such board of education to implement the educational interests of the state.

(2) The Board may initiate a substantial complaint. Such complaint shall be subject to all the provisions of these regulations except 10-4b-5 concerning preliminary action by the Commissioner.

(b) **Consolidation of complaints.** Complaints involving related questions of law or fact may be consolidated at the direction of the Commissioner.

(c) **Contents of the complaint.** The complaint shall be in writing and signed by or on behalf of the complainant. A form shall be made available by the Commissioner for such complaint. The complaint shall contain the following information:

(1) Information indicating that the complainant is an eligible person;

(2) A description of prior good faith efforts to resolve the complaint with the board of education, which shall include information that shows that the board of education has taken final action adverse to the complaint or has refused or failed to take any final action relating to the complaint within a reasonable period of time;

(3) The exact nature of the allegations, including, but not limited to, reference to the provisions of Section 10-4a of the General Statutes as amended by Section 10 of P.A. 79-128 which relate to each such allegation, and to other specific statutory provisions where the complainant alleges that a board of education has failed to comply with Subdivision (3) of Section 10-4a of the General Statutes as amended;

(4) A clear and concise description of the facts which support each allegation;
and

(5) Other materials or documents containing information which support or clarify the allegations.

(Effective April 7, 1980)

Sec. 10-4b-4. Conference of the parties

In the interest of furthering the purpose of the process outlined in Section 10-4b of the General Statutes as amended by Section 14 of P.A. 79-128 and in these regulations, the Commissioner may, at any stage of the proceedings, call the parties together for a conference.

(Effective April 7, 1980)

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Sec. 10-4b-5. Preliminary action

(a) **Acknowledge receipt; inform respondent.** The Commissioner shall, within five (5) days following receipt of a complaint, acknowledge receipt of the complaint in writing to the complainant and, for informational purposes only, send a copy of the complaint to the respondent.

(b) **Further information.** The Commissioner may submit to the complainant a request for further factual information concerning the complaint. Such a request for further information shall be made within five (5) days following receipt of the complaint by the Commissioner. Upon receipt of the additional information requested, the Commissioner shall, for informational purposes only, send a copy of such new information to the respondent.

(c) **Action by commissioner.** Within ten (10) days following acknowledgement of receipt of a complaint, or if further information is requested within ten (10) days following receipt of the additional information, the Commissioner shall:

- (1) Dismiss the complaint if it is found not to be substantial; or
- (2) Order an investigation if the complaint is found to be substantial.

If the Commissioner dismisses the complaint, he shall state in writing to the parties, with a copy to each Board member, the reasons therefor.

(Effective April 7, 1980)

Sec. 10-4b-6. Investigation

(a) **Opportunity to respond.** Within five (5) days following an order for an investigation, the Commissioner shall notify the parties of such order and shall request the respondent to file a written response with the Commissioner or his representative within ten (10) days following the receipt of such request. The response shall contain

- (1) answers to each allegation of the complaint and
- (2) factual information supporting the answers.

(b) **Investigation.** Investigation of a complaint found to be substantial shall be conducted under the direction of the Commissioner and may include, but need not be limited to, telephone calls, site visits, written correspondence and informal meetings. Such investigation shall be completed within twenty (20) days following the receipt of the respondent's response.

(Effective April 7, 1980)

Sec. 10-4b-7. Report of investigation

(a) **Preliminary report to commissioner.** Within ten (10) days following the conclusion of the investigation, the individual or individuals conducting the investigation on behalf of the Commissioner shall submit in writing to the Commissioner the facts found as a result of the investigation, including facts relating to the responsibility of the local governmental body or its agent for the factual findings.

(b) **Commissioner's report.** No later than ten (10) days following receipt of the findings of fact, the Commissioner shall, as agent of the Board for purposes of the investigation in accordance with Section 10-4b of the General Statutes as amended by

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Section 14 of P.A. 79-128, submit to the Board his report of the results of such investigation. Such report shall include:

- (1) The findings of fact;
 - (2) Whether, in the Commissioner's judgment, the facts indicate that reasonable cause exists to believe that the board of education has failed or is unable to make reasonable provision to implement the educational interests of the state and whether a local governmental body or its agent may be responsible for such failure or inability; and
 - (3) Recommendations for action.
- (Effective April 7, 1980)

Sec. 10-4b-8. Reasonable cause

Board action. Following receipt of a report from the Commissioner, the Board shall act at the first regularly scheduled Board meeting following submission of said report to the Board, provided that the Board may postpone said action until no later than the second regularly scheduled meeting following submission of said report to the Board if the report was not submitted to the Board on or before the eighth (8th) day prior to the first such regularly scheduled Board meeting. The Board shall:

- (1) Dismiss the complaint if the Board determines that the findings indicate that there is no reasonable cause to believe that a board of education has failed or is unable to make reasonable provisions to implement the educational interests of the state and indicate the reasons therefore; or
- (2) Order an inquiry if the findings indicate that there is reasonable cause to believe that a board of education has failed or is unable to make reasonable provisions to implement the educational interests of the state or that a local governmental body or its agent may be responsible for such failure or inability.

(Effective April 7, 1980)

Sec. 10-4b-9. Board Inquiry

(a) **Commissioner as party.** Upon ordering an inquiry pursuant to Section 10-4b-8 of these regulations, the Commissioner, if the Board is not already a party, shall be admitted to the proceedings as a party for the purpose of representing the educational interests of the state at the Board inquiry, provided that the Commissioner shall be limited for this purpose to presenting evidence or arguments relating to the allegations of the complaint or amended complaint.

(b) **Local governmental body as party.** Upon ordering an inquiry pursuant to Section 10-4b-8 of these regulations, if the findings indicate that a local governmental body or its agent may be responsible for the failure or inability of a board of education, the local governmental body shall be named as a respondent for purposes of the Board inquiry.

(c) **Time and place for inquiry; notice.** The Board shall set a time and place for the inquiry and give reasonable notice to the parties.

(d) **Hearing panel.** The chairperson of the Board may designate a subcommittee of three members of the Board to serve as a hearing panel.

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(e) **Amended complaint; response.** Any complaint may be amended to include additional information relating to the allegations therein with the permission of the Board or hearing panel. The respondent shall have the right to file a response to the amended complaint within ten (10) days or within such other time as the Board or said hearing panel may prescribe.

(f) **Report of hearing panel.** If a hearing panel conducts the inquiry pursuant to Subsection (d) of this section of the regulations, such hearing panel shall complete and submit a report to the Board within ten (10) days following the close of evidence and filing of briefs, if any, in such proceeding. The report of the hearing panel shall include:

- (1) its conclusions of law and fact upon which its proposed decision is based; and
- (2) its proposed decision.

(g) **Form of hearing.** The inquiry shall be conducted by the Board or a designated subcommittee in accordance with the Uniform Administrative Procedures Act, Section 4-177 through 4-184, inclusive, of the General Statutes, provided the inquiry shall be completed within thirty (30) days following the order of an inquiry, and provided further that the Board shall render a final decision in accordance with the time limit specified in Subsection (h) of this section of the regulations.

(h) **Final decision.** The Board shall render a final decision in accordance with the provisions of Section 4-179 and Section 4-180 of the General Statutes, provided such decision shall be rendered

- (1) no later than twenty-five (25) days following the submission of a report by the hearing panel if a hearing panel conducts the inquiry or
- (2) at the next regularly scheduled Board meeting following the close of evidence and filing of briefs if the Board conducts the inquiry, provided that the Board may postpone said action until no later than the second regularly scheduled meeting following the close of evidence and filing of briefs if said inquiry was not completed and/or briefs filed on or before the eighth (8th) day prior to the first such regularly scheduled Board meeting.

(Effective April 7, 1980)

Sec. 10-4b-10. Action by board

(a) **No failure or inability.** If the Board determines that the board of education has not failed or is not unable to make reasonable provision to implement the educational interests of the state, the Board shall so state its findings in writing to the parties.

(b) **Failure or inability.** If the Board finds that the board of education has failed or is unable to make reasonable provision to implement the educational interests of the state, the Board shall:

- (1) Require that the board of education engage in a remedial process to develop and implement a plan of action through which compliance may be attained. Upon request of the board of education, the Board shall advise and assist the board of education in such remedial process. The plan shall include, but not be limited to, the following:

- (A) A statement of the specific steps that will be undertaken to remedy the failure or inability;

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(B) A detailed time-table of the expected dates for compliance with each step described in the plan of action; and

(C) An evaluation process to determine achievement of each step described in the plan of action which shall include, but not be limited to, a schedule of periodic reports to the Board as to the progress of the board of education in meeting the requirements of the plan; or

(2) Order the local or regional board of education to take reasonable steps to implement the mandates of Section 10-4a(3) of the General Statutes where it is found that such local or regional board of education has failed to comply with those mandates.

(c) **Local governmental body or its agent responsible.** If the Board finds that a local governmental body or its agent is responsible for such failure or inability of the board of education to make reasonable provision to implement the educational interests of the state, the Board may order in accordance with Subsection (b) of Section 10-4b of the General Statutes as amended by Section 14 of Public Act 79-128, such governmental body or its agent to take reasonable steps to comply with the provisions of 10-4a of the General Statutes as amended by Section 10 of Public Act 79-128.

(d) **State responsible.** If the Board finds that the state is responsible for the failure or inability of the board of education to make reasonable provision to implement the educational interests of the state, the Board shall so notify the Governor and the General Assembly.

(e) **Time period for compliance.** For purposes of this section, the Board shall determine a time period for compliance with the requirement or order of the Board. A board of education or a local governmental body or its agent may request, in writing, that the Board, for due and sufficient cause, grant an extension of the time period for compliance and the Board may, thereafter, grant such extension.

(f) **Termination.** Upon compliance with the requirement or order of the Board, a board of education or a local governmental body or its agent may request a determination by the Board that such requirement or order be terminated.

(Effective April 7, 1980)

CONNECTICUT STATE BOARD OF EDUCATION

IN THE MATTER OF

THE CONNECTICUT STATE

BOARD OF EDUCATION, *Complainant* : September 5, 2018

AND : Complaint, Conn. Gen. Stat. §10-4b

THE ANSONIA

BOARD OF EDUCATION, *Respondent*

AND : Hartford, Connecticut

THE CITY OF ANSONIA,

Co-Respondent

**COMPLAINT PURSUANT TO SECTION 10-4b
OF THE CONNECTICUT GENERAL STATUTES**

The following complaint is filed pursuant to Connecticut General Statutes (“CGS”) § 10-4b. The Complainant avers as follows:

1. The Complainant is the Connecticut State Board of Education (“CSBE”).
2. The Respondents are the Ansonia Board of Education (“Ansonia Board”) and the City of Ansonia (“City”).
3. Ansonia was designated as an Alliance District pursuant to CGS § 10-262u for each of the fiscal years relevant to this Complaint.¹
4. State law requires that each year towns, including towns that have been designated as Alliance Districts, which includes the City, spend on education a certain minimum amount of funds as specified in CGS § 10-262j (“the MBR statute”). For the fiscal years ending June 30, 2018 (“FY 2017-18”) and June 30, 2019 (“FY 2018-19”), as relevant to the present matter, this obligation, which is known as the “minimum budget requirement”

¹ Pursuant to CGS § 10-262u, as amended in 2017: “(1) ‘Alliance district’ means a school district for a town that (A) is among the towns with the thirty lowest accountability index scores, as calculated by the Department of Education, or (B) was previously designated as an alliance district by the Commissioner of Education for the fiscal years ending June 30, 2013, to June 30, 2017, inclusive.” CGS § 10-262u(a)(1). In addition, the statute further provides that “[f]or the fiscal year ending June 30, 2018, the commissioner shall designate thirty-three school districts as alliance districts. Any school district designated as an alliance district shall be so designated for a period of five years.” CGS § 10-262u(b)(2).

or “MBR,” required the City’s budgeted appropriation for education to be at least equal to its budgeted appropriation for education in the prior fiscal year, unless the City was eligible for relief from the MBR pursuant to law. *See* CGS § 10-262j(a), (b).

5. The MBR statute includes various provisions that, if applicable to a town, would give it relief from the MBR obligation by allowing it to reduce its budgeted appropriation for education to below the prior year’s appropriation. *See* CGS § 10-262j(a)(1)-(5), (b)(1)-(5), (c), (e). However, the MBR statute further provides that: “For [FY 2017-18 and FY 2018-19] a town designated as an alliance district, as defined in § 10-262u, shall not reduce its budgeted appropriation for education pursuant to this section.” CGS § 10-262j(d).
6. The City’s initial budgeted appropriation for the fiscal year ending June 30, 2017 (“FY 2016-17”) was \$31,060,484 but the City subsequently took two actions that provided supplemental appropriations totaling \$800,000 to the Ansonia Board, resulting in an adjusted appropriation for FY 2016-17 of \$31,860,484, as set forth below.
7. Pursuant to an agreement between Mayor David Cassetti and the Ansonia Board, the City appropriated an additional \$200,000 to provide an additional kindergarten teacher and to fund certain athletic programs, as documented in the Ansonia Board’s minutes for June 1, 2016 (Attachment 1).
8. Pursuant to CGS § 10-76g, the State provides to school districts a supplemental grant that is intended to assist such school districts with extraordinary costs of certain exceptional children where the cost of special education services exceed the “reasonable costs of special education instruction,” as defined by the statute. Application for such grant shall be made by filing a statement of the cost of providing such special education.
9. Subsection (b) of CGS § 10-76g provides that the Excess Cost Special Education grant funds provided by the State Department of Education “shall be paid to the treasurer of each town entitled to such aid, provided the treasurer shall treat such grant, or a portion of the grant, which relates to special education expenditures, as a reduction in expenditures *by crediting such expenditure account, rather than town revenue*. Such expenditure account shall be so credited no later than thirty days after receipt by the treasurer of necessary documentation from the board of education indicated the amount of such special education expenditures incurred in excess of such town’s board of education budgeted estimate of such expenditures.” [Emphasis added.]
10. In the past, the City has budgeted the state Excess Cost Special Education grant funds, provided pursuant to CGS § 10-76g, as revenue to the City.
11. During the course of FY 2016-17, the Ansonia Board, anticipating a budget shortfall due to higher-than-expected special education costs, requested that the City release the Excess Cost Special Education grant funds to the Ansonia Board to cover the shortfall.

12. At the February 14, 2017 meeting of the Board of Aldermen, the City passed a resolution of the Ansonia Board of Aldermen, regarding Special Education Excess Cost Agreement (Attachment 2).
13. Pursuant to the aforementioned resolution, the Board of Aldermen included a supplemental \$600,000 appropriation to the Ansonia Board, and in return the Ansonia Board agreed to assume \$600,000 in expenditures for services that were currently paid for by the City.
14. In taking the two actions described above, the City increased the appropriation for the Ansonia Board during FY 2016-17 by \$800,000, for a total appropriation of \$31,860,484. As a result, the City's MBR obligation required it to appropriate at least the same amount for the Ansonia Board for FY 2017-18.
15. In recognition of the above agreements, and in accordance with its MBR obligation, the City approved an appropriation of \$31,860,484 for FY 2017-18 for the Ansonia Board on June 20, 2017.
16. At its meeting on January 9, 2018, the Board of Aldermen voted to reduce the Ansonia Board's FY 2017-18 appropriation by \$600,000, resulting in a revised appropriation of \$31,260,484 (Attachment 3). Such appropriation is \$600,000 below the level required by the City's MBR obligation pursuant to CGS § 10-262j.²
17. For FY 2018-19, the City appropriated \$31,260,484 to the Ansonia Board. As with the revised FY 2017-18 appropriation, the FY 2018-19 appropriation is \$600,000 below the level required by the City's MBR obligation pursuant to CGS § 10-262j.
18. The CSBE has the authority to initiate its own Complaint pursuant to CGS § 10-4b to enforce the educational interests of the State, which include "the concern of the state that (1) each child shall have for the period prescribed in the general statutes equal opportunity to receive a suitable program of educational experiences; (2) each school district shall finance at a reasonable level at least equal to the minimum budget requirement pursuant to the provisions of § 10-262j an educational program designed to achieve this end." CGS § 10-4a; *see* CGS § 10-4b(a).
19. Further, CGS § 262i(e) also vests the CSBE with authority to enforce MBR obligations, as follows: "Upon a determination by the State Board of Education that a town or kindergarten to grade twelve, inclusive, regional school district failed in any fiscal year to meet the requirements pursuant to subsection (c) or (d) of this section or

² In October 2017, the Legislature enacted municipal budget relief provisions to address the impact of the unusually late enactment of the State budget. *See* Public Act 17-2, JSS §§ 265 and 266 and Public Act 17-4, JSS § 20. To the extent the City intends to rely on any of these provisions, they do not appear to authorize the City's actions at issue in this Complaint but the City will have ample opportunity to set forth its position during the investigation of this Complaint.

§ 10-262j, the town or kindergarten to grade twelve, inclusive, regional school district shall forfeit an amount equal to two times the amount of the shortfall. The amount so forfeited shall be withheld by the Department of Education from the grant payable to the town in the second fiscal year immediately following such failure by deducting such amount from the town's equalization aid grant payment pursuant to this section, except that in the case of a kindergarten to grade twelve, inclusive, regional school district, the amount so forfeited shall be withheld by the Department of Education from the grants payable pursuant to this section to the towns which are members of such regional school district. The amounts deducted from such grants to each member town shall be proportional to the number of resident students in each member town. Notwithstanding the provisions of this subsection, the State Board of Education may waive such forfeiture upon agreement with the town or kindergarten to grade twelve, inclusive, regional school district that the town or kindergarten to grade twelve, inclusive, regional school district shall increase its budgeted appropriation for education during the fiscal year in which the forfeiture would occur by an amount not less than the amount of said forfeiture or for other good cause shown. Any additional funds budgeted pursuant to such an agreement shall not be included in a district's budgeted appropriation for education for the purpose of establishing any future minimum budget requirement." CGS § 10-262i(e).

20. On June 19, 2018, the CSBE received a request from certain members of the Ansonia Board that the CSBE initiate proceedings pursuant to CGS § 10-4b against the Ansonia Board for being unable to implement the educational interests of the state pursuant to § 10-4a, and against the City of Ansonia due to its failure to appropriate sufficient funding to allow the Ansonia Board to meet the MBR as well as other educational requirements of the Connecticut General Statutes (Attachment 4, without attachments).
21. On August 7, 2018, State Department of Education Chief Financial Officer Kathy Demsey notified the Ansonia Superintendent of Schools that the Department had concluded that the City's appropriation to the Ansonia Board for FY 2018-19 will result in a violation of the MBR for the current fiscal year, and in addition, the City did not meet its MBR for FY 2017-18 (Attachment 5).
22. On August 8, 2018, State Department of Education's Director of Legal Affairs notified the Mayor of Ansonia, David Casseti, of the Department's position that the City did not meet its MBR for FY 2017-18 and that the City would not meet its MBR for FY 2018-19 unless it appropriated an additional \$600,000 for the Ansonia Board. (Attachment 6). In this letter, the Director of Legal Affairs requested that the City meet with Department of Education officials and representatives from the Ansonia Board to discuss a resolution to this matter in order to avoid enforcement action.
23. In a response letter dated August 9, 2018, the City declined to meet with the aforementioned officials. (Attachment 7.) The City maintains that the CSBE lacks jurisdiction over this matter because of a pending court case between the City and the Ansonia Board. As set forth in paragraphs 18 and 19 above, the CSBE has jurisdiction pursuant to CGS §§ 10-4a, 10-4b and 10-262i(e).

24. The City's failure to meet its MBR obligation as set forth above, resulting in its failure to provide the Ansonia Board with the minimum funding required by law, has had, is having and will continue to have a direct and immediate adverse impact on the Ansonia Board's ability to provide its students with a suitable program of educational experiences, therefore depriving Ansonia students of the educational opportunity to which they are entitled under the law.
25. Such failure or inability to comply with the mandates of the Connecticut General Statutes violates the educational interests of the state as defined in CGS § 10-4a.

SIGNATURE OF COMPLAINANT

On behalf of the Connecticut State Board of Education:

Dianna R. Wentzell
Dr. Dianna R. Wentzell, Commissioner

9/6/18
Date

CERTIFICATION

This is to certify that the above-entitled complaint pursuant to Section 10-4b of the Connecticut General Statutes was mailed, first-class and postage pre-paid to:

Frederick L. Dorsey, Esq.
Kainen, Escalera & McHale PC
21 Oak Street, Suite 601
Hartford, CT 06106

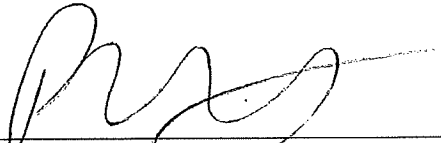
John Marini, Esq., Corporation Counsel
City of Ansonia
253 Main Street
Ansonia, CT 06042

Dr. Carole Merlone
Superintendent of Schools
Ansonia Board of Education
42 Grove Street
Ansonia, CT 06401

Mayor David S. Cassetti
City of Ansonia
253 Main Street
Ansonia, CT 06401

William Nimmons, President
Ansonia Board of Education
42 Grove Street
Ansonia, CT 06401

Vincent M. Marino, Esq.
Cohen & Wolf PC
1115 Broad Street
Bridgeport, CT 06601-1821



Peter Haberlandt, Director
Division of Legal and Governmental Affairs
Connecticut State Department of Education

9/6/18
Date

Attachment 1

ANSONIA PUBLIC SCHOOLS BOARD OF EDUCATION

MINUTES

PLACE: ANSONIA CITY HALL

DATE: 01 JUNE 2016

TIME: 6:00 P.M.

MEETING CALLED TO ORDER BY: PRESIDENT William Nimons

I. OPENING

A. Pledge of Allegiance

B. Roll Call

MEMBERS OF THE BOARD	PRESENT	ABSENT	LATE
MS. FRANCES DIGIORGI	X		
MR. JOHN IZZO	X		
MRS. ARETTA KOTALIS	X		
MR. WILLIAM NIMONS, President	X		
MR. CHRISTOPHER PHIPPS	X		
MR. CARMEN PITNEY	X		
MR. VINCENT SCARLATA	X		
TOTAL	7	0	0

There was a moment of silence for Mrs. Hunt who recently passed away.

II. Newtown Superintendent Dr. Joseph Erardi re: School Safety

DISCUSSION: Mr. Nimons explained that the Newtown Superintendent's school safety presentation will have to be rescheduled.

RECOGNITION: Superintendent Merlone said she is proud to announce Ansonia's 2016/2017 Paraeducator of the year, Mrs. Denise Hunt, who has been a long-time employee and has done a great job. When speaking with Mrs. Hunt, the first thing she says is that she loves her job and the students. That is the type employee we want in Ansonia. Dr. Merlone then thanked Mrs. Hunt for all she does each day for our students. Mrs. Hunt thanked the Board.

III. UPDATE on AHS Overseas Trip

DISCUSSION: Dr. Merlone said it is her pleasure to introduce Rachel Sopko and Amy Donofrio, teachers at A.H.S. Mrs. Sopko explained that they started the Global Scholars Club last year with the support of the Board and have recently returned from their trip to London, Paris and Rome. Ryan Amato, a senior, and Kerry DeFelice, a junior, each explained their itinerary saying they loved every minute of the trip, loved the sites in the foreign countries, loved the different foods and made new friends. Ryan made a video diary which is on the Ansonia website. Mrs. Sopko said they are planning their next trip to Germany, Italy and Switzerland. There are 15 students interested in going. Dr. Merlone thanked Mrs. Sopko, Ms. Donofrio and Mrs. Davis (also an A.H.S. teacher) who chaperoned the trip. Without these teachers this trip would not have been possible. There was applause from the audience. The Superintendent said this was a huge responsibility and she appreciates our students being able to have this type of experience.

Mr. Nimons introduced Mayor David Cassetti. The Mayor said he met with Dr. Merlone and Mr. Nimons earlier that day to try to strike a compromise of what is going to be needed to keep sports going and possibly fund a kindergarten teacher. He said they told him what was needed. Mayor Cassetti said he just met with his finance team and told them that if they could increase the collection rate from 97 to 97% he could pick up an additional \$80,000. If he works on the lien sales which they are going to be instituting in August, he can collect another \$180,000. The Mayor said to Mr. Wilson, Assistant Superintendent, we

talked about needing \$200,000, is that correct? Mr. Wilson said that is correct. Mayor Cassetti said he is willing to give that \$200,000 to put sports back to where they are, because we are a sports town, we need our sports. We also need that kindergarten teacher. He added that he realized that the Alliance Grant is running out that you got five years ago and you are going to need to fund a kindergarten teacher. This is a full-time kindergarten teacher; not a part-time. We do not want part-time kindergarten. Dr. Merlone explained that we have six classes present in Prendergast School and we did not fund it in our budget because the teacher went out on maternity leave. Mr. Apicella has the classes made and there are that many students already in that class. So we need \$66,000 for that teacher. Mayor Cassetti said he will get the money; they will give the \$200,000. He is not going to give the \$180,000 and the \$60,000 he is going to use that other bit for something else. The Mayor said, you wanted an answer and that will be his answer. Dr. Merlone thanked the Mayor. There was applause from the audience. Mayor Cassetti said he knew he could get it if he increased the collection rate and from the flea sales, so you will get your \$200,000. Ms. DiGiorgi asked the Mayor if that has to go before the Board of Aldermen. The Mayor said no. Dr. Merlone said Mr. Gaskins, business administrator, will deal with Mr. Bashara.

IV. PUBLIC SESSION

1. Dr. Merlone thanked the directors of the AMS play *Bright Lights Musical*, Ms. Nicolari, Mr. Izzo and Mrs. Mott, it was a wonderful show. She added that Friday night she attended the *Lion King*, performed by students from Mead and Prendergast Schools and was memorized by the students; they did a phenomenal job. Mr. Hudson, music teacher at Mead and Prendergast Schools and director of the play, explained that this would not have happened without the support of the families and teachers. It is a great way for students to express themselves. The Superintendent also thanked other teachers who assisted with the play, Mr. Pylak, Mrs. Tingley, Mr. Powers, Mrs. Ekstrand and Ms. Young. Mr. Scarlata added that this did not cost the BOE anything. Mr. Hudson said it was all self-funded through the PTO with bake sales, program ad sales and T-shirts. Mr. Hudson informed the BOE that just through the sales enough money was raised to cover the rights for next year's play. There was applause from the audience.
2. Amy DeFellece, 18 Greenfield Avenue, addressed the Board. She said, given what happened last week with the Internet issue, she was wondering if there is a way to do more in-servicing or have speakers brought in to speak about the hazards and dangers of the Internet, to get parents more involved and get students involved. She is not sure if the students and parents fully understand the implications of what goes on with the Internet. Last year Mrs. DeFellece said she attended a seminar at Seymour Middle School with Scott Driscoll regarding safety concepts. Dr. Merlone explained that Mr. Driscoll was brought to Ansonia but we didn't have too many people turning out for this. The Superintendent said she will bring Mr. Driscoll back at the opening of school.
3. A parent, who declined to state her name and address but gave her ID to the recording secretary, spoke about the Internet events from last week, saying they were very tragic. She was wondering what part the BOE was going to take to insure our young people are not being bullied in our schools. We love our students and want to build their self-esteem. What are we going to do to let the students know they can go to their teachers and administrators so they are not silent, angry and possibly hurt themselves because of the Internet?
4. A student addressed the Board saying everyone in the *Lion King* did a good job.
5. Tia Rich, an Ansonia resident, she said she had students involved in the play. They worked very hard for it and she thinks we should push to bring back full-time music and also bring back art full-time. We have children that need additional help and a lot of times they can't express themselves unless they have the arts or music. Dr. Merlone said she is putting that before the BOE later in the meeting; in our budget art was reinstated but not music. Hopefully next year music can be reinstated. Ms. Rich said Mr. Hudson has done a wonderful job with the plays. We need to push for this. The Superintendent said she needs all of the parents, right from day one, to attend the Board of Aldermen meetings. We have to fight together. Ms. Rich said she understands and thanks her for that. She also thanked the Mayor for the additional money; we are a sports town but we also have children who need additional help and by cutting these positions she feels we need to try harder. Dr. Merlone said she is cutting two administrators which is not making the buildings safe either. There is a young lady who comes to the BOE every year and talks about art. The Superintendent said she fought for art for that young lady.
6. Mat Hough, AFT president and AMS music teacher, thanked the BOE saying they have a thankless job and wanted to make sure he thanked them. There were a lot of struggles this year that we fought together; what was evident was the hard work and dedication and working for the best interest for the teachers, staff and students. Mr. Hough again thanked the BOE for their efforts. There was applause from the audience. Dr. Merlone thanked Mr. Hough for working collaboratively. You stepped up and the teachers followed your lead. The Superintendent said she and Mr. Hough worked all weekend on this budget. Cutting teachers is not an easy thing. There is nowhere to go in this budget and Dr. Merlone said she is frightened for next year; there is nowhere to cut.
7. A student said she was wondering, next year when our principal leaves, do you think the new principal will commit to doing another play? Dr. Merlone said most definitely.

The cast from *Lion King* sang *Hakuna Matata*. There was applause and a standing ovation. Dr. Merlone said this is the very reason why we cannot cut teachers.

8. A grandparent spoke saying she had no proof that her granddaughter could sing. What is going to happen to her and these other kids? Dr. Merlone said that is where we have to bring our fight. The grandparent said all we talk

C. Technology Report

ATTACHMENT #4

DISCUSSION: Mr. Pastore, technology coordinator, presented his report to the Board. There were no questions from the Board.

Mr. Nimons called on Mr. Evans to speak. Mr. Evans explained that our Alliance Infrastructure Grant \$1,225,000 has been approved. This is online. We have to wait for the letter to come, but once the letter and money comes we will start the bidding process. Dr. Merlone thanked Mr. Evans saying that is good news. There was applause from the audience. Mr. Nimons said the breakdown is \$692,147 for Mead, \$277,367 for Prendergast, \$106,380 for Ansonia Middle School and \$149,098 at Ansonia High School, for a total of \$1,225,000.

D. Financial

ATTACHMENT #5

1. 2015-2016 Year-to-Date

DISCUSSION: Mr. Gaskins, business manager, explained the financial report. There are some changes. Previously we had predicted a deficit of \$688,000 and we were going to use \$688,000 from the Excess Cost Grant which was surplus revenue to the city over what they budgeted. We were going to ask for the balance from other sources from the city. The projections have been redone and the amount the city has received from the Excess Cost Grant has changed from the initially projected surplus of \$688,000; it has been reduced to \$503,000. He believes this is because the funding is prorated based on the amount of expenditures reported across the state. The more expenditures reported the smaller percentage every town gets. We got a slightly smaller percentage than the state had originally projected. We are still getting \$503,482 from the Excess Cost Grant in excess of what the city has budgeted. That funding will be credited to our account, not an additional appropriation, it is a credit to the expense account and that is reflected as part of this projection here. The difference is that we have two things going on here; we had less surplus revenue coming in than we expected and we had the normal volatility of the accounts. Primarily the projections changed in substitutes and out-of-district tuition and transportation. When adding those two together, Mr. Gaskins went on to say, our projection was \$688,000 now it's a deficit with the \$503,000 revenue, there is a difference of \$179,000, different variables in the projection and changes of \$73,000. We are now projecting to be \$253,000 over budget still. We are behind the eight ball this year, we are over budget this year and really behind the eight ball next year. The true deficit is the \$503,000 from the surplus revenue of the Excess Cost Grant plus the \$253,000. So our true deficit is closer \$756,000 for this year. We have received the monies for the Excess Cost Grant \$503,000. We still have a remaining balance of \$253,000 over budget. Mr. Gaskins said we were going to go to the city for \$77,000-\$100,000 before the amount over the Excess Cost Grant and he would like to have that amount modified by the Board and ask for their support to modify that amount to this full current projection of the -\$253,000. With Board support, Mr. Gaskins said he would go to the Board of Apportionment and Taxation for that money first. The Board of Apportionment and Taxation would take action to approve or not to approve then it would go to the Aldermen for the final action to approve or not to approve the transfer funding. Mr. Nimons asked what happens if they don't approve? Mr. Gaskins said we will get written up for going over budget. He will hold off everything he can and pay it out of the July 1st budget, but there are accounting rules that have to be followed. Mr. Nimons said Mr. Gaskins should remind the city that they have reaped over \$1 million over the last few years because we didn't go to the city for the Excess Cost Grant; we didn't need it. The city has it in their fund box. It is there. Mr. Gaskins said that is a great idea, it is actually twofold, we haven't gone back for the money and special education out-of-district tuition and transportation has gone over budget every year for the past several years. We keep putting money into that budget year after year but it is not enough to accommodate the growth in that expense line. We are freezing regular education programs and expenditures during the year and using that money to pay for the special education costs. In addition to not going back to the city for the additional funding to cover the deficits in those areas, we are actually covering it ourselves. We have been covering it ourselves for several years now from other departments, other areas, wherever we could squeeze the money from. It has gotten to the point where it is beyond any amount that we can absorb. It has grown ridiculously; \$1 million dollars last year, \$1 million the year before. We have done our best with the budget. Mr. Gaskins added that the staff and administration has done a great job and worked very well with me. We just cannot absorb those increases any more. Mr. Izzo asked if the \$1.3 million is strictly dictated by the amount of out-of-district special education. Ms. Gabrielson said that includes students living in a foster home out-of-town, students with IEPs that attend a magnet or charter school, as well as students that PPTs have placed into out-of-district schools for needs that we are not able to meet here in the district. Mr. Izzo said then there is not a lot of proactive things we can do to get that number down because there is such a variation dictated by your monthly report. Ms. Gabrielson said the largest population of students that are outplaced are students with emotional disturbance and extreme behavioral based areas such as attention deficit hyperactivity disorder because of impulsivities that threaten the safety of self and/or others. Mr. Pitney asked about bringing students back into the district. Ms. Gabrielson said if we can provide a comparable program or when the student displays positive expected behavior for three to four marking periods then we can bring them on a gradual basis. At age 21 we are no longer responsible.

Mr. Nimons spoke about the portables. He said Representative Gentile was not happy; the Department of Administrative Services is three months behind schedule. They are so busy at the state that somehow, they lost our paperwork. It is still on the table. We are an afterthought. Mr. Izzo asked if there was some way we could borrow this money. Mr. Nimons said we

could add this to the capital plan just in case it doesn't get approved. Mr. Evans said he thinks it was originally in there. He will look. Mr. Phipps thanked Mr. Gaskins for all of his hard work. You folks did a great job. Mr. Gaskins thanked Mr. Phipps.

MOTION: That Mr. Gaskins go before the Board of Apportionment and Taxation and request the \$253,580.

	MOTION	YES	NO	ABSTAIN
MS. FRANCES DIGIORGI	2	X		
MR. JOHN IZZO		X		
MRS. ARETTA KOTALIS		X		
MR. WILLIAM NIMONS, President		X		
MR. CHRISTOPHER PHIPPS	1	X		
MR. CARMEN PITNEY		X		
MR. VINCENT SCARLATA		X		
TOTAL		7	0	0

DISCUSSION: Mr. Izzo asked Mr. Gaskins if under employee benefits he could see how much the annual premium is for health insurance separated. Mr. Gaskins said he will see what he could do. He follows the federal guidelines for accounting for public education.

2. Athletics

DISCUSSION: Mr. Brockett, athletic director said he is very happy to have the additional funding. Ms. DIGIORGI asked when the Blue and White game is. Mr. Brockett said next Tuesday at 6:00 pm.

3. Food Services

DISCUSSION: No questions were asked.

4. Grants and Other Income

DISCUSSION: No questions were asked.

E. Enrollment

DISCUSSION: No questions were asked.

F. Youth Family Outreach Summary

ATTACHMENT #6

DISCUSSION: Mr. Lisi, student resource liaison, presented his report. There were no questions from the Board. He spoke about the comments made during public session. Mr. Lisi said to paint our athletes with this broad brush is really unfair. He had the privilege of reading a three page essay that morning, by a young man who happens to be a football player, on what athletics has done for him. Over the years that could have been written by a multitude of female or male athletes. Mr. Lisi added that he is an advocate for athletics. It was disheartening to hear people talk. It is difficult to pit one thing against the other. That is what we do in this town. We never apologize for our success athletically. It is not just football. It is female sports and other male sports. The essay was outstanding and he said football saved his life. This is what continues to drive us as coaches. We have outstanding coaches.

G. Notes from the Desk of the Superintendent

ATTACHMENT #7

DISCUSSION: Dr. Merlone presented her notes to the Board. Dr. Merlone thanked all the dedicated staff for all they do. The Superintendent spoke about what happened last week and the chaos it caused. Many attributed it to bullying. We still have police presence at our buildings and she thanked Chief Hale for that. When you think of cutting administrators you are taking security away from those buildings. Dr. Merlone said she wishes that any alderman who has questions regarding the BOE budget would meet with Mr. Gaskins.

The Superintendent said she wanted to commend Mr. Brockett and Mrs. Crooks on their performance last Monday. They both performed like veteran administrators. Everything was done appropriately.

Mr. Izzo asked about the impact on the final budget. Dr. Merlone said there were nine teachers of which five were put in

Attachment 2

**RESOLUTION OF THE ANSONIA BOARD OF EDUCATION AND THE ANSONIA
BOARD OF ALDERMEN**

Re: Special Education Excess Cost Agreement

FEBRUARY 14, 2017

Whereas the Ansonia Board of Education (hereinafter "BOE") is incurring high Special Education cost expenditures in the current fiscal year; and

Whereas the BOE, on February 1, 2017, formally requested that the Excess Cost reimbursement from the State of Connecticut (hereinafter "the State"), pursuant to State Statute, be returned to the BOE by the City of Ansonia (hereinafter "the City") to offset these high Special Education costs; and

Whereas the practice has been for the City to treat these Excess Cost[s] reimbursements as City revenue to offset tax increases; and

Whereas the City has provided additional financial aid to the BOE in the past to offset some, but not all, of the Special Education costs (see attached Addendum to this Resolution); and

Whereas the City does provide several services to the BOE that are contained in the City budget and credited as "in-kind" services to the BOE in its annual filing of the ED001 report to the State,

Now therefore, be it resolved for FY 2016-17,

The BOA hereby authorizes the return of all of the Excess Special Education Cost grant payments to the BOE immediately upon its receipt by the City; and

The BOE continues to closely monitor its monthly financial reports and projections to June 30, 2017, and continues to provide these to the City; and

The City, in order to help offset the loss of these budgeted Excess Special Education Cost grant revenues to the City budget, hereby transfers \$600,000 in expenditures to the BOE for BOE services contained in the City budget (Workers Comp, LAP, Pension, Portables), effectively changing them from "in-kind" service to a direct BOE expenditure; and

A determination be made later in the current fiscal year if the BOE will finish the fiscal year with a balance in its accounts, and if not, then an additional appropriation will be made to allow the BOE to finish the fiscal year in the black.

Be it further resolved for FY 2017-18, assuming the Excess Special Education Cost Grant calculation remains the same as FY 2016-2017, then:

The BOE FY 2017-18 budget be based on the full application of the Excess Special Education Cost Grant, reimbursement to its Special Education expenditures; and

The City will no longer budget these Excess Cost payments as city revenue to offset taxes and will offset the Special Education Expenses of the BOE as prescribed by Statute; and

The BOE will include the additional \$600,000 in expenses into the BOE budget (Workers Comp, LAP, Pension, Portables), as was done for FY 2016-2017, and that the BOE budget request for FY 2017-18 be adjusted to include the additional aforementioned transfer of these expenditures to the BOE budget, and Workers Comp, LAP, Pension, Portables); and

The process be ongoing so long as the State procedure for Excess Special Education Cost Grant reimbursements to municipalities remains the same and that the BOE and the BOA review this process at least every other year.

Be it further resolved for FY 2017-18, assuming the Excess Cost Special Education Grant DOES NOT remain the same as FY 2016-2017, then:

The BOE, BOA and the City agree to meet as soon as possible after the General Assembly adopts its budget to evaluate the State's budget and its impact on the City of Ansonia and the BOE; and

That the BOE, BOA and the City will make changes and adjustments as necessary based on the changes in the grants and revenues received from the State of CT; and

That the BOE, BOA and The City will come together in a joint effort to allocate the Revenue and Expenses as approved by the State of CT and the City to do what is in the best interest of the students and the taxpayers of the City of Ansonia.

Duly authorized,



Mayor David S. Cassetti

2-14-17


Date



Bill Nimons, President, BOE

2-14-2017

Date


Janet V. Waugh, Town Clerk

2/14/2017
Date

(copy)

ADDENDUM TO PROPOSED RESOLUTION

THE EXPENSES BEING TRANSFERRED FROM THE CITY OF ANSONIA TO THE ANSONIA BOARD OF EDUCATION WILL INCLUDE THE FOLLOWING:

COMMERCIAL LIABILITY INSURANCE PACKAGE	\$175,000
WORKERS COMPENSATION	\$200,000
PENSION COSTS (OLD CITY DB PLAN)	\$200,000
PORTABLE CLASSROOMS	\$ 25,000
MAXIMUM TOTAL	\$600,000

ALL COSTS IN EXCESS OF THE ABOVE ALONG WITH EXPENSES PAID THROUGH THE POLICE DEPARTMENT, PUBLIC WORKS, NATURE CENTER, FINANCE ADMINISTRATION WILL CONTINUE TO BE "IN-KIND" SERVICES AND ENUMERATED ANNUALLY FOR THE BOE CALCULATION OF THE ED-001. THE BOE WILL INCLUDE THESE LINE ITEMS IN THEIR BUDGET AND MAY PURCHASE THESE SERVICES DIRECTLY OR REIMBURSE THE CITY FOR THOSE COSTS THE CITY PAYS DIRECTLY.

Attachment 3



**Ansonia Board of Aldermen
Regular Full Board Meeting Minutes**

January 9, 2018

Call to Order

The Regular Meeting of the Ansonia Board of Aldermen was called to order at 7 p.m. by Aldermanic President Lorle Vaccaro. All those present rose and pledged allegiance to the Flag of the United States of America.

RECEIVED FOR FILE
 18 JAN 30 AM 8:44
 TOWN AND CITY CLERK
 ANSONIA, CONNECTICUT
 [Handwritten signature: David Blackwell]

Roll Call

The secretary called the roll:

Daniel King, R1	present	Richard Kaslaffis, III, R4	present
Charles Stowe, R1	present	Joseph Jaumann, R5	present
Phillip Tripp, R2	present	Chicago Rivers, R5	present
Lorle Vaccaro, R2	present	Kevin O'Brien, R6	present
Joseph Cassetti, R3	present	Joshua Shuart, R6	present
Domenico Filippone, R3	present	David Blackwell, Jr., R7	present
Martin Dempsey, Jr. R4	present	Frank DeLibero, R7	present

President Vaccaro declared a quorum of 14 present, 0 absent.

[NOTE: Any reference in these minutes to "BOAT" refers to the Board of Apportionment and Taxation]

Consideration of Previous Minutes

Alderman DeLibero MOVED to accept the minutes of the Regular Meeting of December 12, 2017; SECONDED by Alderman Shuart. A voice vote was taken and the MOTION PASSED 14-0.

Alderman Jaumann MOVED to accept the minutes of the Organizational Meeting of December 12, 2017; SECONDED by Alderman Cassetti. A voice vote was taken and the MOTION PASSED 14-0.

Public Session

President Vaccaro asked if any member of the public wished to address the Board.

Edward Musante, 21 Castle Lane

RECREATION COMMISSION

- Reappointment of Anne Lynch of 15 Birchwood Drive, term to expire 1-9-2020
- Appointment of Brad Zealor of 30 Elm Street, term to expire 1-9-2020

Alderman Kaslaitis MOVED TO TABLE; SECONDED by Alderman Rivers. A voice vote was taken and the MOTION PASSED 14-0.

ZONING BOARD OF APPEALS

Alderman Cassetti MOVED to approve the appointment of Natale Glalmo (D) of 93 South Cliff Street, term to expire 1-9-2023; SECONDED by Alderman Filippone. A voice vote was taken and the MOTION PASSED 14-0.

Resolutions

Mr. Bshara explained the budget adjustments and synopsis of the changes needed due to the final adoption of the State budget in November and its affect on the City of Ansonia's budget. He distributed a spreadsheet that shows all the changes (see below) that the State budget that was passed in November is doing to the City of Ansonia.

	BUDGET 16-17	BUDGET ADJUSTED 16-17	ACTUAL 16-17	APPROVED 17-18	RECOMMENDED CHANGE	NET DIFFERENCE
REVENUE						
SPECIAL EDUCATION	\$1,200,000	\$1,200,000	\$0	\$0	\$0	\$0
<small>THIS REVENUE IS TO BE USED AS AN EXPENSE OFFSET IN THE CITY BUDGET AS DETERMINED BY THE BOARD OF ALDERMEN. THE CITY BUDGET OFFICER SHALL REVIEW THE BUDGET FOR THE CITY AND SHALL REPORT TO THE BOARD OF ALDERMEN THE RESULTS OF THIS REVIEW. THE CITY BUDGET OFFICER SHALL REPORT TO THE BOARD OF ALDERMEN THE RESULTS OF THIS REVIEW. THE CITY BUDGET OFFICER SHALL REPORT TO THE BOARD OF ALDERMEN THE RESULTS OF THIS REVIEW.</small>						
ADULT EDUCATION TUITION	\$107,448	\$107,448	\$109,358	\$107,448	\$109,468	\$2,020
EDUCATION EQUALIZER	\$14,944,587	\$14,944,587	\$14,944,587	\$14,944,587	\$14,944,587	\$0
<small>THE BOARD OF ALDERMEN SHALL REVIEW THE CITY BUDGET FOR THE CITY AND SHALL REPORT TO THE BOARD OF ALDERMEN THE RESULTS OF THIS REVIEW. THE CITY BUDGET OFFICER SHALL REPORT TO THE BOARD OF ALDERMEN THE RESULTS OF THIS REVIEW. THE CITY BUDGET OFFICER SHALL REPORT TO THE BOARD OF ALDERMEN THE RESULTS OF THIS REVIEW.</small>						
ELDERLY DISCOUNT BREAKER	\$13,078	\$13,078	\$13,078	\$13,078	\$13,078	\$0
PAID VOTER REGISTRATION	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$0
DISABLED ADULT TUITION	\$4,428	\$4,428	\$4,428	\$4,428	\$4,428	\$0
CITY OF STATE PROPERTY TAX	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
MANHATTAN CITY FUND	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
MUNICIPALITY SHARING IN STATE TAXES	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
MUNICIPALITY SHARING SALES TAX	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
FOUNDRY ROAD	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
STABILIZATION GRANT	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
LOCAL CAPITAL INFRA PROGRAM	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
MUNICIPAL PROGRAMS	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
FUND BALANCE ADJUSTMENT	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
SUPPLEMENTAL EDUCATION	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
TOTAL REVENUE ADJUSTMENTS						
NON-BUDGET REVENUE ADJUST						
ELDERLY DISCOUNT BREAKER						
PAID VOTER REGISTRATION						
MUNICIPALITY SHARING IN STATE TAXES						
MUNICIPALITY SHARING SALES TAX						
TOTAL NON-BUDGET ADJUSTMENTS						
TOTAL REVENUE ADJUSTMENTS (NON-BUDGET)						
EXPENSES						
EDUCATION PROGRAMS	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0
EDUCATION EQUALIZER	\$14,944,587	\$14,944,587	\$14,944,587	\$14,944,587	\$14,944,587	\$0
MUNICIPAL PROGRAMS	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
TOWN ROAD AID	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
SUPPLEMENTAL EDUCATION	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
TOTAL EXPENSE ADJUSTMENTS (NON-BUDGET)						

In terms of where we were last year, approved, adjusted, and what we actually received, I've also put in 2017-2018 what we approved back in June, and a recommended change based on information, some of it being attached and some of it being from discussions with various people.

The Special Education revenue in the past - there was an agreement between the Board of Education and the Board of Aldermen last year that they would use that Special Excess Special Education Revenue as an expenditure offset or reduction of expenditures. In turn we were going to get approximately \$600,000 of in-kind expenses that we had paid previously that they would take over. That remains the same.

Adult Education - a minor change. The education equalizer - last year when we did our budget it was year 5 of our Alliance District Grant. We were not supposed to receive any more Alliance District money. Everyone we talked to indicated that they would help us through additional money in ECS to compensate for the loss of that Alliance District Grant which was approximately \$1.4 million. We upped that budget by about \$650,000 in anticipation of getting some extra money toward education. When the final budget was passed by the State Legislature, they gave the City of Ansonia approximately \$16.5 million. The way they stated that is that the ECS portion of the grant would be determined by the amount of money the City received in FY2012, which historically has been our number for

quite some time - \$15,031,668. That is our ECS portion of it. That's the part that we keep. Additionally the excess over that \$15,031,668 or approximately \$1.4 million will be given to the Board of Education as an additional Alliance. They in essence said, anybody that was on Alliance District last year, even though you were falling off on the five-year plan, would still get it. So there were three additional towns that received Alliance District money and we were one of them. They will receive \$1.4 million in Alliance District money.

Also there were some holdbacks that came into play with this. After the fact the Governor had \$182 million that he had to adjust the budget to after the Legislature passed the budget. There were some holdbacks. There are some variations that are going to come against that ECS but it's been noted in one of the forms that we received that the adjustment will go against the Alliance portion and not against the City's ECS portion. It was approximately \$54,000.

Circuit breaker — we budgeted \$115,000 for that. Marsha just gave me the numbers and it's approximately \$135,000 that was there. The Elderly Grant which is a circuit breaker that we have here that gives our elderly people a break on their taxes, it's been reimbursed by the State to the City to compensate for that. Well, they didn't change the law; we still have to give the tax break, but the State has said that they will not reimburse us the money for it. Not only will we not receive the revenue, there will be a revenue loss on our side that we need to compensate for — that \$135,000. For that Elderly Circuit Breaker on the revenue side we're not going to collect that money.

Minimal changes to Disabled Veterans and PILOT Mashantucket Fund, Municipal Revenue Sharing, or MRSA in lieu of taxes — we had two grants last year - \$19,652 and \$643,519. Part of that was, I believe, also the Motor Vehicle CAP Grant. Those two grants are gone away. Those are grants that we received where there were no restrictions on those monies, so we were able to apply them to the budget. The

Town Road Aid was a minor change — they did give us a stabilization grant of \$132,000 and what they basically are saying is they were holding the City harmless. In essence, the prior year we had about \$17.5 million in revenue from the State and they kept us around that \$17,300,000 mark — stabilization was part of that. As we get into more detail, you'll understand that the total dollars may be the same, but what is occurring is that they're trading unrestricted dollars that they used to give us for restricted dollars. Because of that we have to compensate for some of the things that we will be talking about here. That stabilization is an unrestricted grant to help us compensate.

The Motor Vehicle CAP Grant is something we reasonably held our motor vehicle tax bills us because we weren't sure if it was going to be 32 or 37 or 38... It really ended up being 39 so they brought that right out of the ballpark for us. I believe next year it goes to 45. We won't be getting any revenues from the Motor Vehicle CAP Grant.

LOCIP, last year we had budgeted LOCIP and then in December of last year they came out saying there wasn't any money for it, and that we wouldn't be receiving our allocation which we normally receive in March. So we went to BOAT and this Board and we basically removed from last year's budget the LOCIP funds, so that we didn't spend it because we would not be able to be reimbursed for it. This year again, included in that \$17 million,

they're going to give us \$335,000 of Local Capital Improvement money. Again, this is restricted funds because we can only use this for capital improvement items. Our biggest problem with that scenario is that most of our capital is being handled through our Capital Improvement Grant and through our Capital Fund, and we really don't have money in our General Operating Budget that we can offset that with. So they took away money from the unrestricted dollars and gave us restricted dollars. This grant is a rollover grant so if we don't end up spending it this year, that money rolls over to the following year and we will not lose this grant. It's something we can utilize either now or in the future. Again, we won't receive this money until at least March, so normally we'll hold this until such time as I know it's available to us.

The Municipal Projects Grants, \$85,419 – we did receive that last year. We received it on June 28th. It's still in the budget currently; it's in our budget, it's in the State's budget. I've been advised, yes, the State's not going to have any money come June and you will not receive that. I have decided to take it out of our budget both revenue and expense side. If we do happen to receive this money in June, we'll still be able to expend the money from this year it will accrue into next year. I'm taking the safe road here by saying, hey, we're not going to spend it if I'm not sure we're going to get it.

Supplemental Educational Grant revenue – I'm including in that the extra approximately \$1.4 million from the Alliance District Grant and the \$400,000 of Priority District Grant. That's going to be in there.

Those are the budgetary items. Below that are the non-budgetary items that affect our revenue stream. The circuit breaker, which is the \$135,000, the elderly credit that we need to compensate for. I'm going to lose revenue in our budget for that \$135,000 because we still have to give the credit out and we're not going to receive any money in.

The second line is the Renters' Rebate of \$50,000 and they're going to require that the City pay for half of the Renters' Rebate now. Even though in the past they've paid fully for it, now the City is going to have to pay for part of it and OPM will reduce one of our OPM grants by that amount of money. They didn't tell us which one; we don't know where it's going to be, but we will be shorted in one of the grants that we receive. I'll need to compensate or at least account for that.

The Veterans in Distressed Municipalities is another 2.5 percent reduction in there. The Department of Economic and Community Development Reimbursement for taxes for credits to manufacturing companies in the City – they're no longer going to pay for that to the City so we'll lose about \$52,000 in revenue there that we need to accommodate to our revenue stream. Our assessment shows that they were getting it and the State was going to reimburse us and now we're not going to get that.

The total amount of money I need on the revenue side to compensate for is \$1.455 million. Coming from the offsets on the bottom where the expenses are, my recommendation is, because the Board of Education will be getting, even though the money they get is restricted funding of the \$1.4 and the \$400,000 to offset the \$600,000 that we gave them operationally. I know we've had some discussions with Mr. Nilmons and with Lisa Jones and Carol Merlone. I know they're going to have some difficulties, but part of what the Alliance

paid for in prior years was the full funding of the full-day Kindergarten, which I believe they kept. I believe they should be able to use some of the Alliance money to compensate for the reduction in the operations that we're doing. I've had discussions with them; I'm not sure how they will do it. I believe they should be able to compensate for that within their own budget internally. Additionally, they'll still end up with approximately another \$1 million plus, of additional grant money to do other things like reading and math tutors and instructors that they had with Alliance in prior years. Their charge and trick is going to be, they really weren't aware of this because it happened after November. They're just getting information on it now. They have to kind of spend all this money in half of a school year, basically. They're going to have a lot of things they need to be able to work out and we'll work with them to try and figure out how all these pieces fit.

Again, I needed to add the LOCIP on the expense side and the revenue so they're offsetting.

The municipal projects I reduced from both sides \$85,000.

Supplemental educational, again, we added the \$1.8 million in the revenue side and on the expense side. The net impact is that with all of this change, and even taking \$600,000 off of the normal educational operating budget, we still need to hit our fund balance for almost \$1 million up in the revenue section in order to balance this without adding new tax bills or increasing the mill rate. We need to take an additional \$943,149 out of our fund balance to help support this.

The fund balance — last year at the end of FY16 on June 30, 2016 we had approximately \$9.7 million in the undesignated fund balance. Coming forward into FY17 which we just completed the audit for, after all of our adjustments and changes and use of fund balance to stabilize the tax rate and FY17, the undesignated portion of the fund balance dropped to approximately \$6 million. That's still about 9 to 10 percent of our budgetary, which is a fair number. Our overall fund balance totals were approximately 20 percent. So it's not that it's a crazy number, but it's a lower number. This will drive that from \$6 million down to approximately \$5 million. It's a thing that you need to understand and be aware of. \$5 million is probably in that 8 percent range, which is our target. The intent here would be to hopefully drive the fund balance back up by doing some cost cutting and some other revenue searches to find additional revenue within our budget. My hope is that by the time we get to June of 2018 that what we've done with our fund balance to bring it down to this compensating adjustment is to get it back up to the \$6 million range as of the end of June 2018. We're going to need to work on it and start tightening our belt a little bit in areas. We need to watch our money. I'm still okay where we are; it's not that we should be super alarmed here. We need to at least be aware that the numbers are coming down and we need to be ready to react. As we move forward we're going to learn more about this process with this coming budget that we're looking at. The biggest question mark out there currently is, what is the State going to give us for next fiscal year? They gave us a whole bunch, they really have told us that they've held us harmless, but as you can see it's costing us \$1 million of our reserves in order to balance just what they've done versus what our budget was that we voted on in June. And we're pretty conservative overall.

This is what I'm recommending in order to get there. If we don't do this, the actual numbers are still going to be actual numbers, and we will, at the end of the year, take the hit. This at least allows us to do some modifications and changes. The Board of Education is the biggest part of this puzzle in that we're going to be taking \$600,000 from their operational budget and adding \$1.8 million into their supplemental education grant line item. They're going to have some magic that they're going to need to work to manipulate that to get it to work the way they need it to. In terms of the City, it's really costing us net \$1 million of your reserve.

President Vacoaro stated, thank you, that was quite a detailed report.

Mr. Bshara stated, I'm hopeful that the numbers are fairly accurate, but again, I'm trying to understand what the State is really doing. Some of the nuances, we're still finding out pieces – oh yeah, you're not going to get that, or, no they're going to adjust this. It's a complex year for us because of the amount of money we get from the State and what the State had to do with their budget this year.

Alderman Tripp asked, is this the resolution we're voting on?

President Vacoaro stated, we don't have a motion before us yet.

Alderman King stated, what the State did to our budget by rearranging the numbers, it left us a lot less flexibility and we're locked in where we can spend the money. We did keep our promise to our school board and gave them the money, by taking it out of the City side. So we have to make up for it. Besides cost cutting and careful spending, I have a question. LOCIP – this goes back to BOAT – but when we were doing last year's budget, we anticipated no money coming in to LOCIP. We were quite conservative with the numbers. We figured we weren't going to get anything, so we didn't get our hopes up. Now that we did get money from LOCIP, if we divert that to cover our portion of the Wakelee Avenue project, and if we direct it toward there... We had already put that money aside.

Ms. O'Malley stated, that's actually an excellent question, but I don't think you can match State funds with State funds. Wakelee is a mix of federal and state so I don't think so.

Mr. Bshara stated, again, that's not in my General Fund. The Wakelee Avenue project is in the capital funding and we've already done that match in prior years. I'm looking at the current year's budget and saying, what's in the budget currently that I could use as capital improvement? We really took everything out of the current operating budget that was capital and moved it to the referendum side of the equation.

Mr. Bshara stated, they frown upon using state money to match state and federal money. The good thing with LOCIP is it is money that we don't lose. If we don't spend it this year it rolls to next year and we can spend it. Historically we've used this for a lot of the road repairs – mostly ties to Public Works type things but we've used it for communications, programs, and other things. I'm not concerned if we don't have a spot for it – it will offset a reserve later down the road where we may have needed to go to reserve to buy a capital item. It will be a tradeoff over time.

In response to a question by Alderman Cassetti, Mr. Bshara explained, the dollar amount we're talking about is \$943,149. The net difference column is what we're asking for approval of to adjust budgetary line items up and down by the amount of the difference column. The revenue side, those non-budgetary revenues in my opinion would be an adjustment to the tax collection revenue. The total would be revenue of \$1.455 million and expenditures \$1.455 million and they should offset.

Alderman Shuart asked, the priority district – they were getting that anyway right?

Mr. Bshara replied, I'm not sure. Again, I don't know that and I didn't see that as part of the original. I think this was an extra \$400,000 grant. It was included on the letter that I saw telling the Board of Education that they were getting the Alliance and Priority District Grant. I'm not sure if it was originally included; I don't believe so.

Alderman Shuart stated, I know for the Alliance when we were told by the school in July that we're not getting this. So it was plus \$600,000. And then the \$1.4 million came in. Are we talking about the net would be \$200,000 more than we actually offered them initially? About \$800,000 versus \$600,000?

Mr. Bshara stated, we had originally given them \$800,000 more than their adjusted budget for the prior year on their operational.

Alderman Stowe stated, it was \$650,000.

Mr. Bshara stated, if you look at the budget for the Board of Education year over year, there was a \$600,000 increase, or \$800,000, depending on whether you were comparing the original budget from '16 to '17 or the adjusted. This Board gave them an additional \$200,000 on the first of July of the prior year. So there was a difference of whether it was \$600,000 or \$800,000. We took the lower amount of \$600,000, which I believe to be the correct increase year over year. So that \$600,000 they had initially, if we had given them an additional \$800,000 over that they would have had everything that they requested. The \$800,000 additional request pretty much amounted to the amount of the loss of Alliance that they wanted to maintain. So we didn't give them that \$800,000. If we had given them \$800,000, they would have been fully funded.

By doing what we're doing, by pulling back \$600,000 and then getting the Alliance of \$1.4 million, that in essence brings them to an increase of the \$800,000 which should give them the full amount of what they requested last year and the priority will give them an additional \$400,000 over what they even requested of this Board.

Again, those are restricted dollars so they have to be spent on specific things. They're in the same boat we are, we can't spend it on everything. They'll have some work to do to spend those restricted dollars – it might mean they're spending it on things that they're not normally doing as part of their operations.

Alderman Shuart stated, I understand they're restricted, but I remember that about \$800,000 was the number we talked about initially, way back when. That was about the target number.

Mr. Bshara stated, with this methodology they should be about fully funded from what their request was and additionally with priority, if it is an additional grant, over and above that. Again, restricted dollars to some extent. They're working out to manipulate some of that money back into the operational side, but they did, prior to this, have approval to go full-day Kindergarten with Alliance money. That's how they got to it.

Alderman Jaumann stated, the '17-18 budget that they put out does not have priority in here in the grant section, so I believe that's additional. There's nothing in there indicating – they had the zeros for all of the Alliance and Priority's not listed.

Alderman Tripp stated, Mr. Bshara, for clarification, you lumped \$200,000 from the previous year together with \$600,000. The \$200,000 was for the previous year, '16-17, I remember that very specifically. There was a move when we did the budget two years ago. There was a motion to add \$200,000. That was voted down. A month later the Mayor awarded that \$200,000 to the Board of Education and the Board of Aldermen approved it. That was the previous year and you're lumping it together with the \$600,000 increase in this fiscal year. That is not appropriate.

Mr. Bshara stated, no, that's in addition to it. Fiscal year '15-16 the Board of Education budget was \$30,053,000. In '16-17 it was \$31,060,000. And then '17-18 it was \$31,860,000. So the \$31,060,000 for '16-17 – in July of 2016 we gave them an additional \$200,000 so their budget, to me, really became \$31,260,000. Then for the current fiscal year, '17-18, we went up \$600,000 additional over that to \$31,860,000.

Alderman Tripp stated, reading directly from the minutes of the meeting on 6/20/17, on page 3. The first paragraph in bold print, "In addition, the Board of Education received a credit of \$60,000 toward their \$600,000 payment of the Excess Cost Grant Resolution of February 14. They will reimburse the City \$540,000 instead of \$600,000." The Board of Education, this last February, has already reimbursed the City \$640,000. Is that correct?

Mr. Bshara stated, that would be correct. The City also gave the Board of Education \$1.5 million in Excess Special Education as an offset to their Special Education costs, in which prior to that resolution that we crafted between the two boards, the City kept as a revenue line item. That was the deal. They'll get the \$1.5 million that they can reduce expenditures on their special education costs. The City, in turn, would get \$540,000 of money back from the Board of Education to pay for insurance, workers comp, pension costs, that the City was paying on behalf of the Board of Education. The Board of Education in that would net about \$800,000 or \$900,000 of more spending power within their budget.

Alderman Tripp asked, but doesn't that reflect the ever-increasing cost of special education, which the State of Connecticut then reimbursed, and then they get refunded through the City to replenish their account, if you will.

Mr. Bshara stated, since the special education revenue from the State where it belongs, in my opinion. In reality when talking with Mr. Connolly, there was not... Special Education costs had almost plateaued over three years there was little to no increase in special education costs. The way we were doing business with them, that resolution that this board

and the Board of Education passed was good for them financially and will hopefully have them not coming to this Board looking for seven and eight percent increases because of special education. They're now getting that special education money in their hand. They should be looking at normal, two, three percent type increases that should take the ratcheting effect out of the Board of Education coming to this Board and causing conflict between the two boards because of the numbers. I think in the long run it was very good. I think they spent their money, they had money last year, they had some money left over that they returned to the City. They spent probably \$200,000 or \$300,000 on books and computers late in June for this fiscal year. I believe that they had a fairly good amount of money to run their operation with the way it all went through. The problem becomes, you can't see it well because the revenue really isn't a revenue line, it's a contra-expenditure item and so even though their expenditures show \$33 million, with that \$1.3 million as an offset they're really spending \$34,300,000 and \$34,400,000 but the way it comes out as a negative expenditure, it doesn't look as big. It's the best way to do it financially and accounting-wise for everybody concerned.

President Vaccaro asked, Mr. Bshara, in essence, will the Board of Education have \$1.2 million more than they budgeted without that \$600,000?

Mr. Bshara stated, they'll have that more, but it will be in a restricted format, similar to ours. Ultimately, that increase of \$1 million that they get is coming out of our reserve because we need to take \$1 million out of our reserve net when we're done. When the State, doing their part, saying that they're making the City whole by giving us a similar or very close amount of money - \$17.3 or \$17.4 million in total, the problem with that process was that they gave us that same amount of money, but they transferred it from an unrestricted format to a restricted format. It helps the State because LOCIP money is bonded, so it's not coming out of their operational budget. They took money that was coming to us by MRSA that we had no restrictions on, took that away from us and said, oh yeah, we're going to give you bonded money so it didn't have to go into their budget. It helped them, but in terms of what we're doing here, it's restrictive on our end and it doesn't help us.

President Vaccaro stated, so it looks like the City, and the reserve fund, is on the hook for \$600,000 at this point.

Mr. Bshara stated, almost a million. In order to balance this it's \$943,000 to come out of reserve. Again, we anticipated from all indications that the State was going to help the City on unrestricted ECS funding by increasing that, but instead they gave us restricted Alliance dollars so there's a \$600,000 shortfall in the ECS of our budget estimate, another \$600,000 shortfall because they took the MRSA grant away, and gave us 130 in its place. There's the million one net difference when we're all said and done.

Alderman Jaumann asked, if we don't adopt the recommended budget adjustments, including taking the \$600,000 back from the allocation to the Board of Education, you would be looking to take about \$1.5-ish from the reserves if that money was not removed?

Mr. Bshara stated, if that doesn't get approved and everything expended the way it would go through, changing the budget doesn't change the actual - with fund accounting you have the budgetary side and you have the actual side. The actual side of things will not change.

The variances will become bigger or wider between line items. The bottom line will be the bottom line. I'll take the hit for the \$1 million at the end of the year. If we don't take back the \$600,000 from the Board of Education, they'll have the \$600,000 that's currently been added to this fiscal year, plus the \$1.4 million, plus the \$400,000, which will put them at a point where they're probably \$700,000 to \$800,000 over what they even asked for, bottom line, last year when they came to us. Again, restricted dollars. I can't say this enough. Restricted dollars on both sides has some major indications.

Alderman Stowe MOVED to adopt the amendments to the 2017-2018 City budget before this Board, pursuant to Sections 265 and 266 of the State of Connecticut General Assembly Bill No. 150; SECONDED by Alderman Jaumann.

Alderman Tripp asked, Mr. Bshara, when is the last time you spoke with Lisa, Bill Nimons, and Dr. Merlone about this?

Mr. Bshara replied, I was at the Board of Education within the past month. I talked to Bill on the phone, we've been e-mailing, Lisa Jones also within the last week, Carol, explaining what I had in mind to do. I had asked Bill, actually, if they had an alternative or suggestions. Ultimately what the State was doing to us was going to affect our fund balance by a significant number. I've explained what I had in mind to do, which I believe is my only alternative at this point on our side of the budget. I know they've indicated that they are not necessarily happy with it, but I have not heard alternative suggestions as to what they would do in my stead.

Alderman Tripp stated, I'd like to review very quickly - on 6/20/2017 this Board of Aldermen, to include Aldermen Stowe, Tripp, Vaccaro, Kaslalis, Dempsey, Jaumann, Shuart, Blackwell and DeLibero, voted to approve the budget to include the slice to the Board of Education. Those are the Aldermen that voted for it, and they're here in this Chamber right now. The budget was passed. The Board of Education set their budget based on the budget we passed on the 20th of June, 2017. Since then we have now had a \$91 million increase in the Grand List, we have money for Chromebooks for the Board of Aldermen, the school year is already half over so half their money is expended, as budgeted, but now we want \$600,000 back from the Board of Education. Municipal government likes to give, but now we know where it likes to take - from the Board of Education. This is the school children of the City of Ansonia. That's my opinion. This will affect school children's programs and Mr. President, I request a roll call vote.

Alderman Stowe stated, every person Mr. Tripp mentioned, I want to commend for the hard work that it took to pass last year's budget under the pressure that the State has put us under. Mr. Connolly and Miss Jones at the last meeting - and I don't have the copy here in front of me, I didn't bring it with me, I didn't anticipate this - both admitted or said that if we were overfunded by the State, right after that was over with, we would discuss giving the money back to the City - the money that the City more or less lent to them so that they could back up not having the Alliance funding. Now here, we've got more money.

This City has been lending money to our Board of Education for years to take care of our children - in an effort to take care of our children. This Administration has given more money than the previous administration the last four years. Because of how we stretched

ourselves by doing what I just described, we are on the edge of messing with our fund that can affect our bond rating so that you would end up sitting here, if you allowed every department to just have what they felt that they needed, you could end up losing your bond rating and then you wouldn't be having the pleasure tonight to have somebody say we have \$91 million of a bigger Grand List. So, there are hard decisions that get made, the heartstrings get pulled, we all will feel like we need to finance something here, we'll have our own pet, it always seems that way. But we have a responsibility to bring that Grand List up first. That takes care of everything else.

Alderman Stuart stated, one hour before that meeting on June 20th, the Finance Committee met and we discussed the contingency plan, which was, if extra money came in, that it would be subtracted from the total budgeted amount that we agree upon. It was pretty much the same people – Charlie Stowe, Phil Tripp, myself, Rich Kaslakis, Martin Dempsey, Joe Jaumann, and Randy Carroll. What we said specifically is, we'll make changes and adjustments as necessary based on the changes and grants and revenues received by the State of Connecticut. We'll make a joint effort to allocate revenue and expenses as approved by the State to do what's best for the students and the taxpayers. It dragged on for so long that as Charlie said, we fronted the money. That was always the plan – to come back to it and say, alright, now what's fair, it's not like we're taking the money back, it's just where we are adjusting.

President Vaccaro stated thank you, and we have to have all of the taxpayers' considerations at heart.

Alderman Jaumann stated, the circumstances between June 20th and today have changed. The State passed a budget. That budget restricted certain money in certain places, calling for us – that's why they put the provision in the State budget to allow municipalities to open up budgets and do adjustments. That being said, in addition to that meeting on June 20th of the Finance Committee, we met on May 11th whereby the Board of Education appeared before the Finance Committee and these same discussions were had – the ongoing conversation was that if the State budget was different, something we didn't anticipate, we would adjust accordingly. That is exactly what we're trying to do here tonight with the resolution.

Alderman King stated, when BOAT passed the budget last year, and the Board of Aldermen also agreed to fund the school system, they were concerned with the loss of the Alliance grant. They can't pay for certain projects, they can't pay for all their interns. We concentrated on that and tried to come up with the best way to fund that. In good faith we funded it – there will be no Alliance grant. In fact when the school board came and spoke to BOAT that was their burden – we have this, we're going to lose it, and we're going to lose these programs if you don't fund this. So in good faith we funded it. Now the Alliance grant is here – that's kind of open and shut. They got their money. We lost money on the City side. We lost municipal revenue sharing. Can we get that back? It's not going to happen – it's gone. In previous years, every year with ECS funds – we did the budget in good faith, we'd go by the number that we knew that they got the previous year. We kept it even, up front, no questions asked they got the money. We didn't wait to see what came in. We wrote the check they cashed it they had the money. If less came in, we accepted it. We didn't ask for our money back. The next year they came back and still want more on top of that. When

does it stop. Even with these changes to our budget, they come out on top because the State gave them the money. They invited them out to dinner and they put it on our tab. We're losing \$943,000 and that includes the adjustment of \$600,000. I call it an adjustment because they've received twice as much as what we're losing. We went through this process, everyone agreed we know what the numbers are. It's not taking anything away. I'm just making these as comments; I will abstain from the vote because as an Alderman, I've already voted on it for BOAT.

Alderman Tripp stated, we are making this adjustment without input from the Board of Education. ECS is an acronym that stands for Education Cost Sharing, Education Cost Sharing not Municipal Cost Sharing.

Mr. Bshara stated, so everybody knows – this is my recommendation in order to keep taxes where they are and keep the mill rate where it is. There are alternatives. This Board may want to renegotiate the agreement with the Board of Education on the Excess Cost money for Special Education. This Board may decide they want to go out and send additional tax bills out to compensate for this. This is not the only variation and this Board doesn't have to approve what my recommendation is. But this was my charge – to try and keep the budget without making any additional tax bills go out, without burdening the taxpayers further was the goal of this – which means we have to use fund balance to do it. We are using 1/6 of our fund balance as it exists now to compensate for this.

President Vaccaro called for a roll call vote:

NAME	YES	NO	ABSTAIN
King			X
Stowe	1		
Tripp		X	
Vaccaro	X		
Cassetti	X		
Filippone	X		
Dempsey	X		
Kaslaitis	X		
Jaumann	2		
Rivers	X		
O'Brien	X		
Shuart	X		
Blackwell	X		
DeLiberio	X		
TOTALS:	12	1	1

President Vaccaro declared the MOTION PASSED by a vote of 12 Yes, 1 No (Tripp), 1 Abstention (King).

New Business

Attachment 4

**STATE OF CONNECTICUT
DEPARTMENT OF EDUCATION
STATE BOARD OF EDUCATION**

IN THE MATTER OF:

Section 10-4b Complaint

ANSONIA BOARD OF EDUCATION

June 19, 2018

REQUEST TO INITIATE A SECTION 10-4b COMPLAINT

I. INTRODUCTION

The undersigned residents ("Complainants") of the Ansonia School District ("Ansonia"), who are also members of the Ansonia Board of Education ("Board"), hereby file with the Connecticut State Board of Education ("State Board") a complaint pursuant to Connecticut General Statutes §10-4b against the Board for being unable "to implement the educational interests of the state in accordance with section 10-4a" of the Connecticut General Statutes. More specifically, this complaint is initiated due to the City of Ansonia's ("City") failure to appropriate sufficient funds to allow the Board to meet both the minimum expenditure requirements ("MER") and/or minimum budget requirements ("MBR") of Connecticut General Statutes Sections 10-262j, as well as the other educational requirements of Connecticut statutes.

II. Statement of Facts

On June 20, 2017, the City appropriated \$31,860,484 for the funding of education in Ansonia for the 2017-18 school year. Ansonia is one of the thirty-three (33) Alliance Districts and nine (9) Priority Districts designated by the State department of Education ("CSDE") for the 2017-18 fiscal year. In January of 2018, the City, without consultation with or input from the Board, reduced the 2017-18 Ansonia education appropriation to \$31,260,484, a reduction of \$600,000; an amount insufficient to meet the then-existing financial commitments of the

Board made in reliance upon the original appropriation to the Board. This action by the City was in violation of its own City Charter, as well as state statute.

The Board filed legal action against the City to restore the \$600,000 the Board felt the City illegally removed from the 2017-18 Ansonia education appropriation. In settlement of the Board's request for an injunction, the City agreed to provide a settlement fund of \$500,000, in addition to the reduced 2017-18 appropriation of \$31,260,484, to allow the Board to complete the 2017-18 fiscal year, in effect making \$81,760,484 available to the Board to support education in Ansonia for 2017-18.

In January of 2018, the Board, in accordance with Connecticut General Statutes Section 10-222, presented the City with an itemized estimate of the cost of the maintenance of the Ansonia schools for the 2018-19 fiscal year in the amount of \$82,590,951. Nonetheless, on the evening following the settlement agreement for the 2017-18 Ansonia budget funding (June 11, 2018), the City, relying on its \$600,000 reduction of the original Board appropriation of \$31,860,484 from the City as the new MBR, appropriated \$31,260,484 to the Board for the 2018-19 fiscal year, claiming it had "adjusted" the Ansonia MBR by reducing the original 2017-18 budget appropriation to the Board. The City's 2018-19 educational appropriation of \$31,260,484 is substantially the same as the Ansonia education appropriation for the 2016-17 fiscal year and is \$1,330,467 less than the Board requested for the 2018-19 fiscal year. The 2018-19 appropriation is in violation of the MBR requirements of Connecticut statutes and does not provide sufficient funds in the 2018-19 fiscal year for the Board to meet both its MBR and the other educational requirements of the statutes. *See, New Haven ET AL. v. State Board of Education ET AL.*, 228 Conn. 699 (1994) (ATTACHMENT 4).

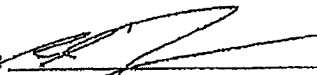
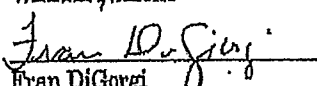
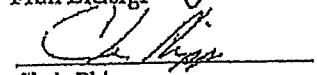
To meet the City's reduction in the Board's estimated 2018-19 fiscal needs for the Ansonia schools, the Board has, in addition to normal attrition from the teaching staff, had to eliminate 17 teaching positions from the Ansonia schools, increasing average elementary

class size from 22.51 to 30.12. See, Attachment 1. These budget reductions will have a devastating impact on the quality of the educational programs available in Ansonia; see, Attachment 2; reduce the board's ability to provide special education programming to Ansonia students, and preclude the Board from implementing the educational interests of the state as required by Connecticut General Statutes Section 10-4a. See, also, Attachment 3.

III. CONCLUSION

For the foregoing reasons, the individual members Board identified below request that the State Board initiate a complaint against the Board and the City. The educational interests of the state can be met here only by ensuring that the funding of the Ansonia educational programs is sufficient for the Board to provide for maintenance of both its MBR and MBR requirements, while continuing to meet all other educational requirements of the state.

Respectfully submitted,
Members of the Ansonia Board of
Education

By: 
William Nimons

Fran DiGorgi

Chris Phipps

Attachment 5



STATE OF CONNECTICUT
DEPARTMENT OF EDUCATION



August 7, 2018

Dr. Carol Merlone
Superintendent
Ansonia Public Schools
42 Grove Street
Ansonia, CT 06401

Dear Dr. Merlone:

As we have previously discussed, the Department has concluded that Ansonia's mid-year reduction of the board of education's budget for the fiscal year ending June 30, 2018, will result in a violation of the City's Minimum Budget Requirement (MBR) in the current fiscal year unless the City appropriates an additional \$600,000 to the board of education. It has now come to the Department's attention that Ansonia did not meet its MBR for the fiscal year ending June 30, 2018.

Background:

In fiscal year (FY) 2016-17, the Ansonia Board of Education (BOE) budget, as passed by the Ansonia Board of Alderman (BOA), was \$31,060,484. Post passage of the budget, two actions occurred that provided supplemental appropriations totaling \$800,000 to the BOE, resulting in an adjusted appropriation of \$31,860,484. First, at the start of the fiscal year pursuant to an agreement between Mayor David Cassetti and the BOE, as documented in the BOE Minutes for June 1, 2016, the City provided the BOE with an additional \$200,000 for a kindergarten teacher and the athletic programs.

Second, during the course of the fiscal year, anticipating a budget shortfall due to higher than expected special education costs, the BOE requested that the City release the state Excess Cost – Special Education grant funds to the BOE to cover the shortfall. Historically the City had budgeted these funds as revenue to the City. At the February 14, 2017, meeting of the BOA, a "Resolution of the Ansonia Board of Education and the Ansonia Board of Alderman, Re: Special Education Excess Cost Agreement" was passed.

The resolution directed that the following actions take place. For FY 2016-17, the BOA authorized the release of all Excess Cost – Special Education grant funds to the BOE immediately upon receipt of the funds by the City, and in FY 2017-18, these funds would no longer be budgeted as revenue to the City. To offset this loss of revenue, the City transferred \$600,000 in expenditures to the BOE for services that were currently paid for by the City. The resolution further stated "The BOE will include the additional \$600,000 in expenses into the BOE budget, as was done in FY2016-17, and that the BOE budget request for FY 2017-18 be adjusted to include the additional aforementioned transfer of these expenditures to the BOE budget".

In taking the above two actions, the BOA increased the appropriation for FY 2016-17 by \$800,000 to \$31,860,484. These actions also increased the MBR baseline for FY 2017-18 by \$800,000. In recognition of these agreements, the BOA approved a \$31,860,484 budget for the BOE on June 20, 2017.

Dr. Carol Merlone
August 7, 2018
Page 2

Issue:

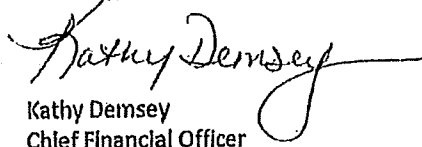
At its January 9, 2018, meeting, the BOA voted to reduce the BOE's FY 2017-18 appropriation by \$600,000 resulting in a revised appropriation of \$31,260,484. The adjusted appropriation is now \$600,000 below the level required by the MBR statutes.

Pursuant to Section 10-262(e) of the Connecticut General Statutes, Ansonia's failure to meet the 2017-18 MBR may result in a forfeiture of Education Cost Sharing (ECS) grant funds in the amount equal to two times the shortfall. If this forfeiture is ordered by the State Board of Education, it would be deducted from the town's 2019-20 ECS grant. Based on the current shortfall of \$600,000, the anticipated reduction to the ECS grant will be \$1,200,000. If this reduction occurs, the City remains under a statutory obligation to fund the BOE at the MBR level. The State Board of Education may waive such forfeiture if the town agrees to appropriate to the board of education in 2019-20 an amount in excess of the MBR that is at least equal to the forfeiture amount. In addition, the State Board of Education may waive the forfeiture for other good cause.

Because the City failed to meet its MBR by \$600,000 for FY 2017-18 and did not correct this in its budgeted appropriation for education in the current fiscal year, the City also will fail to meet its MBR in the current fiscal year unless it makes the required appropriation.

The BOE will need to refile its ED012 for both fiscal years 2016-17 and 2017-18 to reflect the actions taken by the BOA. Please contact Kevin Chambers at 860-713-6455 to open the system. Do not hesitate to contact me at 860-713-6464 if you have any questions.

Sincerely,


Kathy Demsey
Chief Financial Officer

KD:kk

cc: Dianna R. Wentzell, Commissioner of Education
Peter Haberlandt, Director, Legal and Governmental Affairs
David Cassetti, Mayor, City of Ansonia
Lisa Jones, School Business Administrator, Ansonia Public Schools
Kevin Chambers, Education Consultant, Bureau of Fiscal Services

Attachment 6



STATE OF CONNECTICUT
DEPARTMENT OF EDUCATION



August 8, 2018

By E-Mail and Regular Mail

Mayor David S. Cassetti
City of Ansonia
253 Main Street
Ansonia, CT 06401

Dear Mayor Cassetti:

I write to advise you that the Connecticut State Department of Education has determined that (1) the City of Ansonia did not meet its statutory Minimum Budget Requirement (MBR) for the 2017-18 fiscal year and (2) will not meet its MBR in the current fiscal year unless it appropriates an additional \$600,000 to the Ansonia Board of Education.

As set forth in the enclosed letter from Kathy Demsey, the Department's Chief Financial Officer, to Dr. Carol Merlone, Superintendent of Schools, the City's failure to meet its MBR for the 2017-18 fiscal year may result in a reduction of its ECS grant by two times the amount of the shortfall, \$1.2 million, in the 2019-20 fiscal year. The City would remain statutorily obligated to meet its MBR and, thus, would be required to make up the loss in state revenue with local funds.

In addition, the Department's position is that because the City's MBR is \$31,860,484, its appropriation of \$31,260,484 to the Board of Education for the current fiscal year will result in a failure to meet its MBR in the current fiscal year by \$600,000.

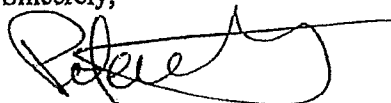
In the Department's experience, the vast majority of budget disputes between municipalities and their boards of education are resolved prior to enforcement action by the State Board of Education. The Department strongly urges you to work toward such a resolution, and, to that end, we are prepared to host a meeting with representatives of the Department and the Ansonia Board of Education in the very near future. While it is the Department's hope and expectation that these matters will be resolved, the Department is prepared to recommend that the State Board of Education take enforcement action pursuant to Sections 10-4b and 10-262i(e) of the Connecticut General Statutes. In addition to the Section 10-262i(e) forfeiture penalty discussed in Ms. Demsey's letter, the Department is prepared to recommend initiation of a Section 10-4b proceeding at the September 5, 2018 meeting of the State Board of Education.

The following dates are available for a meeting with Department and Ansonia Board of Education representatives: Tuesday, August 14th, after noon; Wednesday, August 15th, after 1:00; Thursday, August 16th, after noon.

Mayor David S. Cassetti
August 8, 2018
Page 2

Please contact Mildred Pagán to confirm a meeting date that would work for you and your staff. Ms. Pagán can be reached at mildred.pagan@ct.gov or (860) 713-6520. Thank you.

Sincerely,



Peter M. Haberlandt
Director of Legal & Governmental Affairs

PMH/mp

cc (by E-mail):

John Marini, Esq., Corporation Counsel, City of Ansonia

Ari J. Hoffman, Esq., Cohen & Wolf, P.C.

Vincent M. Marino, Esq., Cohen & Wolf, P.C.

Barbara M. Schellenberg, Esq., Cohen & Wolf, P.C.

Dr. Carol Merlone, Superintendent, Ansonia Public Schools

Dr. Dianna R. Wentzell, Commissioner of Education

Allan Taylor, Chair, State Board of Education

Ben Barnes, Secretary, Office of Policy and Management

Enclosure

Attachment 7



HERBERT L. COHEN
(1928-1983)

AUSTIN K. WOLF
RICHARD L. ALBRECHT
JONATHAN S. BOWMAN
NHL R. MARCUS
C. KENNETH BERNHARD
DAVID L. GREGINS
GRETA E. SOLOMON
ROBIN A. KAHN
RICHARD SLAVIN
DANIEL S. NAOHL
RICHARD J. DI MARCO
DAVID B. ZABEL
MARK A. KIRSCH
DAVID M. LEVINE
JOSEPH G. WALSH
MATTHEW C. SUSMAN
DAVID A. BALL
JOCELYN B. HURWITZ
STUART M. KATZ
PATRICIA C. SULLIVAN
VINCENT M. MARINO
JULIE D. KOHLER
ART J. HOFFMAN
COURTNEY A. GEORGE
BARBARA M. SCHELLBERG
RACHEL A. PENCU
JASON A. BUCHSBAUM
L. JOYELLE MAINI
DAVID M. MOROSAN
ANN L. FOWLER-CRUZ
PHILIP C. PIRES
JOHN PATRICK C. O'BRIEN
DAVID DOBIN
ANNMARIE P. BRIONES
ROUYN H. DRUCKER
ALEXANDER COPP
MATTHEW A. CIARLEGLIO
CHRISTINE M. BREW
JOSHUA PIREIRA
CLIFFORD A. MERIN
JOSEPH D. SZEREJKO
PAUL V. ARCE
TATIANA F. DASILVA
RIO J. GONZALEZ
JORDAN E. SALA

OF COUNSEL
JANE B. EMONS
SUSAN F. FILAN
TIMOTHY M. HERBST
THEMIS KLARIDES
JOHN P. MARINI
MICHAEL S. ROSTEN
SUZANNE B. SUTTON
C. CHRISTIAN YOUNG

PLEASE REPLY TO ORANGE
Direct Telephone – 203-974-6450
Email – vmarino@cohenandwolf.com

August 9, 2018

VIA E-MAIL AND REGULAR MAIL

E-mail: mildred.pagan@ct.gov

Peter M. Haberlandt
Director of Legal & Governmental Affairs
State of Connecticut Department of Education
Box 2219
Hartford, Connecticut 06145

Dear Mr. Haberlandt,

As counsel for the City of Ansonia, I am writing to respond to your August 8, 2018 letter to Mayor David S. Cassetti.

As you should know, the Ansonia Board of Education (“ABOE”) commenced litigation against the City of Ansonia (the “City”) to address the precise minimum budget requirement (“MBR”) issues you raise in your letter. This proceeding is pending before the Honorable Barry Stevens in the Milford Superior Court and is captioned Ansonia Board of Education v. City of Ansonia, and bears docket number AAN-CV18-6028205-S (the “Litigation”). Since this issue is being actively litigated before the Court, your letter, and the threats contained therein, are inappropriate and offensive.

The parties are in the process of preparing cross motions for summary judgment and Judge Stevens has set a hearing date for November 13, 2018 to address these motions. It is therefore up to the Court, not the State Department of Education, to determine whether the City met its statutory MBR for the 2017-18 fiscal year, and whether the City will meet its statutory MBR in the current fiscal year.

I also take this opportunity to remind you that the ABOE chose to initiate the Litigation instead of availing itself of any administrative process. Consequently, as the plaintiff in the legal action, your local Board requested the Court’s immediate

1115 BROAD STREET
PO. BOX 1821
BRIDGEPORT, CT 06601-1821
TEL: (203) 368-0211
FAX: (203) 394-9901

158 DEER HILL AVENUE
DANBURY, CT 06810
TEL: (203) 792-2771
FAX: (203) 791-8149

320 POST ROAD WEST
WESTPORT, CT 06880
TEL: (203) 222-1034
FAX: (203) 227-1373

657 ORANGE CENTER ROAD
ORANGE, CT 06477
TEL: (203) 298-4066
FAX: (203) 298-4068

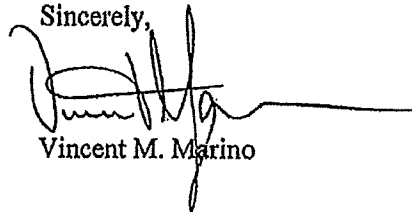
August 9, 2018
Page 2

intervention in this matter.

To the extent that the State Board of Education takes any action that impacts the City's funding, or commences a proceeding under section 10-4b prior to the conclusion of the Litigation, the City will seek the appropriate redress from the Court, including, but not limited to, seeking an injunction against the State Board of Education, as well as any other relief that may be available.

For these reasons, your request for a meeting next week is declined.

Sincerely,

A handwritten signature in black ink, appearing to read "Vincent M. Marino", with a long horizontal line extending to the right.

Vincent M. Marino

cc: Mayor David S. Cassetti
John P. Marini, Esq.
Ari J. Hoffman, Esq.
Barbara M. Schellenberg, Esq.

Attachment B

Listing of Reviewed Documents

State Department of Education

- Connecticut General Statutes Section 10-4b
- End of Year School Year (ED001) for Fiscal Year 2015-2016 and 2016-2017
- Audited Financial Statements and Required and Other Supplementary Information for Year Ended June 30, 2016, and Year Ended June 30, 2017
- Independent Accountants' Report on Applying Agreed-Upon Procedures (AUP) for Year Ended June 30, 2016, and Year Ended June 30, 2017
- ED012 Minimum Budget Requirement (MBR) for Fiscal Year 2015-2016, 2016-2017, 2017-2018 and 2018-2019
- Connecticut State Department of Education Finance and Internal Operations Fiscal Year 2016-2017, 2017-2018 and 2018-2019 Grant Payment Reports – Ansonia BOE
- 10-4b Complaint

City of Ansonia

- City of Ansonia General Ledger Detail – BOE Account (1-001-0702-19-999-0001) for Fiscal Year 2015-2016, 2016-2017, 2017-2018 and 2018-2019
- City of Ansonia Account Detail Report – BOE Account (A-001-0102-00-011-0000) BOE Grant-Webster #1918089776 for Fiscal Year 2015-2016, 2016-2017, 2017-2018 and 2018-2019
- City of Ansonia Account Detail Report - Account Number (1-001-0200-11-813-0001) BOE Settlement Contingency for Fiscal Year 2017-2018
- City of Ansonia June 2018 Journal Entry Account Activity Report – BOE Settlement Contingency for Fiscal Year 2017-2018
- Ansonia Board of Aldermen Meeting Minutes; May 24, 2016, June 14, 2016, February 14, 2017, June 20, 2017, January 9, 2018, and June 11, 2018.

Board of Education

- Ansonia BOE Budget Object Summary Report for Fiscal Year 2016-2017, 2017-2018 and 2018-2019
- Ansonia BOE Budget Object Detail Report for Fiscal Year 2016-2017, 2017-2018 and 2018-2019
- Ansonia BOE Journal Entries by Fund Report for Fiscal Year 2017-2018
- Ansonia BOE Expenditure by Object Report for Fiscal Year 2017-2018 and 2018-2019
- Ansonia BOE Operating Account Bank Statements from Webster Bank for Fiscal Year 2016-2017, 2017-2018 and 2018-2019 (through September)
- Ansonia BOE Grant Account Bank Statements from Webster Bank for Fiscal Year 2016-2017, 2017-2018 and 2018-2019 (through September)
- Ansonia BOE School Readiness Bank Statements from Webster Bank for Fiscal Year 2016-2017, 2017-2018 and 2018-2019 (through September)
- Ansonia BOE Voucher #90 Dated August 3, 2018
- Ansonia BOE Voucher #93 Dated September 10, 2018
- Ansonia BOE Listing of Employees for Fiscal Year 2016-2017, 2017-2018 and 2018-2019