

To: Members of the Board of Finance

From: Melanie Neely, Treasurer

Date: October 14, 2026

Subject: Financials for September 2026

The September Financials are attached for your review.

Currently two accounts have exceeded budget; Pool Salaries is over budget by \$2,431.15. I have contacted Adam for an explanation. Hazardous Waste exceeds budget by \$1,537.71, due to increased interest in Hazardous Waste Day, which costs North Canaan for their portion of disposals.

I have spoken to George Sinnamon, and expect him this week or next to start our 2025-2026 audit.



North Canaan Elementary School

Beth Johnson, Principal

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Dear Members of the Town of North Canaan Board of Finance,

On behalf of the North Canaan Board of Education, I am writing regarding the longstanding issue of reconciling financial activity between the North Canaan Board of Education and the Town of North Canaan.

The reconciliation of financial activity between the Board of Education and the Town has historically not been addressed in a timely or consistent manner. As a result, outstanding items and discrepancies have accumulated over an extended period of time. We recognize that this is not an issue that originated with the current Town administration or the current Town Treasurer. We greatly appreciate the efforts of the current Town administration and Town Treasurer in taking on these longstanding issues and working diligently to complete the reconciliation process through March 2026. The Board of Education appreciates the time and effort that have been devoted to this process.

The Board would like to acknowledge a concern regarding the audit findings from fiscal year 2023–2024. The findings related to outstanding and unreconciled items appear to place responsibility primarily on the Board of Education, even though the Board has taken steps to reconcile its own accounting records internally. Because the reconciliation process involves both the Board of Education and the Town, we believe it is important that the historical nature of the issue and the shared responsibilities involved be recognized.

Additionally, the Board of Education has received official communications from the Connecticut State Department of Education (CSDE) regarding the ongoing reconciliation concerns. The CSDE has requested that the Board address these outstanding matters through the development and implementation of a reconciliation plan. In light of this request, it is important



that the Town and the Board of Education work collaboratively and establish a clear, documented plan with specific timelines and responsibilities for resolving the remaining issues.

The Board believes that a coordinated approach between the two entities is necessary to fully

address the concerns identified and to ensure that the reconciliation process remains current moving forward.

Reconciliation Timeline

The Board of Education is committed to continuing to work cooperatively with the Town to address all remaining outstanding and unreconciled items. In response to the concerns raised and the request from the Connecticut State Department of Education, we respectfully request that the following timeline be established:

- October 2026: The Town and Board of Education identify and compile all remaining outstanding, unreconciled, or disputed financial items, including items carried forward from prior fiscal years.
- October 2026: Representatives from the Town and Board of Education meet to review the outstanding items, determine the appropriate documentation needed, and assign responsibility for researching and resolving each item.
- November 2026: The Town and Board of Education continue the reconciliation process, with a goal of resolving outstanding items and documenting any items that require additional research or clarification.
- December 2026: A final review of all remaining items is conducted jointly by the Town and Board of Education, with the goal of resolving or appropriately documenting all outstanding matters.
- January 1, 2027: The Board requests that the reconciliation of historical financial activity be substantially completed, with all items either reconciled, appropriately documented, or accompanied by a mutually agreed-upon plan for resolution.

Establishing this timeline will provide both entities with clear expectations and accountability



while allowing the Town and Board of Education to work collaboratively toward a common goal

and respond appropriately to the CSDE's request for a reconciliation plan.

Commitment to Ongoing Reconciliation

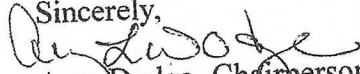
In addition to resolving the historical outstanding items, it is important that a consistent process

be established to prevent similar issues from accumulating in the future. The Board of Education respectfully requests written confirmation from the Board of Selectmen that the reconciliation of financial activity between the Town and the Board of Education will remain a priority and will be actively addressed, monitored, and planned for on an ongoing basis.

We believe that a written commitment to maintaining timely and regular reconciliation will provide greater accountability, improve communication between the two entities, and help ensure that future audits accurately reflect the financial activity of both the Town and the Board of Education.

The Board is committed to continuing to work cooperatively with the Town to complete the remaining reconciliation work and to establish a consistent process moving forward. We expect that the future reconciliation process will operate much more smoothly, be completed on a timely basis, and remain current.

We appreciate the cooperation and efforts of the current Town administration and Town Treasurer in addressing these longstanding matters. We look forward to working collaboratively with the Town and the Board of Selectmen to bring the historical reconciliation work to completion, respond appropriately to the Connecticut State Department of Education's request, and establish a sustainable process for the future.

Sincerely,

Amy Dodge- Chairperson

North Canaan Board of Education