

NON-LAPSING ACCOUNT/EDUCATION FUND

(BACKGROUND INFORMATION FOR POLICY REVIEW COMMITTEE)

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C.G.S. 10-248a (Unexpended Education Funds Account) states that for the fiscal year ending June 30, 2011, and each fiscal year thereafter, notwithstanding any provision of the general statutes or any special act, municipal charter, home rule ordinance or other ordinance, towns having a board of finance may deposit into a non-lapsing account any unexpended funds from the board of education's budget from the prior fiscal year. The amount placed into such account may not exceed one percent of the total budgeted appropriation for education for such prior fiscal year. The board of finance in a community is not compelled by statute to establish such a non-lapsing account. However, boards of finance may be desirous of doing so as a means to provide the local board of education with an incentive to reduce costs.

The board of selectpersons, in towns having no board of finance or the authority making appropriations for the school district, may establish the non-lapsing account as described above.

The statute is silent on the reasons/uses for which the fund could be established. Some communities have established the fund for capital expenditures or maintenance projects, health insurance costs, or for extraordinary special education expenses.

Policy Implications

A new policy, #3171.1, "Non-Lapsing Education Fund," follows for consideration. This is considered an optional policy for inclusion in a district's policy manual.

In addition, a sample "Memorandum of Agreement" between the board of education and the board of finance is also provided.

April 2015

An optional policy to consider.

Business and Non-Instructional Operations

Non-Lapsing Education Fund

The _____ Board of Education (Board) may request the town's Board of Finance deposit into a non-lapsing account any unexpended funds from the Board's prior fiscal year general operating budget, provided such amount does not exceed one percent (1%) of the total budgeted appropriation for education for such prior fiscal year pursuant to C.G.S. 10-248a.

Any expenditure from the Non-Lapsing Education Fund shall be authorized solely the Board of Education.

The Board of Education may designate these funds for a specific purpose with an emphasis on [capital projects]. The Board will expend these funds for such previously designated specific purpose except that they may also be used for other extraordinary or emergency expenditures which may be necessary but not otherwise budgeted.

The Board of Finance shall create the non-lapsing account and be responsible for the accounting of the funds in accordance with Governmental Accounting Standards and Generally Accepted Accounting Principles (GAAP). The account shall be subject to the annual audit as required by State statute. The Board of Education shall review the fund balance on an annual basis.

Legal Reference: Connecticut General Statutes

10-222 Appropriations and budget

10-248a Unexpended education funds account

Policy adopted:

cps 4/15

MEMORANDUM OF AGREEMENT

This Agreement, made and entered into this _____ day of _____, 201_ by and between the Board of Education of the town/city of _____ herein by _____, its Chairperson (hereinafter referred to as “BOE”) and the Board of Finance of _____ acting herein by _____, its Chairperson, duly authorized (hereafter referred to as “BOF”).

WHEREAS, C.G.S. 10-248a, specifically authorizes the BOF to establish a non-lapsing account to deposit unexpended funds from the prior fiscal year’s budgeted appropriation for educational purposes capped at one percent (1%) of the BOE operating budget for that year; and

WHEREAS, the BOE is desirous of establishing a non-lapsing account in accordance with the statutes; and

WHEREAS, although the BOF is not compelled by statute to establish such a non-lapsing account, the BOF is desirous of doing so to provide the BOE with an incentive to reduce costs, pursuant to the terms and conditions set forth herein, and

NOW THEREFORE, in consideration of the BOF establishing a non-lapsing account in accordance with C.G.S. 10-248a, the parties hereby agree as follows:

1. The BOF shall vote to establish a non-lapsing account for the deposit of unexpended education funds from the fiscal 201_/201_ year to be used by the BOE in accordance with C.G.S. 10-248a.
2. The funds deposited in said account shall be and are subject to the additional appropriation process established pursuant to the Charter of the town/city of _____ that requires approval by both the BOF and the legislative body.
3. The BOE agrees that its request for appropriation for any of such funds shall be for the sole purpose and strictly limited to capital improvements (*or other reasons cited*). The funds shall not be used for any other purpose. Notwithstanding the foregoing, the BOE may request an appropriation for reasons other than those set forth above in the event of an emergency.
4. The BOE acknowledges that the BOF is not compelled to establish said fund but is desirous of doing so only upon the consideration of the terms and conditions as set forth in paragraph 3.
5. The BOE hereby agrees to waive its right to request an appropriation for any funds established in the non-lapsing account established pursuant to this Agreement for any purpose other than as specifically set forth herein.
6. This Agreement shall become effective and binding upon the parties hereto upon the approval hereof by the affirmative vote of the board of each respective part and the subsequent execution hereof.
7. This Agreement shall be executed in duplicate with an original to remain on file in the office of each of the parties hereto.

8. This Agreement does not bind the BOF to agree to deposit unexpended funds of the BOE in any future year but any such authorization to do so shall be in accordance with the terms herein.
9. This Agreement may not be modified orally but only by written agreement between the parties hereto upon affirmative vote of the respective boards.
10. This Agreement shall terminate upon the following events (i) by agreement of the parties hereto; (ii) upon the non-lapsing account established herein having a zero (0) balance; (iii) 120-day written notification prior to the start of a new fiscal year from the BOF to the BOE.

In Witness whereof, the parties hereto subscribe their names on the date and year first above written.

BOARD OF EDUCATION

BOARD OF FINANCE

Chairperson (*print name*)

Chairperson (*print name*)

Date

Date