

~AD HOC REPORT~
Danbury Public School Request for Release of Educational Reserve
Thursday, October 5, 2023

Chairman Levy called the meeting to order at 5:05 p.m. on Thursday, October 5, 2023. Present were Committee Members Irving Fox and Ben Chianese. From the City were Les Pinter, Corporation Counsel; Dan Garrick, Finance Director; John Kleinhans, Assistant Finance Director; Lindsay Seti, Mayor's Office; and John Spang, Danbury Public Schools CFO (Petitioner). Ex Officio Members present: Rotello, Perkins, Coelho, and DiGilio. Board Of Education Members: Brigid Guertin, Richard Janelli, Al Russo, and Michelle Coelho. Present from the public were Dennis McCauley; Rob Melillo; Tom Brown; and 5 unidentified.

Mr. Levy provided a brief overview of the Danbury Public School's (DPS) request to provide the administration with \$3,044,808 from a reserved account. Mr. Garrick explained that the reserved funds are located in the following accounts: Internal Service Funds (IDNR) (required by auditors for unreported health claims) \$2,180,608, Workman's Comp (required by PERMA) \$739,387, Liability (claims that have been reported but not finalized) \$45,956, and Fund Balance for Education Stop Loss Insurance (required by auditors, and Rating Agencies use it to establish credit) \$5,834,036. He confirmed the Fund Balance is the only account that can be used, and the unassigned fund balance is just under 10%. Furthermore, he explained to Mr. Fox that no set amount is required for the account but a goal of 10% is standard. Mr. Levy noted a surplus from the BOE in the previous fiscal year budget. Mr. Garrick explained how surplus funds from the previous fiscal year are not available outside of that fiscal year.

Mr. Spang spoke on vacancies and recruitment. He noted budget reductions that were made including vacancies and \$900,000 an Alliance Grant, prior to asking for the current request. Furthermore, Mr. Levy asked about the state mandated reading program and electrical cost overages, and Mr. Spang noted that COVID grant funds were used to fund the program. Mr. Garrick clarified the estimated vs. actual amounts of state funding with Mr. Chianese. Mr. Spang provided a brief overview of: grants, budget reductions, and cost savings.

Mr. Chianese noted that previous funding requests were granted; however, the funds were used for something other than their initial intention. Mr. Spang spoke on revenue issues. Mr. Fox expressed concern regarding DPS's financial process and presentation, and lack of confidence in the administration. He asked for clarity regarding the presented BOE budget in March. Mr. Spang admitted to underestimating the growing health insurance claims.

Mr. Levy expressed concern regarding the credibility of the budget. He noted that a 5-year summary to compare each line item is important and urged the DPS's Finance Dept. to provide monthly financial statements. Furthermore, he urged that an audit be completed before he could support additional funding requests. Mr. Spang confirmed the funds will not be used to cover healthcare costs, but to recover money expensed towards healthcare costs. Mr. Levy noted that he discussed an anticipated \$9 million deficit during the budget review process in April.

Mr. Fox clarified that the Education Budget as needed is \$154 million; the DPS expected to have \$4.7 million in savings that did not happen. Furthermore, he noted \$1.7 million in imposed budget cuts; however, a \$3 million deficit remains. Mr. Perkins noted that a balanced budget should not include expected savings, actual numbers should be used. Mr. Garrick confirmed the 2022 Audit will be completed at the end of November, and the 2023 audit will be completed in March.

Mr. Fox expressed concern regarding the Superintendent's lack of attendance, and the need for more information. Furthermore, he does not feel comfortable proceeding forward with the request. Mr. DiGilio discussed the budget differences: presented budget (\$150M) vs. the current budget that is being discussed (\$154M). He clarified that the City Council approved a full \$150M budget request. Mr. Spang asked what additional information the Committee would need.

Mr. Levy believes it's too early to allocate additional funds without confirmed numbers, or knowing exactly what is needed. Mr. Fox asked for clarification on line items that have changed and why. He also noted that the Committee requested detailed information leading up to the meeting, which was not received. Mr. Rotello asked Mr. Spang how quickly they would need the money. Mr. Spang explained that payroll would be affected in the middle of June, but that reductions are harder to make as time goes by.

A motion made by Councilman Fox, and seconded by Councilman Chianese, to continue this meeting subject to the call of the Chair, when the information the Committee has asked for is available. The motion carries unanimously.

A motion made by Councilman Fox, and seconded by Councilman Chianese, to adjourn. The motion carries unanimously. The meeting adjourned at 6:08 p.m.

Respectfully submitted,
Warren Levy, Chair
Irving Fox
Ben Chianese