

**New Hartford Board of Finance
Regular Meeting
March 26, 2024 @ 7:00 pm**

Present Chairperson Kerry Guilfoyle, Members: Dan Charest, Lou Helt, Paul LeClair (on Zoom), Charlie Neale, Ben Witte; Alternates: Ryan Bingham (on Zoom) and Steve Seltzer. First Selectman Dan Jerram, Town Treasurer Gordon Ross, Selectwomen Mary Beth Greenwood & Alesia Kennerson, John Burdick and Melanie Ollett.

Absent Camille Burford

Call to Order Chairperson Guilfoyle opened the meeting at 7:07 pm.

Seating of Alternates None

Communications and Other Items Presented to the Board

Chairperson Guilfoyle read a letter from Jeanette Francini, 82 Evergreen Crossing, former director at the Beekley Library. In her letter she stressed the importance of the Beekley Library. The letter is available for viewing at the Town Clerk's Office.

Ms. Guilfoyle said she has spoken to King & King on how we currently book BOE funds.

Public Comment John Burdick, 164 Holcomb Hill Rd, said after just attending the Board of Selectmen meeting, he is concerned about the reduction to the Beekley Library. The library is proposing a 3% increase. A lot of that represents salaries. He believes that 3% represents a modest increase. He said the amount they are requesting is in line with libraries in other towns.

Melanie Ollett, director of the Beekley Library, 515 Main Street, said she is also concerned about the budget cut. The library serves all the residents of New Hartford.

2024/2025 Budget – Discuss and take action on budget.

Ms. Guilfoyle informed the Board that she had a discussion with the auditor, Chris King regarding Education Grants (pass through and special ed excess costs). For many years we have been "booking" grants associated with the pass through and excess cost as two separate revenue line items within the budget; although only the "pass through grants" show as revenue within the Board of Ed budget. Special Ed Excess costs are shown on the revenue page as income to the Budget used to 'offset' taxes. Mr. King said, of the towns he audits, we are the only town he knows of that does it the way we do and he is recommending that we consider doing things differently.

Ms. Guilfoyle said she looked at Canton and Burlington budgets to see how they do it. The BOE is asking to have the excess costs appear directly within their budget line item. They believe that the excess costs should be applied directly as a line item to offset their expenses.

Ms. Guilfoyle checked the audits back to 2018 and we have not budgeted them correctly. There were 2 years where nothing was reflected within the general fund receipts, leading her to believe that perhaps the BOF approved giving the Excess Costs revenues to the BOE after the fact. So, she believes we might be “mis-representing” the BOE line item to the Town.

Mr. Jerram said the difficulty is that the town has been operating with this accounting process for many years and this hasn’t been an issue for either the Board of Finance or the Auditors. This board budgets the pass-through grants outside of the departments right on the Summary page. The excess cost grant receipts have been unreliable, and the thought has been that if the Board of Ed had additional Special Ed costs, they could come back to the Board of Finance and seek approval for additional funding.

Complicating the issue is the fact that after studying these grants, the Auditors have found that the Board of Ed has exceeded their budgeted appropriation the last few years. The Supt. of Schools would inform the Board of Finance at budget time of the anticipated revenues and since the onset of COVID, revenues (due to Federal Funding for COVID) have come in higher. The Board of Ed has expended the higher amount in operations without seeking approval to exceed their approved budget. In 2023, \$179,539 was budget for pass through grants but revenues came in at \$292,619, which was spent by the BOE. Therefore, the BOE spent \$113,080 more than what they were told they could spend as approved by the Board of Finance. The operations budget was underspent by roughly \$14,000 but there is still an overage of roughly \$98,000 where they exceeded the appropriation.

The booking of the Excess Cost grant is a minor thing. Historically the Town does not receive the full amount of the estimated special ed revenue that has been put into the revenue sheet. The BOE does not get the money they think they will.

Ms. Guilfoyle said that she thinks we should reflect both Excess Costs and pass-through in the General Town Budget.

Mr. Jerram also spoke with Mr. King and he asked Mr. King how does the Board of Finance put a statutory figure on BOE spending -- *you can spend X dollars* and be able to be transparent in reporting to our public about what that funding level is? The other question he asked Mr. King was which number gets reported for Minimum Budget Requirement for the state? Are you tied to the net or the gross? With a declining enrollment scenario, we are spending 5.8% more in local ed. no matter how you book it.

Ms. Guilfoyle feels that the pass-through should be represented in the BOE line. It shouldn’t be just excess cost.

Mr. Witte said they already show the pass-throughs in their budget. Ms. Guilfoyle said the town also shows it as an offset. The BOE has underspent (operations budget) over the last few years yet we have over received pass through grants. The BOE spent everything given to them and then some. Mr. Witte asked how they overspend the appropriation. Mr. Jerram replied they are getting more grants. The state is giving them more and the town is passing it through. Mr. Jerram said the larger issue is documenting what the Board of Finance allows the Board of Education to spend. Ask the Board of Education for monthly reports of where we stand on funds. If it exceeds \$20,000 then you will need to have a town meeting to fix it by the end of the fiscal year.

Ms. Helt asked - if we leave it this way or change it will the Board of Finance have less control over the Board of Education? Ms. Guilfoyle doesn’t see it that way. Mr. Jerram said you are documenting how much they can spend. You usually don’t get all the grants that you want.

Annual operations are coming under but the Adult Ed and the Pass-through grants are coming in over. Mr. Witte said he is willing to commit to looking into this over in the next few months and possibly implement a change in a future budget year. Mr. Jerram suggested that Debbie Franklin of King & King be asked to come in and specifically say what they would like you to do in the fiscal year. In the BOE budget you have almost \$10 million in operations, the capital money and pass through grants. The pass-through grants are about \$323,000 net of the \$130,000 excess cost grants. We could ask Ms. Franklin how the auditors want it tracked. Mr. Witte said he didn't know if we could do it for this budget cycle. Ms. Helt felt it would have to stay past practice until next year's budget. Mr. Witte said if we had minutes to show we were working the issue he didn't feel we would be in a bad position with the auditor for not doing it in the two weeks we have to pull the numbers together. Mr. Witte & Mr. Charest would like to play out several scenarios.

Mr. Jerram said it is still being booked as revenue into the general fund. It won't have its own separate bank account. It will be a sub-category on an Excel spreadsheet. Mrs. Helt said if we have been counting it as revenue in the town's General Fund what is the impact to the town. If other towns are doing this, we need to do it that way and it needs to be clean. Ms. Guilfoyle said when we made changes to the Recreation Department, we explained what we were doing. For this budget, if we were to change, we would be taking two- line items and moving them over to the Board of Ed. We also need to know how we will monitor the Board of Education. We need to explain that we need the Board of Education to be responsible for these line items. We need transparency as to what the true cost of education is.

Ms. Guilfoyle said we are now on record to look into making changes.

Mr. Jerram said that the BOE currently gives Treasurer Ross a transfer request. Mr. Witte said we could ask for more information on grants. Mr. Jerram said that there could be additional accounting of how much in the transfer request is for Grants and how much is operations and when the grant fund expense is more than what has been received, the payment is stopped until BOF approves.

Mr. Witte said we directed the BOE to cut \$100,000 from the expenditure budget. What we had in mind was to take the \$130,000 out of it and then cut \$100,000. The intention was to cut the \$100,000 outside of the \$130,000. Mr. Jerram said they made some changes. Ms. Helt said they BOE meets tomorrow night and we won't know what they are proposing before the public hearing. Ms. Guilfoyle said that a special meeting can be scheduled. Mr. Witte said we could tell them that we would like to take the \$130,000 out of their budget and it will go into the Revenue side. That brings their new budget to \$964,530 dollars. We need to give them direction on the \$130,000.

What they presented to us is we take \$100,000 out of their budget but the \$130,000 that they have as an offset take that out. So, they will take \$230,000. They only need to take out \$100,000 to get there. Mr. Jerram said you are saying the revenue is on the revenue page. It won't change the mill rate. The BOE does not make changes to the town's revenue page. Mr. Jerram said the true expense at that time was \$10,064,530.59. You made a cut of \$100,000 which brought you to \$9,964,530.59. The BOE budget shows \$130,000 less because Supt. Sousa wants to move the money that's in the town's revenue directly into the BOE budget.

Motion by Mr. Witte to take the \$9,934,530.59 as presented by the Board of Education on March 16th and remove the \$130,000 worth of Spec. Ed. reimbursement reductions from their

budget back to the Town budget that increases their budget to \$10,064,530.59. Second by Ms. Helt.

Unanimous

Motion by Mr. Witte to reduce the BOE budget of \$10,064,530.59 by \$100,000 in BOE expenditures consistent with the motion on March 22nd for a total budget expenditure of \$9,964,530.59. Second by Ms. Helt.

Unanimous

Town Budget

Mr. Jerram said they made several adjustments. The adjustments to capital were made to remove \$10,000 from Recreation, \$30,000 from the Furnace Repair Line. There was a change to the IT line under General Administration-Computer Maintenance. Previously the IT person had a contract for 125 hours of work. With the switch-over to Microsoft 360 and the police accountability bill he is now going to a flat fee. That line needed to be increased by \$10,000. The EDC website (under Commissions & Other Agencies) was funded by ARPA funds. The contract ends in December. An additional \$2,500 was needed to get through the end of the fiscal year. To mitigate those changes we made 5 spending cuts. In Health Care - \$4,000; Beekley Library - \$2,500; Bakerville Library - \$500, Commissions & Other Agencies - \$3,000 to the West Hill Pond Association and in Health, Sanitation & Welfare - \$2,500 to the Visiting Nurse.

The percent increase for the Beekley Library is 2% and for Bakerville Library 3.5%. The reason the percent increases aren't the same is because the Bakerville Library does an abnormal amount of fundraising. Ms. Helt said 42% of the Bakerville Library budget is fundraising. If you put the \$12,500 back in then the total increase would be 3.8% up from 3.74%. Ms. Guilfoyle said except for the letters received in support of the Beekley Library budget request there has been very little communication received.

There will be a Board of Finance Special Meeting on Friday at 6 pm.

Motion by Ms. Helt to adjourn at 8:57 pm. Second by Mr. Neale.

Unanimous

Respectfully submitted, Penny Miller, Recording Secretary

Attachments

Letter from Jeanette Francini