

**TOWN OF GRANBY
BOARD OF FINANCE
MEETING MINUTES
May 22, 2023**

PRESENT: Michael Guarco, Chairman; Alfred Wilke, Vice Chairman; Jenny Emery, Kevin Hobson, William Kennedy and James Tsaptsinos

OTHERS PRESENT: Kimi Cheng, Director of Finance (Zoom); Jordan Grossman, Superintendent of Schools; Anna Robbins, BOE Business Manager and Sarah Thrall, Board of Education Chairman

CALL TO ORDER:

The meeting was called to order by Chairman Michael Guarco at 7:30 p.m.

1. APPROVAL OF MEETING MINUTES FROM APRIL 24, 2023

ON A MOTION by J. Emery, seconded by K. Hobson, the Board voted (6-0-0) to approve the meeting minutes of April 24, 2023.

2. PHOENIX ADVISORS, LLC

Matthew Spoerndle, Senior Managing Director with Phoenix Advisors, LLC presented a credit overview for the Town of Granby. Overall, the Town is in very good financial shape and has an S&P rating of AA+. Slides of the complete presentation are included in the meeting packet.

3. STATEMENT OF ACCOUNTS

Anna Robbins, BOE Business Manager reported on the BOE April 2023 Statement of Accounts:

- The full year forecast shows an anticipated overbudget condition of \$704K, which is better than the previous month by \$120K.
- The biggest change is in Special Education, which is \$82K better than the previous month. Fluctuations in out-of-district tuition and transportation as well as changes in the student population contribute to the favorable change.
- The favorable forecast for regular education of \$41K is \$38K better than the previous month. Projected savings in various categories including salaries & benefits, transportation and supplies continue to offset overbudget conditions in purchased instructional services, electricity, maintenance and repairs and software. End-of-the year adjustments to purchase orders also continue to contribute to the favorable condition.
- Revenue to the Town is expected to be favorable at \$415K which is \$133K unfavorable compared to last month. The full year forecast shows a \$357K favorable variance in the Special Education Excess Cost Grant and a \$58K favorable variance in revenues from special education tuition charged to other towns as well as regular education tuition billed.
- Special Education Excess Cost Grant calculations were capped by the State at 76.3% which is a significant difference from the 88% promised earlier this year, resulting in the negative impact on the Special Education Excess Grant forecast.
- The Quality and Diversity Fund is stable and continues to trend positively for this year and for the five-year forecast.

Kimi Cheng, Director of Finance, reported on the highlights of the April 2023 Statement of Accounts.

- Tax collection is slightly lower at 100% versus 102% at the same time last year. The approximate \$1M shortfall will be covered by revenue from the State.
- Year-to-date revenue is \$1.1 M over budget due to an increase in building permits and short-term investment income.
- The Town has collected \$242,630 in permits for Station 280 and another \$380K is expected before the end of the fiscal year.
- STIF interest rates continue to be strong at a daily rate of 5.08% and a 7-day yield of 5.04%. Interest earned in April was about \$80,000.
- Total year-to-date April general fund expense is consistent at 85% with last year (83%).
- The expense overage in the Community Development department is due to the need for an interim Town Planner earlier in the year to cover FMLA. The contingency fund will be used to cover the overage.

4. CONSIDERATION OF CAPITAL EQUIPMENT LOANS

The Fiscal Year 2022-23 Town Budget includes approval for the loan purchase of public works vehicles and maintenance for the Town as well as a maintenance vehicle and technology equipment for the Board of Education.

Due to the high interest rates, Director of Finance Kimi consulted with the auditor and bond counsels and recommends an interfund loan from the General Fund as an alternative financing option. The Capital Equipment/Improvement Fund and the Education Quality & Diversity Fund would borrow cash from the General Fund and be required to repay the General Fund the principal and interest yearly until the loans are paid off. The interest rates for the interfund loans are recommended to be set at a 4.50% fixed rate.

At its May 1, 2023 meeting, the Board of Selectmen approved the use of the two interfund loans for the capital equipment purchases.

ON A MOTION by W. Kennedy, seconded by A. Wilke, the Board voted (6-0-0) to approve two interfund loans, one from the General Fund to the Capital Equipment/Improvement Fund in the amount of \$669,000 for a 4.5-year term and another one from the General Fund to the Quality & Diversity Fund for a 2-year term in the amount of \$37,000. Both loans have a fixed interest rate of 4.50%. Each year, the Capital Equipment/Improvement Fund and the Education Quality & Diversity Fund will repay the General Fund principal and interest as illustrated in the attached amortization tables.

5. CONSIDERATION AND APPROVAL OF BUDGET AMENDMENT FOR THE POMEROY-BRACE GRANT AWARD IN P&R PROGRAM EVENT FUND

The Granby Parks & Recreation Department applied for a Pomeroy-Brace grant to enhance the summer camp and preschool programs to support the department's Inclusion and

Enhancement Plan. On April 17, 2023 the Town was notified that the program had been selected and received a grant of \$27,000.

Since the grant award will increase revenue and expenditure line items in the P&R Program Event Fund, which was not budgeted in the Fiscal Year 2022-23 adopted budget, a budget amendment is required per the Town Charter. The grant will increase the Hartford Foundation Grant and the Hartford Foundation Grant Expense line items in the P&R Program Event Fund by \$27,000.

At its May 15, 2023 meeting, the Board of Selectmen commented favorably upon this request.

ON A MOTION by A. Wilke, seconded by J. Emery, the Board voted (6-0-0) to approve a budget amendment to increase the Hartford Foundation Grant and the Hartford Foundation Grant Expense line items in the P&R Program Event Fund by \$27,000 to implement the Inclusion and Enhancement Plan.

6. CONSIDERATION OF BOE (BOARD OF EDUCATION) APPROPRIATION REQUEST

The Board of Education and administration have been closely monitoring the negative full-year forecast in the end-of-year balance attributable to unbudgeted expenses in special education tuition and transportation. On May 3, 2023, the BOE voted to authorize the administration to request an additional appropriation of funds, not to exceed \$823,793, to cover any negative year-end balance.

The Board of Selectmen commented favorably upon this request at their meeting on May 15, 2023.

After a lengthy discussion, the board decided to use the updated April forecast of \$704,000 to appropriate the funds and make two motions to address the negative balance. It is anticipated that the final year end number will be less than the April amount.

ON A MOTION by J. Emery, seconded by J. Tsaptsinos, the Board voted (6-0-0) to approve a Board of Education budget amendment not to exceed \$357,000 for the projected Special Education Excess Cost reimbursement revenue.

ON A MOTION by J. Emery, seconded by A. Wilke, the Board voted (6-0-0) to approve a Board of Education appropriation not to exceed \$347,000 from the General Fund as needed to address any additional shortfall in the Board of Education budget as of June 30, 2023.

7. CONFIRM DATE OF NEXT MEETING

The Monday, June 19, 2023 regular meeting of the Board of Finance will be cancelled unless a need for the meeting arises.

The next meeting of the Board of Finance is scheduled for Monday, July 24, 2023.

8. ADJOURNMENT:

ON A MOTION by A. Wilke, seconded by W. Kennedy, the Board voted (6-0-0) to adjourn the meeting at 9:10 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "B. Mazzotta". The signature is written in a cursive, flowing style.

Betsy Mazzotta
Recording Secretary