



TOWN OF LEDYARD

741 Colonel Ledyard
Highway
Ledyard, CT 06339-1511

File #: 25-3018

Agenda Date: 1/7/2026

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RESOLUITON

Motion/Request:

MOTION to cancel “*Resolution Creating a Funding Mechanism for Making Annual Appropriations to a Capital Reserve Fund for the Board of Education*” adopted on September 28, 1988.

Background:

Based on new State Legislation (Public Act 24-25) the Board of Education has the authority to transfer unexpended funds from the education budget into a non-lapsing account. Therefore, the 1988 “*Resolution Creating a Funding Mechanism for Making Annual Appropriations to a Capital Reserve Fund for the Board of Education*” was no longer required; and was being cancelled.

Finance Committee Meeting 10/15/2025: School Superintendent Jason Hartling explained with the implementation of a New State Statute that the Board of Education already took action to transfer their Fiscal Year 2024/2025 Year-End Balance to their Capital Non-Recurring (CNR) Account.

Finance Director noted that the Year-End Balance would not be available until the Annual Audit for Fiscal Year 2024/2025 has been completed; and therefore, the funds could not be transferred until the Annual Audit has been completed.

Connecticut State Statute Section 10- 248a to provide funding resources solely for future Board of Education.

Previous state law (*Connecticut General Statutes §10-248a*) permitted a town board of finance (or the board of selectmen in a town with no board of finance, or the authority otherwise making budget appropriations for the school district) to deposit unexpended funds from the education budget into a non-lapsing account

However, **Public Act 24-25** now allowed for Connecticut Board of Educations to use non-lapsing accounts to carry over unspent education funds (up to 2% of the prior budget) for future educational expenses, a practice clarified and expanded by recent legislation (like Public Act 24-45). These accounts require annual reporting to the Connecticut State Department of Education (SDE) and certified employee unions, detailing balances, deposits, and expenditures, effective for FY 2026 and beyond, ensuring transparency for these funds used only for educational purposes.

What is a Non-Lapsing Account?

- It's a special fund where unspent education funds don't automatically revert to the town's general fund at year-end.
- Allows BOEs to save and use surplus funds for educational needs in subsequent years, rather than losing them.

Key Legal Changes & Requirements:

- **Authority:** Local BOEs can now deposit funds directly, rather than relying solely on the town's fiscal authority.
- **Limits:** Deposits can't exceed 2% of the previous year's education budget.
- **Purpose:** All spending from the account must be for educational purposes and authorized by the BOE.
- **Reporting (Starting FY 2026):** BOEs must report annually to the SDE and employee unions on:
 - Total account balance.
 - Amount deposited during the fiscal year.
 - Detailed accounting of expenditures.
 - Intended uses for the funds in the next fiscal year (with notification to the SDE and unions).

Who Manages It?

- The local Board of Education authorizes deposits and expenditures, although the Town's Board of Finance or similar body may need to approve the deposit itself, depending on the town's structure.

Regional Boards of Education: Authority to Use Reserve Funds for Any Educational Purpose

Currently, state law (Connecticut General Statutes §10-51(d)(2)) allows regional boards of education to create reserve funds for “capital and non-recurring expenditures,” to be financed by appropriated funds and year end surplus operating (budget) funds.

Beginning with the 2023-2024 fiscal year (i.e., now), Section 8 of Public Act 24-45 will allow regional boards of education to create (and expend monies from) these funds for any “educational expenditure,” not just capital projects/improvements and equipment purchases. The Act renames the account “*the reserve fund for educational expenditures*” instead of the former “*reserve fund for capital and nonrecurring expenditures*.”

The other current restrictions for these reserve funds will remain in effect (for example, that such accounts be created by a majority vote of the regional board of education’s members, the aggregate amount of annual appropriations and supplemental appropriations from the surplus by the regional district to the fund cannot exceed 2% of the annual district budget for the fiscal year). However, this new provision provides an additional tool for regional school districts to consider when determining what to do with any surplus, and whether to 1) reduce the budget assessments to their member towns for the next year, or 2) use the surplus for educational purposes in the future via a deposit into a reserve fund.

Department Comment/Recommendation:

(type text here)

Mayor Comment/Recommendation:

(type text here)

Body:

(type text here)