



TOWN OF GRANBY

MEMORANDUM

DATE: September 30, 2025

TO: The Granby Board of Selectmen
The Granby Board of Finance

FROM: Kimi Cheng, Director of Finance

REGARDING: **Consideration of Establishing a Special Grants Fund for the Federal/State/Local Grants or Donations**

Background

Historically, grants that did not require a Town match were recorded within the General Fund. As the General Fund is a budgetary fund approved by the voters, any expenditures from it—even if reimbursed by grants—were interpreted as subject to the provisions of Charter Section 10-6(e) for transparency purposes. Specifically, the first clause of this section “additional appropriations over and above the total budget may be approved from time to time by the Board of Finance by resolution, upon recommendation of the Board of Selectmen, for items other than Board of Education requests.”

To enhance fiscal transparency and streamline grant management, we propose establishing a Special Grants Fund. This fund will:

- Record federal/state/local grants/reimbursement grants or donations under \$50,000 that do not require a Town match or use of taxpayer funds. For example, grants from the Fire Marshall’s office, PEGPETIA grant for the Library, Early Voting Grant, etc.
- Require separate purchase orders (POs) for all expenditures covered by such grants.
- Ensure these grants are excluded from the calculation of additional appropriations under Charter Section 10-6(e), consistent with the past practice.

Establishing a Special Grant Fund will enhance transparency and accountability in grant tracking, prevent commingling of reimbursed grant expenditures with budgetary funds, improve operational efficiency and effectiveness, and align with Charter provisions while reducing administrative burden on BOS and BOF for routine grant-funded purchases.

Next Steps

To formally establish a dedicated fund for recording federal/state/local grants/reimbursement grants or donations under \$50,000 received by the Town that do not require a town match or use of taxpayer funds, the following resolution is recommended to be adopted by the Board of Selectmen and the Board of Finance:

BE IT RESOLVED THAT: The Board of Selectmen (Finance) of the Town of Granby hereby establishes a fund known as the **Special Grants Fund**. Said fund shall be established to assist with tracking grant expenditures for the federal/state/local grants/reimbursement grants, or donations under \$50,000. The source of this fund shall not require a town match or use of taxpayer funds.

The Granby Town Manager shall approve appropriate POs in accordance with procedures with the Town of Granby's purchasing policy and grant requirements.

Any balance remaining in said fund, should the fund be dissolved, shall meet the requirements of grant commitments or be returned to the Town's General Fund as determined by the Board of Selectmen and the Board of Finance.



TOWN OF GRANBY

MEMORANDUM

DATE: October 1, 2025

TO: The Granby Board of Selectmen
FROM: Mike Walsh, Town Manager
REGARDING: Granby Grants Procedure – Approval of a Special Grant Fund

Background:

In general, a grant award to the Town of Granby is a monetary award (revenue) from an outside person, agency, or source with specific spending requirements (appropriation) attached as a condition to the grant.

Further, based on a historical interpretation of Charter Section 10-6 (e), certain grants were used as a basis to amend the total Town budget by increasing revenue and expenses.

In order to better comply with Generally Accepted Accounting Principles (GAAP) for governmental entities, certain grants should be recorded in a Special Revenue Fund without the need to amend the budget. Adopting this process would eliminate the administrative burden of amending the budget, improve the Town's financial metrics, and streamline the administrative process of spending the grant timely and in compliance with the conditions of the grant.

Additional Discussion:

There are basically two type of grants – type one are "directed" grants where we secure funds (revenue) to do something specific like buy smoke detectors (the expense). Type two are "aspirational" grants where we seek to secure funding for larger projects like handicapped accessibility to the Route 20 Parking Lot, or perhaps expanding the Library.

Historically, the Town of Granby has sought the approval of the Board of Selectmen before applying, accepting, and expending under both types of grants. Further, when some of these grants are secured, approval from both the Board of Selectmen and the Board of Finance to amend the budget for additional revenue and expenditures then takes place. This second step is not necessary and is a sizable administrative burden.

Moving Forward:

If the BOS approves the attached resolution Finance Director Kimi Cheng has provided, we will bifurcate grants moving forward.

For "directed" grants that require no taxpayer money, we will accept and spend them out of a Special Grant Fund without amending the Town's budget and we will periodically communicate that to the BOS and BOF bodies.

For "aspirational" grant funds, we will continue to seek BOS approval prior to submitting any application or accepting grant funds or expending funds.