

To: Regional School District #4 Board of Education

Cc: Dr. Ruth Levy, Superintendent; Supervision District Committee and Kim....., Financial manager

**From: Chester Board of Selectmen and Board of Finance**

**Date: xxxxxxxxxxxxxxxxx**

Subject: Review of FY18/FY19 Regional School District #4 and Supervision District Budget Process and Practices

During the FY2018/2019 budget process, several questions arose relating to procedures and data. This letter requests (1) information that will permit the Board of Finance to improve its budget planning and recommends revising and (2) that you work toward formalizing the Region 4 Board of Education's capital planning and resource mobilization processes, consistent with State requirements.

Uncertain Funding of various State Revenue line items in Chester's Budget (e.g. Education Cost Sharing) has elevated the need for financial risk assessments and a better understanding of the policies, strategies, procedures and data utilized by the Board of Education in preparing and approving the annual Region 4 budget and a good understanding of future education costs. We respectfully request that you partner with us by providing information that will clarify current and future education impacts and financial requirements, including capital and non-recurring costs.

**I: Information on Average Daily Membership (ADM) and Estimated Budget projections.**

- A. **ADM Information.** Several concerns and questions were raised relating to ADM during the Budget hearings relating to the sources and timing of projections used. Consequently, we request the following:
  - 1. A copy of any full report prepared by a consultant regarding headcount projections for each of the member towns that documents projected ADM by Town and by grade for preK – 12<sup>th</sup> grades
  - 2. That each annual budget presentation reflect ADM and actual student body headcount by grade and by town be footnoted to dated source document
  - 3. If there is an original ADM estimate and a revised ADM estimate, show the original and revised ADM estimates – as well as the enrollment projection report dates for each.
  - 4. Proper heading for clarification of total student headcount vs any type of subset or visa versa

We would appreciate any currently available ADM source data be provided at your earliest convenience and request subsequent budget presentations reflect the remaining requests.

- B. **Estimated Budgets:** At the Region 4 Budget Presentation to the Joint Board of Finance and Board of Selectmen, the Chester Board of Finance requested Region 4 assist in future budget planning efforts by preparing a five year projection of Region 4 costs to Chester. The initial request seemed to be accepted. We ask that you provide estimated budgets for FY20 – FY23. Subsequently, as part of the annual budget review process please include with the the proposed budget, estimates for the following four years. We recognize the complexity of this request but hope that a strawman budget analysis with some consideration for ADM fluctuations to assist in assessing future financial impacts can be provided by January 2019.

**2. Capital Planning and Nonrecurring Expenditures.**

Chester and other towns have established multi-year capital funds to assure that large, non-recurring projects will have sufficient financing when they need to be undertaken. State statute 1-51(2) provides that regional boards of education may also have such funds and we recommend that the R4 Board formalize the current capital sinking fund into a Reserve Fund for Capital and Nonrecurring expenditures. The statute also provides that annual appropriations to such fund **shall be included** in the share of expenses paid by each town and that supplemental appropriations to such fund **may be made** from year end surplus funds. It further states that a complete and detailed report on the condition of the fund be submitted to each town. In our view, such a formalization will help both the Board of Education and the R4 member towns to understand and support the Region's capital requirements. In that regard, we also request a copy of Region 4's current capital projects list.

Thanks in advance for your assistance and we look forward to working with you.