

BUDGET SCHEDULE

General Fund & Capital Improvement Program

<u>Date</u>	<u>Action Required</u>
October 7, 2014	Staff Receives and Completes CIP Project Requests and Status of Current Projects
October 27, 2014	Staff Receives General Fund Budget Packets
October 29, 2014	Staff Returns Capital Outlay and Capital Improvement Requests
November 20, 2014 to December 4, 2014	Staff Returns General Fund Budget Requests As Assigned
December 3, 2014	Town Manager Begins General Fund Budget Reviews
January 16, 2015	Town Council Receives CIP Planning Document
January 21, 2015	Town Council CIP Workshop
January 22, 2015	Public Notice of Annual Town Meeting
January 28, 2015	Annual Town Meeting – Town Manager and Board of Education Superintendent presents operating, capital and Debt & Transfer Budgets
January 30 through February 10, 2015	Board of Finance Meets with Town Manager to review requests
February 9, 2015	Board of Finance Recommends CIP Budget Document and General Fund Budget to Town Council
February 24 through March 3, 2015	Town Council Reviews budget requests with Town Manager and Department Directors
March 10, 2015	Town Council Sets CIP Planning Document Priorities
March 10, 2015	Town Council Reviews CIP Projects and Recommends General Fund Budget and Capital Improvement Projects
March 20, 2015	Proposed Budget Available to Public
March 24, 2015	Final Budget Hearing Closed/Budget Adopted
March 26, 2015	Set Mill Rate/Board of Finance (Charter, Section 608)

BUDGETED FUNDS

BUDGET PROCESS

The Town establishes and maintains legally adopted operating budgets for its General Fund Budget and Capital Improvement Program in accordance with provisions of the Town Charter and the Connecticut General Statutes. The budget process follows the schedule as outlined on page B-1. Budgets are legally adopted for three Special Revenue Funds: the Sewer Operating Fund; Recreation Activities Fund; and the Police Private Duty Fund.

The modified accrual basis of accounting is used for the General Fund budget and all other governmental funds with legally adopted budgets. All are adopted in accordance with generally accepted accounting principles. Annual operating budgets are prepared and employed for management control in the General Fund. Unexpended appropriations of the General Fund lapse at fiscal year end. Under the modified accrual basis of accounting, revenues are recorded when measurable and available to finance current operations. Revenues susceptible to accrual must be collected within 60 days, following the end of the fiscal year. This generally includes property taxes, expenditure-reimbursement type grants, certain intergovernmental revenues and operating transfers, and excludes licenses and permits, charges for services, assessment and miscellaneous revenues that are generally not measurable until received.

Expenditures are generally recognized when incurred. The exceptions to this general rule are principal and interest on general long term debt and compensated absences, currently recognized when due.

Throughout the fiscal year, the Town utilizes encumbrance accounting where purchase orders, contracts or other commitments are recorded as expenditures in order to reserve a portion of the applicable appropriation. Encumbrances are recognized as a valid charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued. At year end, however, remaining encumbered appropriations in the town's budgetary funds are carried forward to the following year until the commitment is fulfilled. In addition, generally, all unencumbered appropriations lapse at year-end with the exception of those for the capital outlay purchases in the General Fund and capital projects funds. On a case by case basis, certain unencumbered general fund appropriations may be carried forward as approved by the Town Manager, Board of Finance and Town Council.

There is an annual adoption process in the current year of the five-year Capital Improvement Program. The program has two processes: a planning process and a budgetary process. Each January, the Town Manager provides the Town Council with a five-year planning document, which prioritizes the implementation of projects based on community needs. The Town Council evaluates the plan and establishes its priorities, as well as identifying the year for project implementation. Recommendations of these priorities are then submitted to the Board of Finance. The plan is then reviewed with the Board of Finance who considers funding for the projects and then makes a recommendation to the Town Council.

The Town presents the annual operating budget with a major emphasis on division and department operations. The account structure allows management to review and control by account, division, and department. The General Fund is used to account for all unrestricted resources for the operations of the Town except those required to be accounted for in another fund.

GENERAL FUND

The account structure of this fund is as follows:

Revenues and Transfers

- Taxes – includes the current levy, collection on prior year delinquent amounts, interest and lien/penalty fees.
- Licenses and Permits – includes Building Inspection Fees, Town Clerk and Refuse Permit Fees.

BUDGETED FUNDS

- Intergovernmental Revenue – the majority of this revenue is comprised of State grants, most significant of which is the State Education Cost Sharing Grant (ECS). Others include Payment In Lieu of Taxes reimbursements, Public Safety and Human Service grants.
- Charges for Services – this category includes Planning and Zoning fees, Town Clerk Recording and Conveyance fees, Solid Waste fees and fees for Recreation, Health, Public Safety, Library and Senior Service programs.
- Other Revenues – this category includes all other revenues, most significant of which is Interest on Investments, VoAg Tuition, Employee Health Insurance reimbursements and rental income from Town owned property.
- Transfers In – Accounts for transfers from other funds. For budgetary purposes, the use of fund balance is also accounted for in this category.

Revenues Non-Tax

Divisions that generate Non Tax Revenue will be so noted on their respective budget pages and include a line defining “Required from Taxes.” In some cases, fees and charges are driven by statutory requirements, local Ordinance, or regulations.

Expenditures and Transfers

- Personal Services – includes full time, part time and overtime wages
- Supplies - this category includes all office and operating supplies, all highway, drainage, grounds and roadside materials, and snow/ice removal materials. Professional development and training is also included herein.
- Services & Charges – includes all contractual services, employee related insurance, workers’ compensation, casualty insurance, pension contributions including social security, costs to maintain Town equipment and buildings, Town Attorney fees and utility and fuel costs.
- Capital Outlay – all purchases of office equipment and furniture, vehicles and trucks, machinery and equipment and land and building improvements are accounted for in this category.
- Debt Service – accounts for the current annual debt service payments on Town debt and may include estimates for future borrowing in the coming year.
- Transfers Out – this category accounts for the transfer to the Capital Reserve Fund and any other transfers to other funds as needed.

Throughout the budget process and document, each division provides:

- An outline of Activities, Functions and Responsibilities
- A summary of Successes and Accomplishments for the current calendar year highlighting any improvements, efficiencies and effectiveness in their areas of responsibility
- A summary of key Goals and Priorities for the remainder of the current and following fiscal year
- Comparative information relative to personnel, revenues generated, and the total expenditures to perform the services. This data allows for a review of funds proposed and approved by the Town
- Performance Measures and Activity Indicators for the division on a comparative basis

BUDGETED FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted by law or administrative action to expenditures for specific purposes. These funds do not include expenditures for programs accounted for in the General Fund or capital projects. The Town has three special revenue funds that operate within an annual legally adopted budget. All Special Revenue Fund budgets are prepared on a modified accrual basis.

The Sewer Operating Fund accounts for the operations and budgetary control of expenditures associated with the Waste Water Treatment Plant.

The Recreation Activities Fund accounts for Town sponsored recreation activities and programs that are fully supported by registration and user fees.

The Police Private Duty Fund accounts for the activity associated with police services provided to private companies and/or individuals that pay for the services. Revenues generated offset the expenditures for this service.

CAPITAL PROJECTS FUND

This fund accounts for transfers, revenues, and expenditures for the acquisition or construction of major capital facilities. The Town Council, Board of Finance and citizen referendum pursuant to the "Capital Improvement Program Criteria", authorizes the projects. This program is funded by a combination of issuance of debt, transfer from the Capital and Nonrecurring Expenditure Fund (CNR) or Capital Reserve funded through an annual appropriation in the General Fund, and the Sewer Assessment Fund and grant revenues.

The Charter may be reviewed in the Town Clerk's office or on the Town's website at www.glastonbury-ct.gov. The pertinent budgetary requirements sections are:

Sec. 602 Departmental estimates	Sec. 606 Council action on the budget
Sec. 603 Duties of the manager on the budget	Sec. 607 Referendum on the budget
Sec. 604 The school budget	Sec. 608 Fixing the tax rate
Sec. 605 Duties of the Board of Finance on the budget	Sec. 609 Effect of adoption of Town budget

FINANCIAL POLICIES

Amending the Budget - Expenditures may not legally exceed budgeted appropriations at the department level. The Town Manager can authorize budget transfers within a department of \$5,000 or less and does not include additional staffing or the acquisition of capital items deleted in prior budgets. Other transfers require Board of Finance and Town Council approval. Transfers between departments can only occur in the last three months of the fiscal year. The Board of Finance reviews monthly expenditures as well as required transfers. Additional/Supplemental appropriations require the recommendation of the Board of Finance for Town Council approval after going through a public hearing process.

Debt Policy – The Town Council and Board of Finance have enacted a policy whereby debt shall not exceed 3.5% of the respective year full value Grand List. This currently equates to approximately \$193.7 million. By comparison, debt as of the end of fiscal year 2014/15 is estimated at \$65 million. Also, the annual Debt Service shall not exceed 10% of the respective year budget. For the 2016 proposed budget, the Town's debt service payments represent approximately 6.0% of proposed expenditures. The Town is rated AAA by Standard & Poor's and Aaa by Moody's. The Town's policy is to protect these ratings by adhering to sound financial policies.

Capital Reserve Policy - The Town Council and Board of Finance enacted a formal policy whereby the Town Council shall consider a minimum annual appropriation and transfer to the Capital Reserve Fund in an amount equivalent to two percent (2%) of the current adopted Operating Budget rounded to the next highest \$50,000. The Policy also establishes a minimum unreserved and undesignated balance in the Capital Reserve Fund equal to \$1 million except as needed to meet emergencies as well as a referendum threshold for certain projects proposed to be financed with long term debt.

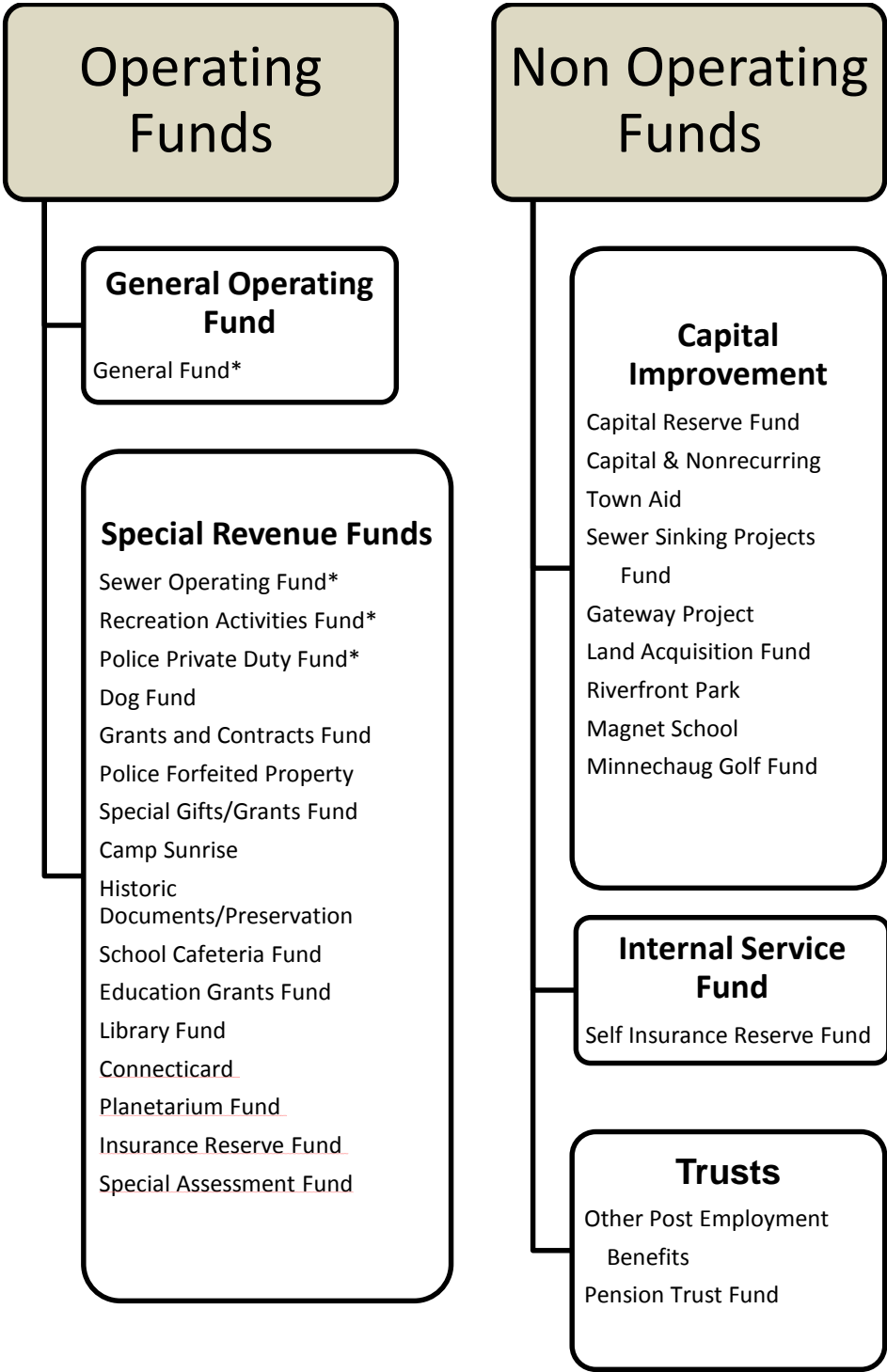
Use of Fund Balance Policy - The Town Council and Board of Finance adhere to a Policy whereby the Town shall maintain a minimum Unassigned Fund Balance of 12% of the subsequent year's General Fund operating revenues.

Cash Management – The Investment Portfolio Policies and Procedures apply to all financial assets of the Town, excluding Pension and Other Post Employment Benefit (OPEB) Trust funds. The primary objective of each investment transaction is to protect principal followed by maintaining sufficient liquidity for cash flow needs, and to attain the maximum yield possible taking into account the investment risk. Upon recommendation of the Board of Finance, investments are allowed in any financial institution approved by the Town Manager that meets the State of Connecticut definition of a "qualified public depository". In accordance with State Statutes, investments are allowed in U.S. Treasury and Government Agency Securities, overnight Repurchase Agreements, Certificates of Deposit, Money Market Accounts, and Local Government Investment Pools. In addition, the Town may use a third-party to purchase certificates of deposit with multiple banks, including out-of-state banks with no Connecticut branches, so long as each certificate of deposit does not exceed the FDIC coverage. The Town monitors the financial health of the financial institutions and provides quarterly reports on risk based capital ratios and collateral requirements to the Board of Finance according to CT General Statutes Sec 26-382.

Pension and Other Post Employment Benefits Trust Fund (OPEB) – Investment of the respective Pension and OPEB Trust Fund portfolios are composed of stocks, bonds and real estate investments. These funds are invested in accordance with established guidelines which allows for 65% in stock and 35% in bonds. The Board of Finance performs quarterly reviews of the pension assets.

Technology Replacement Schedule – The Town adheres to a strict schedule for replacement of computers, servers and software review. Funds are budgeted annually for maintenance and upgrades.

Loss Control – The Town has a successful loss control program for its workers' compensation and property and casualty insurance. Semiannually, department directors report on losses within their area of responsibility, the preventative action taken and training provided to their employees to mitigate losses.



*Denotes fund with legally adopted budget.

FUNCTIONAL RELATIONSHIPS

This chart illustrates the functional relationship between the various departments/divisions used for budgeting and fund structure used for financial reporting purposes.

DEPARTMENT/DIVISIONS	GENERAL FUND	SPECIAL REVENUE FUNDS					
		SEWER OPERATING	RECREATION ACTIVITIES	POLICE PRIVATE DUTY	SCHOOL CAFETERIA	HEALTH INSURANCE RESERVE	GRANTS
GENERAL GOVERNMENT							
Town Council	◆						
Town Manager	◆					◆	
Human Resources	◆					◆	
Facilities Maintenance	◆					◆	
COMMUNITY DEVELOPMENT							
Community Development	◆					◆	
Building Inspection	◆					◆	
Fire Marshal	◆					◆	
Health Department	◆					◆	
ADMINISTRATIVE SERVICES							
Financial Administration	◆					◆	
Accounting	◆					◆	
Property Assessment	◆					◆	
Revenue Collection	◆					◆	
Town Clerk	◆					◆	
Voter Registration	◆						
Legal Services	◆						
Probate Court	◆						
Insurance/Pensions	◆					◆	
PUBLIC SAFETY							
Police	◆			◆		◆	◆
Volunteer Ambulance	◆						
Fire	◆					◆	
Civil Preparedness	◆						
PHYSICAL SERVICES							
Engineering	◆					◆	
Highway	◆					◆	
Fleet Maintenance	◆					◆	
SANITATION							
Water Pollution		◆				◆	
Refuse Disposal	◆					◆	
HUMAN SERVICES							
Contributory Grants	◆						
Youth and Family	◆					◆	◆
Senior & Community Services	◆					◆	◆
LEISURE/CULTURE							
Parks/Recreation	◆		◆			◆	
Welles-Turner Library	◆					◆	◆
South Glast. Library	◆						
East Glast. Library	◆						
DEBT SERVICE							
	◆	◆					
EDUCATION							
	◆				◆	◆	◆

OPERATING

General Operating Fund

General Fund - The government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds account for and report the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or committed by the highest level of administrative action to expenditures for specified purposes other than debt service or capital outlay.

Sewer Operating Fund –To account for the operations of the Water Pollution treatment plant. Sewer use fees are set by the Water Pollution Control Authority. Proceeds are used to operate and maintain the facility and pay debt service for Clean Water Fund loans.

Recreation Activities Fund - To account for program activities administered by the Parks and Recreation Department which are funded by participation fees.

Police Private Duty Fund – To account for revenues and expenditures related to services provided by the police department on a contractual basis.

Dog Fund - To account for the operation of animal control. Financing is provided by license fees, fines and a state grant.

Grants and Contracts Fund – To account for certain state, federal or private grants that are restricted to use for specified programs or activities.

Police Forfeited Property - To account for the proceeds of property confiscated by the Town's Police Department. Such property confiscation is pursuant to 21 USC 88 of the Federal Comprehensive Drug Abuse Prevention and Control Act of 1970.

Special Gifts/Grants Fund - To account for gifts from the public designated for specific purposes.

Camp Sunrise - To account for a summer day camp program that meets the special needs of physically and emotionally handicapped children. Financing is provided by a state grant, tuition and private donations.

Historic Documents/Preservation – To account for the portion of property recording fees designated for use by the Town Clerk.

School Cafeteria Fund - To account for the operation of the public school lunch program. Funding is provided from the sale of food, federal and state grants, and USDA food donations.

Education Grants Fund - To account for state and federal educational grants received through the State Department of Education.

Library Funds – To account for monies received from private donors for the acquisition of books, materials and other related library services.

FUND DESCRIPTIONS

Connecticard - To account for monies provided by the State as reimbursement for excess borrowing of books by citizens of other municipalities.

Planetarium Fund – To account for program activities at the Magnet School Planetarium administered by the Glastonbury Board of Education and funded through fees charged by the program.

Insurance Reserve Fund – Funds to accommodate reserves for insurance claim costs that exceed deductions.

Special Assessment Fund – To account for the collection of sewer assessments levied against properties connected to the town's sewer system. These reserve funds are dedicated to infrastructure improvements of the sewer system.

NON OPERATING

Capital Improvement Funds

These funds account for financial resources to be used for the acquisition or construction of major capital facilities. The projects are authorized by the Town Council, Board of Finance and citizen referendum pursuant to the "Criteria for the Capital Improvement Program." This program is funded by a combination of debt, Capital and Nonrecurring Expenditures Fund (CNR), Sewer Assessment Fund and grant revenues. The Town adopted criteria that established a continuing appropriation of tax funding into the CNR Fund.

Capital Reserve Projects - To account for various projects funded by the Capital and Nonrecurring Expenditures Fund (CNR).

Capital and Nonrecurring Expenditures – accounts for the funds set aside for future capital improvements. The funding is provided by the General Fund. On the approval of the annual capital improvement program, resources are transferred to the Capital Reserve Projects Fund.

Town Aid - To account for improvement to existing Town roads. Funding is provided through a state grant program.

Sewer Sinking Projects - To account for various projects funded by the Special Assessments Fund.

Gateway Project - To account for costs associated with the Gateway Project.

Land Acquisition Fund – To account for various land acquisitions.

Riverfront Park – To account for the costs of construction and equipment for a public park along the Connecticut River.

Magnet School – To account for the costs of construction of the East Hartford/Glastonbury elementary magnet school. Substantially all costs will be reimbursed to the Town through the State school construction grant program.

Minnechaug Golf Fund - To account for costs of maintaining the Town-owned golf course. Revenues are generated through lease payments from the contracted administrator and expenditures are for course maintenance and improvement.

Internal Service Fund

Self Insurance Reserve Fund – To account for the costs of providing and administering health and dental insurance benefits to employees and retirees of the Town and Board of Education. Funding is provided by contributions by the Town, Board of Education, Housing Authority and plan participants.

Trusts

Other Post Employment Benefits – Employer contributions are recognized in the period in which the contributions are due, and the Town has made a formal commitment to provide the contributions.

Pension Trust Fund – Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due, and the Town has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.