

To: The Region 4 Board of Education

From: Chester Board of Finance

Date: June 4, 2019

CC: Chairs of Boards of Education for Essex, Deep River and Chester, Chairs of Boards of Finance of Essex and Deep River, First Selectwoman of Chester, the Superintendent, PFK O'Connor Davies and John Bennet

Re: Request to table any transfer of funds to cover the \$199K Capital Non-Recurring Fund Deficit

The Board of Finance is concerned regarding the Region 4 District's recent audit for full year 2017/18 indicating significant deficits in three accounts. Specifically, there are material discrepancies regarding the Capital fund between the Audit with a \$199K deficit and Administration reporting of the Capital fund showing an ending balance of \$322k for the same period. This difference implies that transfers have already taken place, but without any authorizing votes or clarity in the fund's reporting.

The Chester Board of Finance unanimously voted to recommend that any motion to transfer funds from the Region 4's General Fund to cover the capital deficit be tabled due to the risk of non-compliance and possible violation of State Statute with respect to management of a Capital non-recurring fund. There is concern regarding the Board's authority to transfer monies to explicitly cover a capital deficit.

Additionally, disclosure of policy and procedures need to be put in place to address the deficits in the other funds before any action on those be taken. Lastly, the Board of Finance has had several issues regarding appropriate transparency before, during and after this past budget cycle as it pertains to financial accountability and headcount reporting that need to be addressed in the coming months.