



General Assembly

January Session, 2003

***Raised Bill No. 1034***

LCO No. 3832

Referred to Committee on Program Review and Investigations

Introduced by:  
(PRI)

***AN ACT CONCERNING REGIONAL SCHOOL DISTRICT GOVERNANCE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2003*) (a) (1) Any town that is a  
2 member of a regional school district may, pursuant to a vote of its  
3 legislative body, apply to the regional board of education to institute  
4 procedures for establishment of a regional board of finance pursuant  
5 to subdivision (2) of this subsection.

6 (2) Member towns of a regional school district may establish by a  
7 majority vote in the district as a whole through referenda held  
8 simultaneously in each of the member towns a regional board of  
9 finance to oversee the regional school district budget approval process.  
10 A certificate of the results of such vote shall be recorded in the office of  
11 the clerk of each member town and a certified copy thereof shall be  
12 filed by such clerks in the office of the Secretary of the State, who shall  
13 record the same. All rights and powers conferred and duties and  
14 obligations imposed by this section, subsection (c) of section 7-392 of  
15 the general statutes, as amended by this act, section 10-51 of the  
16 general statutes, as amended by this act, and sections 4 and 6 of this act

17 upon said boards shall be held to be conferred or imposed upon each  
18 board of finance as soon as it is established under the provisions of this  
19 section. Member towns of a regional school district may by majority  
20 vote abolish the regional board of finance after the expiration of two  
21 years from the date of its establishment.

22 (b) (1) Not later than ten days after such affirmative vote pursuant  
23 to subsection (a) of this section, members to the regional board of  
24 finance shall be appointed by the board of finance of each member  
25 town having a board of finance or other fiscal authority of each  
26 member town of the regional school district to serve a term of two  
27 years from the date of such appointment, unless such member's  
28 election term to the local board of finance or other fiscal authority  
29 expires prior to the end of the two-year term. Such appointment shall  
30 be from among members of the local board of fiscal authority and shall  
31 coincide with the election term of the appointed member. Each  
32 member town shall appoint the same number of members to said  
33 board as the other member towns of the district. The voting power of  
34 the members from each town on said board shall be weighted in the  
35 proportion, within permissible deviant limits consistent with federal  
36 constitutional standards, that the population of each town bears to the  
37 population of the entire regional school district as determined by  
38 subsection (b) of section 10-63s of the general statutes and shall be  
39 subject to the reapportionment provisions of sections 10-63j to 10-63t,  
40 inclusive, of the general statutes.

41 (2) Membership of a regional board of finance shall be structured as  
42 follows: (A) For a regional school district with two member towns, said  
43 board shall be composed of six members, three from each town, of  
44 whom one from each town shall be of the minority party; (B) for a  
45 regional school district with three member towns, said board shall be  
46 composed of nine members, three from each town, of whom one from  
47 each town shall be of the minority party; (C) for a regional school  
48 district with four member towns, said board shall be composed of  
49 twelve members, three from each town, of whom one from each town

50 shall be of the minority party; and (D) for a regional school district  
51 with six member towns, said board shall be composed of eighteen  
52 members, three from each town, of whom one from each town shall be  
53 of the minority party.

54 (3) For the purposes of this section, a person shall be deemed to be a  
55 member of the political party on whose enrollment list such person's  
56 name appears on the date of such person's appointment to a regional  
57 board of finance established pursuant to subsection (a) of this section,  
58 provided any person who has applied for erasure or transfer of such  
59 person's name from an enrollment list shall be considered a member of  
60 the party from whose list such person has so applied for erasure or  
61 transfer for a period of three months from the date of the filing of such  
62 application.

63 (c) In case of a vacancy in the membership of the regional board of  
64 finance, unless otherwise provided by charter or special act, the  
65 original appointing authority pursuant to subsection (b) of this section  
66 shall appoint a successor, in the same manner as the original  
67 appointment pursuant to subsection (b) of this section, who shall fill  
68 the vacancy for the unexpired portion of the term.

69 (d) Any member town of a regional school district with a regional  
70 board of finance established pursuant to subsection (a) of this section  
71 shall have the power to provide by ordinance for the appointment of  
72 not more than two alternate members to its regional board of finance,  
73 subject to the provisions of subsection (b) of this section concerning  
74 representation of political parties. Such alternate members shall, when  
75 seated as provided in this section, have all the powers and duties set  
76 forth in this section, subsection (c) of section 7-392 of the general  
77 statutes, as amended by this act, section 10-51 of the general statutes,  
78 as amended by this act, and sections 4 and 6 of this act relating to such  
79 town for said board and its members. Such alternate members shall be  
80 electors and taxpayers of such town. If a regular member of such board  
81 is absent or is disqualified, such absent or disqualified member shall

82 designate an alternate to so act. In the event that an absent or  
83 disqualified regular member shall fail or refuse to designate an  
84 alternate to so act, the majority of the regular members of the board of  
85 finance not absent and not disqualified may designate an alternate  
86 subject to the provisions of subsection (b) of this section, to so act for  
87 such absent or disqualified regular member.

88 (e) The members of the regional board of finance shall be sworn to a  
89 faithful performance of their duties. No member shall receive  
90 compensation for the members services as such, but the necessary  
91 expenses of the board, when approved, shall be paid by the member  
92 towns.

93 (f) The members of the regional board of finance shall choose one of  
94 its members to be chairperson of said board and shall choose a clerk. If  
95 such officers are not chosen within one month after the appointment of  
96 the board because of a tie vote of the members, the boards of selectmen  
97 or chief executive authorities of the member towns of the regional  
98 school district that the board oversees shall choose such officers from  
99 the membership of the board. At all meetings of the board, two-thirds  
100 of the members of the board shall constitute a quorum and the  
101 concurrence of votes of one-half of the members of the board shall be  
102 necessary for the transaction of business. The board may hold such  
103 regular and special meetings as may be advisable at any time upon  
104 giving at least twenty-four hours' notice to each member before the  
105 time of such meeting. The clerk shall cause to be prepared and filed  
106 with the town clerk of each member town a copy of the minutes and  
107 records of each meeting held, within two weeks from the date of such  
108 meeting.

109 Sec. 2. Section 7-405 of the general statutes is repealed and the  
110 following is substituted in lieu thereof (*Effective July 1, 2003*):

111 (a) When annual appropriations have not been made by a  
112 municipality before the beginning of any fiscal year, the disbursing  
113 officers may make necessary expenditures during the period of ninety

114 days after the beginning of such year on proper warrants for purposes  
115 and in amounts authorized by the appropriating body or by the board  
116 of finance or other budget-making authority. When annual  
117 appropriations have not been made by such municipality before the  
118 end of such ninety-day period, the disbursing officers may make  
119 necessary expenditures during successive monthly periods in such  
120 year on proper warrants for purposes and in amounts authorized by  
121 the appropriating body or by the board of finance or other budget-  
122 making authority within the limits of appropriations specified in  
123 budgetary line items for the previous fiscal year. For this purpose,  
124 necessary borrowing may be authorized by resolution of the budget-  
125 making authority, provided all such borrowing shall mature and be  
126 payable not later than the end of the fiscal year for which such  
127 borrowings are made. Any notes so authorized may be issued and sold  
128 in the manner provided by such resolution. Such expenditures  
129 authorized by this section and interest costs and other expenses  
130 incidental to any such borrowing shall constitute the first charges  
131 against appropriations for the fiscal year in which they are made.

132 (b) Notwithstanding the provisions of subsection (a) of this section,  
133 when an annual budget of a regional school district is not approved by  
134 a majority of voters of the member towns of such district before the  
135 beginning of any fiscal year, the disbursing officer for each member  
136 town of the regional school district shall make expenditures to such  
137 district in an amount equal to or greater than the town's appropriation  
138 to the district for the previous fiscal year until the regional school  
139 district budget is approved pursuant to section 10-51, as amended by  
140 this act.

141 Sec. 3. Section 10-51 of the general statutes is repealed and the  
142 following is substituted in lieu thereof (*Effective July 1, 2003*):

143 (a) The fiscal year of a regional school district shall be July first to  
144 June thirtieth. The approval process of a regional school district budget  
145 is as follows:

146        [Except] (1) For any regional school district that has not established  
147        a regional board of finance pursuant to section 1 of this act, except as  
148        otherwise provided in this subsection, not less than two weeks before  
149        the annual meeting held pursuant to section 10-47, as amended by this  
150        act, the regional board of education shall hold a public district meeting  
151        to present a proposed budget for the next fiscal year. Any person may  
152        recommend the inclusion or deletion of expenditures at such time.  
153        After the public hearing, the regional board of education shall prepare  
154        an annual budget for the next fiscal year, make available on request  
155        copies thereof and deliver a reasonable number to the town clerk of  
156        each of the towns in the district at least five days before the annual  
157        meeting. At the annual meeting on the first Monday in May, the  
158        regional board of education shall present a budget which includes a  
159        statement of [(1)] (A) estimated receipts and expenditures for the next  
160        fiscal year, [(2)] (B) estimated receipts and expenditures for the current  
161        fiscal year, [(3)] (C) estimated surplus or deficit in operating funds at  
162        the end of the current fiscal year, [(4)] (D) bonded or other debt, [(5)]  
163        (E) estimated per pupil expenditure for the current and for the next  
164        fiscal year, and [(6)] (F) such other information as is necessary in the  
165        opinion of the board. Persons present and eligible to vote under  
166        section 7-6 may accept or reject the proposed budget except as  
167        provided below. No person who is eligible to vote in more than one  
168        town in the regional school district is eligible to cast more than one  
169        vote on any issue considered at a regional school district meeting or  
170        referendum held pursuant to this section. Any person who violates  
171        this section by fraudulently casting more than one vote or ballot per  
172        issue shall be fined not less than three hundred dollars or more than  
173        five hundred dollars and shall be imprisoned not less than one year or  
174        more than two years and shall be disenfranchised. The regional board  
175        of education may, in the call to the meeting, designate that the vote on  
176        the motion to adopt the budget shall be by paper ballots at the district  
177        meeting held on the budget or by a "yes" or "no" vote on the voting  
178        machines in each of the member towns on the day following the  
179        district meeting. If submitted to a vote by voting machine, questions

180 may be included on the ballot for persons voting "no" to indicate  
181 whether the budget is too high or too low, provided the vote on such  
182 questions shall be for advisory purposes only and not binding upon  
183 the board. Two hundred or more persons qualified to vote in any  
184 regional district meeting called to adopt a budget may petition the  
185 regional board, in writing, at least three days prior to such meeting,  
186 requesting that any item or items on the call of such meeting be  
187 submitted to the persons qualified to vote in the meeting for a vote by  
188 paper ballot or on the voting machines in each of the member towns on  
189 the day following the district meeting and in accordance with the  
190 appropriate procedures provided in section 7-7. If a majority of such  
191 persons voting reject the budget, the board shall, within four weeks  
192 thereafter and upon notice of not less than one week, call a district  
193 meeting to consider the same or an amended budget. Such meetings  
194 shall be convened at such intervals until a budget is approved. If the  
195 budget is not approved before the beginning of a fiscal year, member  
196 towns shall make expenditures to the district in an amount equal to or  
197 greater than the town's appropriation to the district for the previous  
198 fiscal year pursuant to section 7-405, as amended by this act, until the  
199 budget is approved. After the budget is approved, the regional board  
200 of education shall estimate the share of the net expenses to be paid by  
201 each member town in accordance with subsection (b) of this section  
202 and notify the treasurer thereof. With respect to adoption of a budget  
203 for the period from the organization of the board to the beginning of  
204 the first full fiscal year, the board may use the above procedure at any  
205 time within such period. If the board needs to submit a supplementary  
206 budget, the general procedure specified in this section shall be used.

207       (2) For any regional school district that has established a regional  
208 board of finance pursuant to section 1 of this act, except as otherwise  
209 provided in this subsection, not less than two weeks before the annual  
210 meeting held pursuant to section 10-47, as amended by this act, the  
211 regional board of finance shall hold a public district meeting at which  
212 itemized estimates of the expenditures of the regional board of  
213 education for the ensuing fiscal year shall be presented and at which

214 all persons shall be heard in regard to any appropriation which they  
215 are desirous that the regional board of finance should recommend or  
216 reject. The regional board of finance shall, after such public hearing,  
217 hold a public meeting at which it shall consider the estimates so  
218 presented and any other matters brought to its attention and shall  
219 prepare and cause to be published in a newspaper in the member  
220 towns of such regional school district, if any, otherwise in a newspaper  
221 having a substantial circulation in such towns, a report of a proposed  
222 budget for the next fiscal year. The regional board of finance shall  
223 make available, on request, copies of the proposed budget and deliver  
224 a reasonable number to the town clerk of each of the member towns of  
225 the district at least five days before the annual meeting. At the annual  
226 meeting on the first Monday in May, the regional board of finance  
227 shall present a budget which includes a statement of (A) estimated  
228 receipts and expenditures for the next fiscal year, (B) estimated receipts  
229 and expenditures for the current fiscal year, (C) estimated surplus or  
230 deficit in operating funds at the end of the current fiscal year, (D)  
231 bonded or other debt, (E) estimated per pupil expenditure for the  
232 current and for the next fiscal year, and (F) such other information as is  
233 necessary in the opinion of the board. Persons present and eligible to  
234 vote under section 7-6 may accept or reject the proposed budget except  
235 as provided in this subdivision. No person who is eligible to vote in  
236 more than one town in the regional school district is eligible to cast  
237 more than one vote on any issue considered at a regional school  
238 district meeting or referendum held pursuant to this section. Any  
239 person who violates this section by fraudulently casting more than one  
240 vote or ballot per issue shall be fined not less than three hundred  
241 dollars nor more than five hundred dollars and shall be imprisoned  
242 not less than one year nor more than two years and shall be  
243 disenfranchised. The regional board of finance may, in the call to the  
244 meeting, designate that the vote on the motion to adopt the budget  
245 shall be by paper ballots at the district meeting held on the budget or  
246 by a "yes" or "no" vote on the voting machines in each of the member  
247 towns on the day following the district meeting. If submitted to a vote

248 by voting machine, questions may be included on the ballot for  
249 persons voting "no" to indicate whether the budget is too high or too  
250 low, provided the vote on such questions shall be for advisory  
251 purposes only and not binding upon the board. Two hundred or more  
252 persons qualified to vote in any regional district meeting called to  
253 adopt a budget may petition the regional board of finance, in writing,  
254 at least three days prior to such meeting, requesting that any item or  
255 items on the call of such meeting be submitted to the persons qualified  
256 to vote in the meeting for a vote by paper ballot or on the voting  
257 machines in each of the member towns on the day following the  
258 district meeting and in accordance with the appropriate procedures  
259 provided in section 7-7. If a majority of such persons voting reject the  
260 budget, the regional board of finance shall, within four weeks  
261 thereafter and upon notice of not less than one week, call a meeting to  
262 consider the same or an amended budget. Such meetings shall be  
263 convened at such intervals until a budget is approved. If the budget is  
264 not approved before the beginning of a fiscal year, member towns shall  
265 make expenditures to the district in an amount equal to or greater than  
266 the town's appropriation to the district for the previous fiscal year  
267 pursuant to section 7-405, as amended by this act, until the budget is  
268 approved. After the budget is approved, the regional board of finance  
269 shall estimate the share of the net expenses to be paid by each member  
270 town in accordance with subsection (b) of this section and notify the  
271 treasurer of such estimate. With respect to adoption of a budget for the  
272 period from the organization of the regional board of finance to the  
273 beginning of the first full fiscal year, the regional board of finance may  
274 use the above procedure at any time within such period. If the regional  
275 board of finance needs to submit a supplementary budget, the general  
276 procedure specified in this section shall be used.

277 (b) For the purposes of this section, "net expenses" means estimated  
278 expenditures, including estimated capital expenditures, less estimated  
279 receipts as presented in a regional school district budget. On the date  
280 or dates fixed by the [board] regional board of education, each town in  
281 the district shall pay a share of the cost of capital outlay, including

282 costs for school building projects under chapter 173, and current  
283 expenditures necessary for the operation of the district. The [board]  
284 regional board of education shall determine the amount to be paid by  
285 each member town. Such amount shall bear the same ratio to the net  
286 expenses of the district as the number of pupils resident in such town  
287 in average daily membership in the regional school district during the  
288 preceding school year bears to the total number of such pupils in all  
289 the member towns, provided that the [board] regional board of  
290 education may recalculate such amount based on the number of pupils  
291 in average daily membership in the regional school district for the  
292 current school year and may adjust each member town's payment to  
293 the regional school district for the following fiscal year by the  
294 difference between the last such payment and the recalculated amount.  
295 Until the regional school district has been in operation for one year,  
296 such amounts shall be based on the average daily membership of  
297 pupils in like grades from each of such towns at any school at which  
298 children were in attendance at the expense of such towns during the  
299 preceding school year.

300 (c) The [board] regional board of education shall deposit or invest  
301 temporarily any funds which are not needed immediately for the  
302 operation of the school district as permitted in section 7-400 or 7-402.  
303 Any income derived from such deposits or investments shall be used  
304 at least semiannually to reduce the net expenses. The [board] regional  
305 board of education shall use any budget appropriation which has not  
306 been expended by the end of the fiscal year to reduce the net expenses  
307 of the district for the following fiscal year. The [board] regional board  
308 of education may borrow funds temporarily and issue notes or other  
309 obligations, and pay interest thereon, in anticipation of payments to be  
310 made to it by a member town or the state, for the operation of its  
311 schools. Such notes or obligations shall be authorized by resolution of  
312 the [board] regional board of education, and shall be general  
313 obligations of the regional school district and its member towns. The  
314 date, maturity, interest rate, form, manner of sale and other terms of  
315 such notes or other obligations shall be determined by the [board]

316 regional board of education or any officer or body to whom the [board]  
317 regional board of education delegates authority to make such  
318 determinations. Such notes may be renewed from time to time,  
319 provided all such notes shall mature and be payable no later than the  
320 end of the fiscal year during which such member town or state  
321 payments are payable.

322 (d) Upon the recommendation and the approval of a majority of  
323 members on the [board, a] regional board of education, such board  
324 may create a reserve fund to finance a specific capital improvement or  
325 the acquisition of any specific piece of equipment. Such fund shall  
326 thereafter be termed "reserve fund for specific capital improvements or  
327 equipment purchases". No annual appropriation to such fund shall  
328 exceed one per cent of the annual district budget. Appropriations to  
329 such fund shall be included in the share of net expenses to be paid by  
330 each member town. The [board] regional board of education shall  
331 annually submit a complete and detailed report of the condition of  
332 such fund to the member towns, or the regional board of finance, if  
333 applicable.

334 (e) The amount of expenditures by the regional board of education  
335 shall not exceed more than one-quarter of one per cent of the district's  
336 budget unless approved by a majority of voters of the member towns.

337 Sec. 4. (NEW) (*Effective July 1, 2003*) (a) Each regional board of  
338 education shall prepare an itemized estimate of the cost of  
339 maintenance of public schools for the ensuing year and shall submit  
340 such estimate to the regional board of finance in each district having  
341 such a board not later than two months preceding the annual meeting  
342 of the regional board of finance. The money appropriated by any  
343 member town of a regional school district for the maintenance of  
344 public schools shall be expended by and in the discretion of the  
345 regional board of education. Except as provided in this subsection, any  
346 such regional board of education may transfer any unexpended or  
347 uncontracted-for portion of any appropriation for school purposes to

348 any other item of such itemized estimate, provided at the time of such  
349 transfer the regional board of education shall report, as part of the  
350 public record, a detailed written statement for each such transfer  
351 including, but not limited to, (1) the reason for the transfer, (2) an  
352 identification of the line item account and the dollar amount that funds  
353 are being transferred from and to, (3) the intended use of the funds if  
354 the transfer is approved, and (4) the fiscal impact on the line item  
355 account that funds are being transferred from. Regional boards of  
356 education may, by adopting policies and procedures, authorize  
357 designated personnel to make limited transfers under emergency  
358 circumstances if the urgent need for the transfer prevents the regional  
359 board of education from meeting in a timely fashion to consider such  
360 transfer. All transfers made in such instances shall be announced at the  
361 next regularly scheduled meeting of the regional board of education.  
362 Expenditures by the regional board of education shall not exceed the  
363 appropriation made by the member towns, with such money as may  
364 be received from other sources for school purposes except as provided  
365 for by subsection (e) of section 10-51 of the general statutes, as  
366 amended by this act. If any occasion arises in which additional funds  
367 are needed by such regional board of education, the chairperson of  
368 such regional board of education shall notify the regional board of  
369 finance in each district having such a board, or the board of selectmen  
370 or appropriating authority of the member towns, as the case may be,  
371 and shall submit a request for additional funds in the same manner as  
372 is provided for departments, boards or agencies of the member towns  
373 and no additional funds shall be expended unless such supplemental  
374 appropriation shall be granted and no supplemental expenditures shall  
375 be made in excess of those granted through the appropriating  
376 authority except as provided for by subsection (e) of section 10-51 of  
377 the general statutes, as amended by this act. The annual report of the  
378 regional board of education shall, in accordance with subsection (b) of  
379 this section, include a summary showing (A) the total cost of the  
380 maintenance of schools, (B) the amount received from the state and  
381 other sources for the maintenance of schools, (C) the net cost to the

382 municipality of the maintenance of schools, and (D) the reason for any  
383 transfer of funds made pursuant to this subsection, including the  
384 identification of the line item account and dollar amount that funds are  
385 being transferred to and from, the identified use of the funds if the  
386 transfer is approved, and the fiscal impact on the line item account that  
387 funds are being transferred from. At the end of each fiscal year, the  
388 regional board of education shall summarize the number and types of  
389 fiscal transfers made, the aggregate amount transferred to and from  
390 each account and the impact of such transfers. For purposes of this  
391 subsection, "meeting" means a meeting, as defined in section 1-200 of  
392 the general statutes.

393 (b) The secretary of the regional board of education shall keep a  
394 record of all its proceedings in a book which such secretary shall  
395 provide for that purpose at the expense of the member towns and shall  
396 submit to the member towns at such towns' annual meetings a report  
397 of the actions of the regional board of education. The report of the  
398 secretary and of the superintendent of schools shall be printed with the  
399 reports of the member towns' officers. The superintendent of schools  
400 shall report to the Commissioner of Education such returns and  
401 statistics respecting the schools of the regional school district as the  
402 commissioner requests.

403 Sec. 5. Section 10-47 of the general statutes is repealed and the  
404 following is substituted in lieu thereof (*Effective July 1, 2003*):

405 Regional boards of education shall have all the powers and duties  
406 conferred upon boards of education by the general statutes not  
407 inconsistent with the provisions of this part. Such boards may  
408 purchase, lease or rent property for school purposes and, as part of the  
409 purchase price may assume and agree to pay any bonds or other  
410 capital indebtedness issued by a town for any land and buildings so  
411 purchased; shall perform all acts required to implement the plan of the  
412 committee for the transfer of property from the participating towns to  
413 the regional school district and may build, add to or equip schools for

414 the benefit of the towns comprising the district. Such boards may  
415 receive gifts of real and personal property for the purposes of the  
416 regional school districts. [The] In a district without a regional board of  
417 finance, the regional [school district] board of education's annual  
418 meeting [shall be the district meeting] at which the annual budget is  
419 first presented for adoption [and] shall be held the first Monday or the  
420 first Tuesday in May. [The boards] In a district with a regional board of  
421 finance, the regional school district annual meeting at which the  
422 budget is presented for adoption shall be held the first Monday in  
423 May. Regional boards of education may convene special district  
424 meetings when they deem it necessary. District meetings shall be  
425 warned and conducted in the same manner as are town meetings. For  
426 such purposes, the chairperson of the board shall have the duties of the  
427 board of selectmen and the secretary shall have the duties of the town  
428 clerk.

429       Sec. 6. (NEW) (*Effective July 1, 2003*) All reports or returns, in any  
430 respect concerning regional school board finances or the reception or  
431 disbursement of public funds, made by treasurers of regional boards of  
432 education, regularly in the line of their respective official duties, to any  
433 body, meeting or committee acting in a public capacity, shall be  
434 verified by the oath of the person making the same. Any person who  
435 so verifies any return or report, known to such person to be false in  
436 fact, or which in any material respect intentionally suppresses or  
437 conceals the truth, shall be subject to the penalty provided for false  
438 statement.

439       Sec. 7. Subsection (a) of section 10-47b of the general statutes is  
440 repealed and the following is substituted in lieu thereof (*Effective July*  
441 *1, 2003*):

442       (a) Except as provided in subsection (b) of this section, any regional  
443 board of education [in a school district which does not include all  
444 elementary and secondary school grades] may recommend a study of  
445 the advisability of the addition to or withdrawal of grades from the

446 regional school district or, upon the request of two or more of the town  
447 boards of education of the member towns, shall recommend such a  
448 study to the chairmen of the town boards of education and chairmen  
449 of the boards of finance or other such fiscal authorities in each town  
450 affected. Within thirty days of receipt of such recommendation, such  
451 chairmen shall each appoint one of the members of their boards and  
452 the chairman of the regional board of education shall appoint one  
453 member of the regional board from each member town to a study  
454 committee. The Commissioner of Education shall appoint a consultant  
455 to the study committee. The study committee shall proceed in the same  
456 manner as the temporary regional school study committee except that  
457 the expenses of the committee shall be borne by the regional school  
458 district and shall not exceed three dollars times the number of pupils  
459 in average daily membership of such town and regional school  
460 districts, as defined in section 10-261, and the committee shall submit  
461 its report to the participating towns no later than one year from the  
462 date of its organizational meeting. If the committee recommends a  
463 plan for addition to or withdrawal of grades from the regional school  
464 district and the referenda held in the manner provided in section 10-45  
465 result in an affirmative vote in the regional school district as a whole,  
466 the participating towns shall implement the plan.

467 Sec. 8. (NEW) (*Effective July 1, 2003*) The State Board of Education  
468 shall periodically perform quality reviews of selected audits of  
469 regional school districts conducted pursuant to chapters 55b and 111 of  
470 the general statutes. Such reviews shall include, but not be limited to,  
471 an examination of the audit firm's system of quality control for its  
472 auditing practice to determine whether such system was designed in  
473 accordance with standards set forth by sections 7-394a and 4-233 of the  
474 general statutes and whether the firm complied with its quality control  
475 policies and procedures.

476 Sec. 9. Section 7-395 of the general statutes is repealed and the  
477 following is substituted in lieu thereof (*Effective July 1, 2003*):

478        The secretary, or the State Board of Education in the case of a  
479 regional school district, shall review each audit report filed with said  
480 secretary or the State Board of Education, if applicable, as provided in  
481 section 7-393, except said secretary or the State Board of Education, if  
482 applicable, shall review the audit reports on each audited agency  
483 biennially and may review the audit reports on any municipality or  
484 regional school district biennially, provided such secretary shall, or the  
485 State Board of Education, if applicable, in any year in which [he] such  
486 secretary or the State Board of Education, if applicable, does not  
487 review the report of any such municipality or regional school district,  
488 review the comments and recommendations of the independent  
489 auditor who made such audit. If, upon such review of the audit report,  
490 evidence of fraud or embezzlement is found, [he] such secretary or the  
491 State Board of Education, if applicable, shall report such information to  
492 the state's attorney for the judicial district in which such municipality,  
493 regional school district or audited agency is located. If, in the review of  
494 such audit report said secretary or the State Board of Education, if  
495 applicable, finds that such audit has not been prepared in compliance  
496 with the provisions of subsection (a) of section 7-394a, or said secretary  
497 or the State Board of Education, if applicable, finds evidence of any  
498 unsound or irregular financial practice in relation to commonly  
499 accepted standards in municipal finance, said secretary or the State  
500 Board of Education, if applicable, shall prepare a report concerning  
501 such finding, including necessary details for proper evaluation of such  
502 finding and recommendations for corrective action and shall refer such  
503 report to the Municipal Finance Advisory Commission established  
504 under section 7-394b. A copy of such report shall be filed with: (1) The  
505 chief executive officer of such municipality or audited agency or the  
506 superintendent of such school district and, in the case of a town, city or  
507 borough, with the clerk of such town, city or borough; and (2) the  
508 Auditors of Public Accounts.

509        Sec. 10. Subsection (a) of section 7-394b of the general statutes is  
510 repealed and the following is substituted in lieu thereof (*Effective July*  
511 *1, 2003*):

512 (a) There is established a Municipal Finance Advisory Commission  
513 which shall (1) review and submit any recommendations as may be  
514 deemed appropriate with respect to any regulations concerning the  
515 provisions of section 7-394a, submitted by the Secretary of the Office of  
516 Policy and Management, or the State Board of Education for a regional  
517 school district, for purposes of such review, and (2) work with any  
518 municipality or regional school district referred to it pursuant to the  
519 provisions of section 7-395, to improve the fiscal condition of such  
520 municipality or regional school district. Upon receipt of the secretary's  
521 report, or the State Board of Education's report in the case of a regional  
522 school district, pursuant to said section 7-395, the commission shall, in  
523 determining the level of financial distress of such municipality or  
524 regional school district, review audits, budgets, accounting and fiscal  
525 management practices and any other information relevant to the  
526 municipality's or regional school district's fiscal condition. The  
527 commission may require the chief executive officer of the municipality  
528 or the regional board of education to (A) provide such information and  
529 appear before the commission to discuss the financial condition of the  
530 municipality or regional school district and the implementation of  
531 remedial measures to improve its financial condition, and (B) submit a  
532 written report to the commission on implementation of the  
533 recommendations of the commission and other remedial measures. If a  
534 chief executive officer of a municipality or regional board of education  
535 fails to provide the information requested or submit the report within  
536 thirty days of the request, the commission may assess a civil penalty of  
537 not less than one thousand but not more than ten thousand dollars on  
538 the municipality or regional board of education. If a chief executive  
539 officer of a municipality or regional board of education upon whom a  
540 penalty has been imposed submits a request, the secretary may waive  
541 all or a portion of such penalty if he determines that a reasonable cause  
542 exists for not having provided the requested information or report. The  
543 secretary may, as a condition of such waiver, require compliance by a  
544 date set by the secretary. Reports generated pursuant to this subsection  
545 concerning a regional school district shall be filed with each member

546 town's board of selectmen and board of finance, if applicable.

547 Sec. 11. Subsection (a) of section 4-235 of the general statutes is  
548 repealed and the following is substituted in lieu thereof (*Effective July*  
549 *1, 2003*):

550 (a) The secretary shall designate cognizant agencies for audits  
551 conducted pursuant to sections 4-230 to 4-236, inclusive, or in the case  
552 of a regional school district, the cognizant agency shall be the State  
553 Board of Education.

554 Sec. 12. Section 7-396 of the general statutes is repealed and the  
555 following is substituted in lieu thereof (*Effective July 1, 2003*):

556 (a) The [regional board of education and] appointing authority of  
557 any municipality or audited agency shall file with the Secretary of the  
558 Office of Policy and Management the name of the independent  
559 auditor, designated to audit the financial statements of the [regional  
560 school district,] municipality, or audited agency, at least thirty days  
561 before the end of the fiscal period of such [regional school district,]  
562 municipality, or audited agency for which such audit is required. If  
563 any such appointing authority fails to notify the secretary of such  
564 designation before such thirty-day period, said secretary may appoint  
565 any independent auditor to audit the accounts of such [regional school  
566 district,] municipality or audited agency, and the cost and expense of  
567 such audit shall be borne by such [regional school district,]  
568 municipality or audited agency.

569 (b) The State Board of Education shall regularly solicit competitive  
570 proposals from qualified and licensed auditing firms to perform  
571 annual audits for regional school districts and shall randomly assign  
572 the firms to regional school districts. The audit firms shall be rotated at  
573 least every three years among the regional school districts.

574 Sec. 13. Subsection (a) of section 4-232 of the general statutes is  
575 repealed and the following is substituted in lieu thereof (*Effective July*

576 1, 2003):

577 (a) (1) Each nonstate entity which is required to be audited pursuant  
578 to sections 4-230 to 4-236, inclusive, shall designate an independent  
579 auditor to conduct such audit. Not later than thirty days before the end  
580 of the fiscal period for which the audit is required, the nonstate entity  
581 shall file the name of such auditor with the cognizant agency. If a  
582 nonstate entity fails to make such filing, the cognizant agency may  
583 designate an independent auditor to conduct the audit.

584 (2) Notwithstanding the provisions of subdivision (1) of this  
585 subsection, an auditor for a regional school district shall be selected  
586 pursuant to subsection (b) of section 7-396, as amended by this act.

587 Sec. 14. Subsection (c) of section 7-392 of the general statutes is  
588 repealed and the following is substituted in lieu thereof (*Effective July*  
589 *1, 2003*):

590 (c) In conjunction with each audit of its financial statements, each  
591 town shall provide for the auditing of the financial statements of each  
592 school district operating within its boundaries. In the case of a regional  
593 school district, the regional board of education shall provide for such  
594 an audit, in accordance with subsection (b) of section 7-396, as  
595 amended by this act. Audits performed for regional school districts  
596 pursuant to chapter 111 shall contain a written management letter, in  
597 accordance with guidelines developed by the State Board of Education.  
598 Said board shall determine when such a letter is necessary and define  
599 the items that should be contained in the management letter which  
600 shall include, but not be limited to, issues identified by the auditor  
601 during the course of the audit that do not rise to the level of a  
602 reportable condition, but indicate deficiencies with internal controls,  
603 interfund transactions, reserves or financial documentation.

This act shall take effect as follows:	
Section 1	July 1, 2003

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Sec. 2	<i>July 1, 2003</i>
Sec. 3	<i>July 1, 2003</i>
Sec. 4	<i>July 1, 2003</i>
Sec. 5	<i>July 1, 2003</i>
Sec. 6	<i>July 1, 2003</i>
Sec. 7	<i>July 1, 2003</i>
Sec. 8	<i>July 1, 2003</i>
Sec. 9	<i>July 1, 2003</i>
Sec. 10	<i>July 1, 2003</i>
Sec. 11	<i>July 1, 2003</i>
Sec. 12	<i>July 1, 2003</i>
Sec. 13	<i>July 1, 2003</i>
Sec. 14	<i>July 1, 2003</i>

**Statement of Purpose:**

To reform regional school district governance.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*