TOWN OF EAST HADDAM
Board of Finance – Special Meeting
March 21, 2026
Municipal Office Building – Room 1 & 2
Via Zoom and YouTube Live

Participating: Joseph Corbett
Debra Denette
Maureen Goff
Scott W. Jezek
Eric Kolasinski
Harvey Thomas

Others: V. Belles; First Selectman T. Gelston; L. Zemienieski; and other members of the public

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Ms. Goff called the meeting to order at 9:08 a.m. and the attendees said the pledge of allegiance.

2026-2027 BUDGET

Ms. Goff reviewed the next steps in the BOF's budget review process.

a. Debt Service – Ms. Goff noted that the Board had reviewed the Debt Service budget at an earlier meeting. Mr. Jezek stated that he does not want to lose sight of the discussion the BOF began regarding a change in the Town's conveyance tax structure which, he felt, could be used to retire the Town's bond debt.

b. Interfund Transfers - Ms. Goff noted that the Board had reviewed the Interfund Transfers budget at an earlier meeting.

c. Fringe Benefits - Ms. Goff noted that the Board had reviewed the Fringe Benefits budget at an earlier meeting.

d. Capital - Ms. Belles called the Board's attention to a spreadsheet she had distributed which reflected the current remaining balances of previous capital projects by government type. She suggested that there is an opportunity to reallocate some of the remaining funds in old Capital projects to new ones. She reviewed several completed Capital projects and the potential to reallocate their remaining balance of funds.

Ms. Goff noted that the total cost of undetermined Capital Projects for FY26-27 is $3.9M.

The Board discussed several departmental Capital projects. They briefly discussed whether or not the Capital projects savings account for fire apparatus is adequate considering the escalating cost of fire trucks. Ms. Belles advised that the Fire Department had asked to have this Capital request be increased from $100k to $400k annually.

Mr. Gelston advised that, at this time, the Town would withdraw EDC's Capital request for matching grant funds for the bike path project.

There was a general discussion about Lake Hayward's Capital request for funding for its planned dam repair. Mr. Gelston advised that he had informed the Association representatives that he did not believe the Town would be able to afford more than the $108k that it has already put aside for that project; further, he recommended they go back to DEEP and request an extension on its deadline for getting the repairs completed in order to put aside additional funding.

e. Other budget discussion items as needed –In response to a question raised by Ms. Denette, Ms. Belles confirmed that $126k had been included in the BOF's FY2026-2027 Contingency line for the Ambulance Association.

It was noted that the BOE has capital reserves; however, Ms. Goff stated that the BOE has not yet finalized its surplus allocation for FY24-25. There was a brief discussion about the state's July 2024 legislation allowing Boards of Education greater flexibility in managing their reserves.

There was a general discussion about how to account for the revenue from the Ray Board endowment in the FY26-27 budget. The consensus was to adhere to the accounting procedure that has been in place for approximately the past 20 years until a legal solution is achieved. Mr. Corbett stated that he agreed with that decision; however, he would like to know the BOE's reason for recommending a change in accounting procedures. Mr. Jezek concurred.

In response to a comment made by Ms. Denette, and in light of declining enrollment in the Town's schools, there was a general discussion about the feasibility of consolidating two of its schools. Mr. Gelston agreed that such a plan could reduce or eliminate the need for some BOE long-term capital projects, however, he emphasized that the Town would have to do a cost-benefit analysis of the proposal. Ms. Belles noted that a previous study, conducted by the school district on the feasibility of consolidating two of its school facilities, could be a useful reference tool for any future cost-benefit analysis done on the subject.

Ms. Goff recommended a more detailed breakout of the BOE's budget in the next Citizens' Guide to the Budget. She suggested reporting their budget information broken down by school and also listing the revenue they receive via endowments and grants.

Ms. Goff read an email she had received from BOE Chair Thompson which outlined staff cuts, and related cost savings, made by the BOE. Ms. Thompson's email also stated that all increases in the BOE's FY26-27 budget were solely unavoidable increases in expenses, such as health benefits, Special Education tuition, and transportation. Ms. Thompson expressed concern that citizens may not be aware of the BOE revenue that offsets its expenses and, therefore, may not have a full picture of the impact of the BOE's budget on taxes. She also stated that the BOE believes that there is an opportunity to fund its FY26-27 Capital projects with the BOE's non-

lapsing and Capital Savings funds, so as to not further burden taxpayers. Ms. Thompson concluded her email by asking for the BOF's support. Ms. Goff thanked Ms. Thompson for the information provided in her email.

Mr. Corbett expressed his support for the BOE and acknowledged the common frustration everyone is experiencing with the condition of the current economy. He noted that, since 2020, inflation has gone up 25%-26% while the Town's Grand List has only increased 2% and stated that the majority of the tax increases fall on private taxpayers because the Town has so few commercial properties. Mr. Corbett stated that the choice before the BOF and the Town's taxpayers is whether they can live with a drastic increase in property taxes or a drastic cut in services. Mr. Corbett requested the public provide specific constructive input to the BOF, the Town, and/or the BOE if they feel that there are areas of the budget that can be reduced.

In response to a suggestion made by Ms. Denette, the Board discussed potential demolition projects at the Old Town Office Site. Ms. Goff expressed concern about deferring the Capital request to demolish the Annex due to safety issues.

Per requests made by Ms. Goff, Ms. Belles provided the following information:

- the Town's total Salaries/Wages budget for FY26-27 is $4,903,402.00.
- the BOE's reserves were $51,164.00 in FY 23 and $417,647.00 in FY24.

Ms. Goff provided a rationale for allocating any potential reductions the BOF would request between the Town's and BOE's budgets.

Ms. Belles distributed a spreadsheet which reflected a number of budgetary scenarios based on a number of variables. In response to a question from Mr. Thomas, she confirmed that the Operating budgets and Revenues in the spreadsheet are on an "apples-to-apples" basis regarding the accounting of the Ray Board endowment revenues. She also confirmed that the spreadsheet does not contain any contribution from Unassigned Fund Balance.

In response to a question raised by Mr. Jezek, Ms. Belles reviewed the impact of the vacancy in the BOE's Business Manager position on the closing out Town's FY25-26 books. Ms. Goff also reviewed her discussions with the BOE about the Town's need to have the BOE's final FY24-25 financial records by the first week of April, and its desire to have a more successful audit season next year.

Mr. Kalasinski stated that he would not vote for any increase in the FY26-27 budgets. Mr. Jezek stated that the feedback he had gotten during his campaign for a position on the BOE indicated that citizens do not want their taxes to go up any more. Consequently, he stated he would be hard-pressed to vote for any increase in the mil rate.

Ms. Goff reviewed the following considerations that are on the table:

a. Hold the FY2026-2027 budget flat by cutting $800k out of the Town and BOE Operating budgets.

b. Reduce the Town and BOE Operating budgets by $1M.

c. Hold the mil rate flat by reducing the FY26-27 Operating budget increases by $1.3M with an additional reduction of $700k from the approved FY25-26 Operating budget.

d. Consider reducing FY26-27 Capital by $600k.

Mr. Corbett stated that he feels that the BOF may be doing itself a disservice and may be causing itself more problems in the future. He stated that he is nervous about supporting anything that is as significant a hit to the budgets as what is being considered; however, he suggested putting it to the taxpayers to vote on and if they think the FY26-27 budget is too low, they should vote it down.

In response to an inquiry from Ms. Goff, Mr. Corbett stated that he would consider supporting a zero-increase budget for FY26-27. Ms. Goff stated that the goal is to be able to increase the budget each year, based on the increase in the Grand List, while keeping the cost to the taxpayer flat. Ms. Denette stated that whatever the BOF presents to the citizens, she would like have the FY26-67 budget passed at the first referendum. She briefly discussed the BOF's request to change the accounting procedure for the Ray Board endowment.

The board recessed for lunch at 11:42 a.m. and the meeting reconvened at 12:34 p.m.

e. Other budget discussion items as needed (continued) – Ms. Goff again reviewed the options under consideration. She suggested using $500k of Unassigned Fund Balance to offset FY26-27 expenses. Ms. Denette suggested using $1.3M of Unassigned Fund Balance to avoid delaying Capital projects and noted it was half of the amount of Fund Balance that was utilized last year.

Mr. Jezek stated that there would have to be new growth in the Grand List in order to benefit future budgets.

In response to Mr. Thomas' request for clarification, Ms. Goff confirmed that the $600k proposed for Capital projects would be allocated to the Town because the BOE has reserves that they can use to put toward their FY26-27 Capital projects list. There was a short discussion regarding reallocating the balances in completed Capital Projects funds to new Capital Projects rather than returning it to the General Fund and Ms. Belles confirmed that those monies could be repurposed.

The Board continued to discuss various scenarios that would lead to bringing a responsible budget to the taxpayers for a vote. Mr. Thomas suggested using $1M to offset FY26-27 expenses, holding the BOE to its approved FY25-26 budget numbers, and to ask the BOS to make the remaining reduction needed out of its Operating budget. Ms. Goff stated that reducing the BOE budget by $962k, the BOS budget by $40k, adding $600k of Unassigned Fund Balance to offset expenses, and $600k for Town Capital, results in a 1.19 mil rate increase.

Ms. Goff surveyed the Board about all of the options that they were considering. In response to a question from Mr. Jezek, she provided clarification about how reductions at the departmental level are determined.

There was a general discussion about the state's Minimum Budget Requirement (MBR) for Boards of Education and Ms. Goff noted that the BOF can revisit that discussion in the summer. In response to an inquiry from Mr. Corbett, Ms. Zemienieski provided details on state of CT requirements for passing a budget and setting a mil rate. She confirmed that the budget calendar for FY26-27 includes time for a second referendum before June 30th.

Several Board members supported a proposal to hold the Town and BOE to a zero-increase over their FY25-25 budgets, using $1M of Unassigned Fund Balance to offset expenses, and to allocate $600k to the Town for Capital projects. Mr. Corbett stated that he believes providing for no increase in the FY26-27 Operating Budgets is a bad idea which will create bigger problems for the Town in the future; he stated he could not support the proposal.

GUEST AND AUDIENCE COMMENTS

There were no guests or audience comments raised at the meeting.

POTENTIAL 2026-2027 BUDGET RESOLUTION

Prior to a motion being made, Mr. Thomas asked Ms. Goff to memorialize the details of the budget proposal that will be put forward to the citizens. Ms. Goff provided the following information:

- $1M of Unassigned Fund Balance was allocated to the budget to offset FY26-27 Operating expenses.
- $600k was allocated to the Town's FY26-27 Capital projects budget.
- The BOE will use their reserves for FY26-27 Capital projects.
- $51k was cut from the BOF Contingency Fund.
- The BOF is open to repurposing completed Capital projects' reserve balances to new Capital projects.
- The Ray Board endowment income was accounted for in the Town's revenue budget and the BOE's FY26-27 expenses were increased accordingly.

Motion made by Ms. Denette to utilize $1,000,000.00 of the Unassigned Fund Balance to offset the FY 2026-2027 budget. Mr. Thomas seconded the motion. Mr. Corbett, Ms. Denette, Ms. Goff, Mr. Kalasinski, and Mr. Thomas voted aye. Mr. Jezek voted nay. Motion was approved by a majority of ayes. Motion carried.

In response to a question from Mr. Jezek, Ms. Goff confirmed that there is more than $1M available in FY2025-2026 Unassigned Fund Balance to offset expenses in the FY2026-2027 Operating budget.

Motion made by Ms. Denette to present to a Public Hearing on April 7, 2026, at the Nathan Hale High School, a total budget of $43,841,297.00 based on the projected October 1st, 2025 Grand List of $1,205,671,237.00. This budget represents a 28.67 mill rate and a 1.8% decrease from the FY 2025-2026 budget. Mr. Thomas seconded the motion. Ms. Denette, Ms. Goff, and Mr. Thomas voted aye. Mr. Corbett, Mr. Jezek, and Mr. Kalasinski voted nay. Motion failed.

Ms. Goff queried the nay voters. It was noted that Mr. Corbett does not want to cut so much out of the Town or BOE budgets and Mr. Jezek would like to reduce the budgets further. Mr. Kolasinski stated that he would prefer to have an amount closer to $.5M and was concerned about the taxpayers voting for a higher budget. Ms. Belles noted that the Town's bank is now paying them interest on the funds

in their checking account; therefore, she would be comfortable adding another $100k to interest income in the FY26-27 budget revenue.

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Ms. Goff stated that the BOF's March 23rd budget workshop meeting would be cancelled. She stated that the Communications Sub-committee will work on updating the Citizens' Guide to the Budget and submit it to the printer by March 26th. Ms. Goff stated that the legal notice for the Public Hearing will be sent to the East Haddam News on March 26th for publication on April 2nd and that the Public Hearing will be held on April 7th at 7:00 p.m. in the High School auditorium; BOF and BOS meetings will immediately follow the Public Hearing.

ADJOURNMENT

Motion made by Mr. Kolasinski to adjourn the meeting at 1:59 p.m. Mr. Thomas seconded the motion and it was approved by a unanimous aye vote. Motion carried.

Respectfully submitted,
/s/
Debra Denette
Secretary