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**TOWN OF GRANBY
BOARD OF FINANCE
TOWN HALL MEETING ROOM
15 North Granby Road
Granby, CT 06035**

The Granby Board of Finance will hold a regular meeting on Monday, May 22, 2023 at 7:30 p.m. in the Town Hall Meeting Room. The following agenda pertains:

1. Approve Minutes From April 24, 2023 Meeting

Documents:

[BOF MINUTES 4-24-2023.PDF](#)

2. Phoenix Advisors, LLC

[POWERPOINT PRESENTATION](#)

3. Consideration Of Capital Equipment Loans

Documents:

[2023-0522BOF4 - CAPITAL EQUIPMENT LOAN.PDF](#)
[2023-0522BOF4ENC. - 669K INTERFUND LOAN AMORTIZATION TABLE.PDF](#)
[2023-0522BOF4ENC. - 37K INTERFUND LOAN AMORTIZATION TABLE.PDF](#)

4. Consideration And Approval Of Budget Amendment For The Pomeroy-Brace Grant Award In P&R Program Event Fund

Documents:

[2023-0522BOF5 - BUDGET AMENDMENT PB GRANT FOR PARK AND RECREATION DEPT.PDF](#)
[2023-0522BOF5 - PR BA 2023-009 - POMEROY-BRACE GRANT FOR INCLUSION AND ENHANCEMENT PLAN.PDF](#)

5. Consideration Of BOE (Board Of Education) Appropriation Request

Documents:

[2023-0522BOF6 - BOE APPROPRIATION MEMO.PDF](#)

[2023-0522BOF6 - GF BOE BA AND ADDL APPROP 2023-010 - SPECIAL
EDU.PDF](#)

6. Confirm Date Of Next Meeting

7. Adjournment

**TOWN OF GRANBY
BOARD OF FINANCE
MEETING MINUTES
April 24, 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 and Anna Robbins, BOE Business Manager

CALL TO ORDER:

The meeting was called to order by Chairman Michael Guarco at 7:00 p.m.

1. APPROVAL OF MINUTES FROM APRIL 10, 2023 PUBLIC HEARING

ON A MOTION by J. Emery, seconded by A. Wilke, the Board voted (6-0-0) to approve the minutes of the April 10, 2023 Public Hearing.

2. APPROVAL OF MEETING MINUTES FROM APRIL 10, 2023

ON A MOTION by A. Wilke, seconded by J. Emery, the Board voted (6-0-0) to approve the meeting minutes of April 10, 2023.

3. STATEMENT OF ACCOUNTS

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

- Tax collection is slightly lower at 99% versus 102% at the same time last year. The difference is attributed to the shortfall in the Motor Vehicle Property Tax Cap.
- STIF interest rates continue to be strong at a daily rate of 4.87% and a 7-day yield of 4.89%, which is much higher than last year. Interest earned in March was about \$78,000.
- Total year to date March general fund expense is consistent at 79% with last year (78%).
- Legal Services is estimated to be over budget by \$302 due to consultations on track repairs, the Holcomb Farm project, the communications project, charter revision commission questions, bond reallocation questions, lease issues and an LAFD personnel issues. The overspending is anticipated to be covered by the contingency fund.
- Gas and diesel prices were not as high as anticipated, and the Public Works budget has been able to absorb the expenses.
- The deadline for entering PO's was April 7, 2023.

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

- The full year forecast shows an anticipated overbudget condition of \$824K which is \$34K worse than the previous month. The favorable forecast for regular education of \$3.5K is \$19K worse than last month. Projected savings in salaries and benefits, transportation and other areas offset overbudget conditions in substitutes, electricity and software.
- The forecast reflects the results of the March 15, 2023 purchase order deadline. All encumbered funds will fall to the bottom line.

- Special Education is over budget by \$827K which is \$15K worse than last month. The shift is primarily due to changes in out-of-district tuition and transportation. The over-budget conditions continue to reflect multiple changes in student placements since the budget was developed and in specific individual needs that have contributed to additional costs.
- Revenue to the Town is expected to be favorable at \$548K which is \$94K unfavorable compared to last month. The full year forecast shows a \$490K favorable variance in the Special Education Excess Cost Grant and a \$57K favorable variance in revenues from special education tuition charged to other towns as well as regular education tuition billed.
- The Quality and Diversity Fund is stable and continues to trend positively for this year and for the five-year forecast.
- The superintendent will put forth a memo to the Board for an additional appropriation for year-end.
- The Town received four bids for the Granby Memorial High School Roof Replacement Project and all were under the established budget for the project.

4. ESTABLISH THE MILL RATE FOR THE FISCAL YEAR 2023-24/FURTHER DISCUSSION ON BUDGET CHANGES IF NEEDED.

The FY 2023-24 budget passed at the Town Referendum on April 24, 2023 by a vote of 656 (yes) to 549 (no).

ON A MOTION by K. Hobson, seconded by J. Emery, the Board voted (6-0-0) to approve the following proposed resolution for the mill rate:

WHEREAS The Town Referendum has adopted an Annual Budget for the Fiscal Year 2023-24 on April 24, 2023, as proposed by the Board of Finance, and

WHEREAS This Budget includes appropriations from the General Fund, Dog Fund, Local Capital Improvement Program Fund, Capital Equipment/Improvement Fund, Town Aid Road Fund, Sewer Utility Fund, Recreation Events Fund, Education Quality and Diversity Fund, Solid Waste Fund, and Other Funds, and

WHEREAS This Budget includes an expenditure amount for the Board of Selectmen of \$16,949,991 and an expenditure amount for the Board of Education of \$36,155,291, for a total Town Budget of \$53,105,282, and

WHEREAS Anticipated revenues excluding taxes levied for the Fiscal Year 2023-24 amount to \$10,854,220.

NOW THEREFORE BE IT RESOLVED that the Board of Finance set a mill rate of 31.89 to raise an estimated \$42,251,062 in property taxes for the Fiscal Year 2023-24.

5. CONFIRM DATE OF NEXT MEETING

The next meeting of the Board of Finance is scheduled for Monday, May 22, 2023 in the Police Department Community Room.

6. ADJOURNMENT:

ON A MOTION by W. Kennedy, seconded by A. Wilke, the Board voted (6-0-0) to adjourn the meeting at 8:23 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

TOWN OF GRANBY

MEMORANDUM

DATE: May 22, 2023

TO: Board of Finance

FROM: Kimi Cheng, Director of Finance

REGARDING: BUSINESS – 4
Consideration of Capital Equipment Loans

Background

The Fiscal Year 2022-23 Town Adopted Budget includes approval for the loan purchase of a dump truck, pickup truck, public works vehicle, and maintenance equipment for the Town and buses, a maintenance vehicle, and technology equipment for the Board of Education in the Capital Equipment/Improvement Fund.

With a capital equipment loan program, the Town is able to spread purchase costs over several years. Due to the high-interest rate set by the Federal Reserve, we received a significant increase in interest rates offered by two banks the Town currently has a banking relationship. Liberty Bank offers an interest rate of 5.32% for a four-and-one-half-year loan agreement, and Westfield Bank offers an interest rate of 6.75% for the same four-and-one-half-year loan agreement.

In addition to the small capital 4.5-year loan agreement, the Town is asking for the approval of:

1. A two-year loan program through the Q&D fund for the Board of Education's one-to-one computing program to purchase Chrome books and iPads for students in the amount of \$37,000 at a rate of 5.32% from Liberty Bank and 6.75% from Westfield Bank. The table below shows the total interest and cost for each bank:

	Liberty Bank		Westfield Bank	
	Interest Rate	Estimated Total Interest	Interest Rate	Estimated Total Interest
\$37,000 (2-year term)	5.32%	\$ 2,978.10	6.75%	\$ 3,787.02
\$669,000 (4.5-year term)	5.32%	\$ 92,088.56	6.75%	\$ 117,882.61
Total Interest and Cost		<u>\$ 95,066.66</u>		<u>\$ 121,669.63</u>

Because of the high-interest rates offered by both banks, the Board should consider an alternative method of borrowing, which is interfund loans from the Town General Fund. An interfund loan is cash borrowed from one fund by another fund and is treated as a balance sheet transaction only. In

this case, the Capital Equipment/Improvement Fund and Education Quality & Diversity Fund (Q&D) would borrow cash from the General Fund. The Capital Equipment/Improvement Fund and Q&D Fund would be required to repay the General Fund the principal and interest yearly until the loans are paid off, the same as loans from the bank. The interest rates for the interfund loans are recommended to be set at a 4.50% fixed rate. The following table shows the total interest for the interfund loans:

	General Fund Interfund Loans	
	Interest Rate	Estimated Total Interest
\$37,000 (2-year term) Q&D Fund	4.50%	\$ 2,515.82
\$669,000 (4.5-year term) Capital Fund	4.50%	\$ 77,493.84
Total Interest		\$ 80,009.66

Staff consulted with both the auditors and bond counsels, who had no issue with this practice and did not foresee any problems. The audited unassigned fund balance for the Town General Fund as of June 30, 2022, was \$9,670,529.

Next Steps

At its May 1, 2023 meeting, the BOS approved the use of two interfund loans for this fiscal year’s capital equipment purchases. Pursuant to section 10-6(e) of the Granby Town Charter, I am forwarding the request to the Board of Finance for your consideration.

Note that the interfund loans will not affect the total additional appropriation calculation since the interfund loans are balance sheet transactions (due to and due from accounts) that have no impact on the revenues and expenditures.

PROPOSED MOTION:

I move that the Board of Finance 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 Education 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.

**Enclosures: \$669K Interfund Loan Amortization Table
 \$37K Interfund Loan Amortization Table**

Interfund Loan Calculator (Capital Fund)

		Enter values	
Loan amount		\$ 669,000.00	
Annual interest rate		4.50%	R 0.0225
Loan period in years		4.5	N 9
Start date of loan		6/1/2023	
Each payment		\$ 82,943.76	\$ 165,887.52 Yearly
Number of payments/Year		9	
Total interest		\$ 77,493.84	
Total cost of loan		\$ 746,493.84	

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
1	12/1/2023	\$ 669,000.00	\$ 82,943.76	\$ 67,891.26	\$ 15,052.50	\$ 601,108.74
2	6/1/2024	\$ 601,108.74	\$ 82,943.76	\$ 69,418.81	\$ 13,524.95	\$ 531,689.93
3	12/1/2024	\$ 531,689.93	\$ 82,943.76	\$ 70,980.74	\$ 11,963.02	\$ 460,709.19
4	6/1/2025	\$ 460,709.19	\$ 82,943.76	\$ 72,577.80	\$ 10,365.96	\$ 388,131.39
5	12/1/2025	\$ 388,131.39	\$ 82,943.76	\$ 74,210.80	\$ 8,732.96	\$ 313,920.58
6	6/1/2026	\$ 313,920.58	\$ 82,943.76	\$ 75,880.55	\$ 7,063.21	\$ 238,040.04
7	12/1/2026	\$ 238,040.04	\$ 82,943.76	\$ 77,587.86	\$ 5,355.90	\$ 160,452.18
8	6/1/2027	\$ 160,452.18	\$ 82,943.76	\$ 79,333.59	\$ 3,610.17	\$ 81,118.59
9	12/1/2027	\$ 81,118.59	\$ 82,943.76	\$ 81,118.59	\$ 1,825.17	\$ (0.00)

Interfund Loan Calculator (Q&D Fund)

		Enter values	
Loan amount		\$ 37,000.00	
Annual interest rate		4.50%	R 0.045
Loan period in years		2.0	N 2
Start date of loan		6/1/2023	
Each payment		\$ 19,757.91	\$ 19,757.91 Yearly
Number of payments/Year		1	
Total interest		\$ 2,515.82	
Total cost of loan		\$ 39,515.82	

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
1	6/1/2024	\$ 37,000.00	\$ 19,757.91	\$ 18,092.91	\$ 1,665.00	\$ 18,907.09
	6/1/2025	\$ 18,907.09	\$ 19,757.91	\$ 18,907.09	\$ 850.82	\$ (0.00)

TOWN OF GRANBY

MEMORANDUM

DATE: May 22, 2023

TO: Board of Finance

FROM: Kimi Cheng, Director of Finance

REGARDING: BUSINESS – 5

Consideration and Approval of Budget Amendment for the Pomeroy-Brace Grant Award in P&R Program Event Fund

Background

This year the Granby Parks & Recreation Department applied for the competitive Pomeroy-Brace grant that would allow the Department to enhance the summer camp and preschool programs to support the implementation of the Parks and Recreation Departments Inclusion and Enhancement Plan. This plan includes providing consultant-led trainings and activities, additional staffing, as well as associated supplies and equipment necessary to facilitate inclusion in the summer camp and preschool programs. On April 17, 2023, we received the good news that our program has been selected and that we will be receiving a grant of \$27,000 to implement this program.

Next Steps

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 the 2022-23 adopted budget, a budget amendment is required per the Town Charter. The grant check 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. Pursuant to section 10-6(e) of the Granby Town Charter, I am forwarding the request to you for comment.

PROPOSED MOTION:

I move that the Board of Finance 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.

Enclosures: Appropriation #2023-009

TOWN OF GRANBY

The following information is required prior to the approval of any Board of Finance Appropriation or Transfer:

Agency Requesting Action: Board of Selectmen X
 Board of Education

Date of Requesting Agency's Action: May 15, 2023

Type of Action Requested (Check One): Additional Appropriation
 Transfer of Funds
 Budget Amendment X

Date of Request: May 22, 2023

Fiscal Year: 2022-23

Amount of Request: \$27,000

Purpose of Request (Explain briefly or attach narrative):

To provide consultant-led trainings and activities, additional staffing, as well as associated supplies and equipment necessary to facilitate inclusion in the summer camp and preschool programs.

<u>Budget Amendment (Inc. In Revenue):</u>	<u>Budget Amendment (Inc. In Expenditure):</u>
251.03.42.0000.46086 Hartford Foundation Grant \$27,000	251.40.40.4005.52662 Hartford Foundation Grant Expense \$27,000

Certification: This is to certify that there is available an unappropriated and unencumbered fund balance to meet the above appropriation request(s). For the General Fund, the total appropriations for the Fiscal Year do not exceed 1-1/2% of the current levy [Charter Sec. 10-6 (e)].

 Acting Town Manager/Date

Date of Board of Selectmen Comment Action: May 15, 2023 Approved: YES X NO

Date of Board of Finance Resolution Action: May 22, 2023 Approved: YES NO

cc: Director of Finance & Town Treasurer



To: Mark Fiorentino, First Selectman
cc: Mike Guarco, Chairman, Granby Board of Finance
Sarah Thrall, Chairman, Granby Board of Education
From: Jordan Grossman, Ed.D., Superintendent of Schools
Date: May 4, 2023
Re: Appropriation Request

As you know, the administration and the Board of Education (BOE) have been closely monitoring the negative full-year financial forecast which is (\$823,793) as of March 31, 2023. The negative forecast in the end-of-year balance is 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 end-of-year balance on June 30, 2023.

Kindly have the Board of Selectmen comment on the request and forward to the Board of Finance for its consideration at their May 22, 2023 meeting. A member of the Board of Education and I will be present at the May 15, 2023 Board of Selectmen Meeting to address any questions.

Thank you for your consideration of this appropriation request.

TOWN OF GRANBY

The following information is required prior to the approval of any Board of Finance Appropriation or Transfer:

Agency Requesting Action: Board of Selectmen
Board of Education X

Date of Requesting Agency’s Action: May 15, 2023

Type of Action Requested (Check One): Additional Appropriation X
Transfer of Funds
Budget Amendment X

Date of Request: May 22, 2023

Fiscal Year: 2022-23

Amount of Request: \$823,793

Purpose of Request (Explain briefly or attach narrative):

To fund negative forecast in special education tuition and transportation

<u>Budget Amendment (Inc. In Revenue):</u>	<u>Budget Amendment (Inc. In Expenditure):</u>
001.02.82.0000.43170 Spec Ed – Excess Grant \$TBD	001.80.80.8001.59900 BOE Expenditure \$TBD

<u>Appropriation From:</u>	<u>Appropriation To:</u>
General Fund Balance not to exceed \$400,000	001.80.80.8001.59900 BOE Expenditure not to exceed \$400,000

Certification: This is to certify that there is available an unappropriated and unencumbered fund balance to meet the above appropriation request(s). For the General Fund, the total appropriations for the Fiscal Year do not exceed 1-1/2% of the current levy [Charter Sec. 10-6 (e)].

Acting Town Manager/Date

Date of Board of Selectmen Comment Action: May 15, 2023 Approved: YES X NO

Date of Board of Finance Resolution Action: May 22, 2023 Approved: YES NO

cc: Director of Finance & Town Treasurer