

TOWN OF EAST GRANBY, CONNECTICUT CAPITAL POLICY

PURPOSE

The purpose of this policy is to describe the procedures by which Capital and Non-Recurring (CNR) Fund expenditures shall be planned, how CNR Funds may be authorized, and General Guidelines regarding the use of the CNR Fund and desired balances in the fund. In this document, we may refer to the Board of Education (BOE), Board of Selectmen (BOS) collectively as “The Submitting Parties”.

Developing the Five-Year CNR Fund Plan

The Board of Finance (BOF) shall maintain a Five-Year Plan for the estimated use of the CNR Fund. The five-year period will be the current fiscal year and the next 5 fiscal years. It may also be referred to in this Policy as the CNR Plan.

As of November of each year, an updated CNR Plan must be in place. Items identified for the first two years will be detailed and, *except in emergencies*, unchangeable. Plans for the later years will be identified but will be expected to be refined in subsequent reviews of the list.

The CNR Plan will be defined in conjunction with the annual Five-year Financial Plan. The timetable for the creation of the CNR Plan will be as follows (dates refer to the BOF meeting during the specified month).

1. June
 - a) The BOF identifies the estimated AMOUNT available from The CNR Fund for purchases in the next five fiscal years and requests the Submitting Parties to submit their plans for review at the next meeting. In determining the estimated AMOUNT available for purchases, the BOF considers updates to fund balances, Year End Balance in the fund, known or possible high-cost capital items in future years for which funds must be saved and any other risk or opportunities.

Updates to Fund Balances considers the following items:

- Planned contributions from the Operating Budget
- Interest on the balance in the CNR account
- Any reimbursement including closures from previous Capital Projects
- Sale of Capital Items
- Municipal Grants in Aid funding
- LOCIP Funding
- Casino Revenue
- Miscellaneous one-time income amounts
- Unforeseen recurring amounts as may be authorized by the State
- Requirement for the Unappropriated Year End Balance in the CNR Fund as described below
- Revisions to planned year end balances

- b) The BOF acts on Account Closure Review of unspent allocated appropriations and request for Town Meeting action on those that are obsolete.
2. September, (unless requested at a different time)
The Submitting Parties identify their capital needs for the next five years. This includes the addition for the first time of needs for the fifth year out. For the first two years these items are to be ranked in priority and with a brief description of each item. The Board of finance will estimate the fifth-year revenues and balances for the first time.
3. September - October
BOF reviews the lists from the submitting parties, and may request clarifications, options for alternate funding sources and updates from the submitting parties for any of these meetings. The BOF may modify prioritization made by the submitting parties.
4. November
The BOF adopts a new CNR Plan. This list will fall within the spending limits identified in the CNR Plan and with the AMOUNT specified above, without any underfunded or unfunded items included. Items will be ranked in overall priority order by the BOF and may not be in the same order as identified by the submitting parties or may not include all requested items. No items that the Board of Finance deems as unaffordable will be included. The list will be provided to the submitting parties.
5. December through June
The BOF Updates the current CNR Plan as needed. The BOF also prepares for the next Five Year CNR fund plan as data becomes available for Capital Account Closures, receipts of alternate funding, state Budget information, and other relevant information.

Unappropriated Year End Balance in the CNR Fund – The planned Unappropriated CNR fund year-end balance shall be set to \$700,000 for FY 23-24 and shall increase in the plan by at least 2.0% per year thereafter, until the Unappropriated CNR fund year-end balance equals or exceeds \$850,000, at which time the Board of Finance shall reevaluate the needed growth in the Unappropriated CNR fund year-end balance. A table of the what the Unappropriated CNR fund year-end balances over the next 10 years at a 2% annual increase is provided here and are the minimum balances this policy suggests.

	Planned CNR Fund
FY	Year-End Balance
24	\$ 700,000
25	\$ 714,000
26	\$ 728,280
27	\$ 742,846
28	\$ 757,703
29	\$ 772,857
30	\$ 788,314
31	\$ 804,080
32	\$ 820,162
33	\$ 836,565

If the actual Unappropriated CNR fund year-end balance exceeds the value in the table for a given year, the next years Unappropriated CNR fund year- end balance can be met with a less than 2% increase.

If the actual Unappropriated CNR fund year-end balance goes below \$700,000 in any year, the Board of Finance shall, in the next iteration of the five-year CNR fund plan, implement an approach to affordably to return the Unappropriated CNR fund year-end balance to \$700,000 and then resume the annual growth as identified above.

Authorizing CNR Funds.

During the fiscal year, the BOF will consider requests for Town Meeting Action only on items on the approved list. Exceptions may be made for legitimate emergencies (e.g., an unrepairable breakdown in critical equipment *or recently identified repair needs*, provided that offsets can be made within the allocated Monetary amounts.

The BOF will consider requesting Town Meeting action on any item in the approved plan at most meetings throughout the year but expects most capital requests will be held until June of the requesting year allowing the Town leeway to reallocate CNR funds to other CNR uses for emergencies or opportunities if they are deemed higher priority than items on the prioritized list. Items to be considered must be brought to the BOF one meeting prior to the meeting at which action is to be taken. Unless explicitly waived by the BOF, a full description of the item, a minimum number of three (3) vendor *quotes and an expected action timetable* must be provided to the BOF members at that time.

General Guidelines Regarding the use of the CNR Fund.

1. Expenditures from the CNR Fund can only be authorized upon approval at a Town Meeting.
2. Requests for items or services already purchased will not be considered.
3. With certain exceptions listed below, *repetitive items for more than two years will not be included on any list:*
 - Police Vehicles – Highway Trucks – Fire Apparatus -
4. Beginning with Fiscal Year 2027 the minimum appropriation and minimum expenditure to be included in the plan is \$10,000.
5. Bundling items to meet a minimum is discouraged.
6. There will be no yearly routine maintenance items (remain in the operating budget)
7. No items will be included that have a life expectancy of less than 2 years.
8. No ongoing items unless well-defined and finite in scope time and cost.
9. The Treasurer shall Report on Capital Account status and CNR Fund balance in the Monthly Treasurers report.

**Board of Finance
Adopted on 9/19/2023**

**Jeff Clark
Chair**