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## **0.0 INTRODUCTION**

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### **0.1 PURPOSE**

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The Sprague Board of Finance is responsible for the measurement and management of performance and controls that impact the efficient and effective use of tax dollars and other revenues provided by Town residents and other sources.

The Sprague Board of Finance is committed to being a leading provider and supporter of sound public finance principles and practices that ensure and enhance the delivery of services to Town residents in a responsible and cost effective manner.

To aid in achieving these objectives, the Sprague Board of Finance will specify and adopt, herein, policies in four broad categories: Administrative, Financial Planning, Revenue, and Expenditure. These policies are all inclusive and supersede all previous policy versions, statements, and/or documents. The affirmation history of a policy is presented at its conclusion, but numbering, wording, or content may have changed over time.

This document and all other documents referenced herein can be found on the Town of Sprague web site, [ctsprague.org](http://ctsprague.org), and viewing the Board of Finance main page.

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## **1.0 ADMINISTRATIVE POLICIES**

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### **1.1 POLICY REVIEW**

As periodic reviews, updates, and additions to existing policies are necessary to continue proper management of the finances of the Town of Sprague, the Board of Finance shall on an annual basis at a regular or special meeting review, discuss, and re-approve the financial policies stated herein.

*Action Required Annually ■ Affirmed October 15, 2015 ■ Affirmed October 30, 2014 ■ Affirmed October 17, 2013  
■ Affirmed September 20, 2012 ■ Affirmed September 15, 2011 ● Adopted March 10, 2011*

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### **1.2 POLICY ACCEPTANCE**

Policies that are adopted or revised by the Board of Finance may impact other agencies. These agencies may be internal to the Town of Sprague or they may be external. If, in the determination of the Board of Finance, a policy's effect is beyond the Board of Finance's direct oversight, a formal request shall be made by the Board of Finance to the affected agencies to accept and/or cooperate with the Board of Finance in carrying out the policy.

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■ Affirmed September 20, 2012 ■ Affirmed September 15, 2011 ● Adopted March 10, 2011*

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**1.3 PUBLIC COMMENT**

The Sprague Board of Finance may permit any individual or group to address the Board concerning any subject that lies within its jurisdiction during a portion of the Board's regular meetings so designated for such purpose.

1. Two (2) minutes may be allotted to each speaker and a maximum of twenty (20) minutes to public comment. The Board may modify these limitations at the beginning of a meeting if the number of persons wishing to speak makes it advisable to do so.
2. A member of the Board of Finance shall be appointed by the Chairperson to act as timekeeper for the meeting, if deemed necessary by the Chairperson.
3. Public comment shall be directed to the Board, not to individual members.
4. All speakers must identify themselves by name and address.
5. Order of speaker comment may be determined by sign-in, if deemed necessary by the Chairperson.

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■ Affirmed September 20, 2012 ■ Affirmed September 15, 2011 ● Adopted April 15, 2010*

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**1.4 BOARD ATTENDANCE AND RECORDKEEPING**

Member attendance at Board of Finance meetings is essential to maintain the effectiveness and continuity of the financial governance of the Town of Sprague. As elected officials of the Town of Sprague, board members are expected to perform their duties and obligations by participation and regular attendance at board meetings. The minutes of the each board meeting shall reflect this commitment.

In addition to motions, votes, and essential comments, each board member's cumulative percent attendance shall be recorded with separate percent attendances for regular and special meetings. The notion of an election-year, abbreviated EY, not a fiscal or calendar year shall be used. An election-year shall commence the first meeting after a municipal election and continue for a twelve-month period and repeat for another twelve-month period until the next municipal election.

The cumulative percent attendance is computed by dividing a member's attended meetings by the total board meetings (regular or special), multiplying by one hundred, and then rounding to the nearest percent. A further breakout of the total number of board meetings during an election-year period shall be noted by regular and special meetings.

The general form for a member's attendance is the member's name followed by the percent attendance for regular meetings then special meetings.

The following sample format may be used as the template for attendance recordkeeping in the minutes:

ATTENDANCE THIS MEETING AND FOR ELECTION YEAR 2012-13 TOTAL 8, 4 REGULAR, 4 SPECIAL						
PRESENT	YES	YES	YES	NO	YES	YES
	JANE	JOHN	MARY	AL	LIZ	SAM
FOR EY	BROWN	DOE	JOHNSON	JONES	SMITH	WHITE
REGULAR	100%	100%	100%	50%	100%	100%
SPECIAL	100%	75%	75%	25%	100%	100%

Lastly, a member who is unable to attend a regular or special meeting of the Board shall inform the Board chair of such as soon as conveniently possible. After three consecutive absences, the Board chair shall contact said member as to the member's participatory intentions.

*Action Required Per Meeting* ■ *Affirmed October 15, 2015* ■ *Affirmed October 30, 2014* ■ *Affirmed October 17, 2013*  
▲ *Revised September 20, 2012* ● *Adopted November 17, 2011*

## **1.5 BOARD MEMBER AND PUBLIC ORIENTATION**

- **OVERVIEW**

The Board of Finance is responsible for the measurement and management of performance and controls that impact the finances of the Town of Sprague. To conduct the Board's business, special information is required for members to effectively carry out their duties and for the public to follow the Board's proceedings. The information and document references below provide an orientation for all interested parties to participate in or to follow discussions of the Board of Finance. All documents can be found on the Town of Sprague web site, *ctsprague.org*, by visiting the Board of Finance main page, the Orientation page on the main page, or as otherwise indicated below.

- **MISSION, VISION AND PURPOSE**

These statements summarize the role, responsibilities and duties of the Board. See the Board of Finance main page.

- **BYLAWS**

The Board of Finance does not have bylaws. The Connecticut State Statutes provide the governance oversight in lieu of a Town of Sprague charter. The essential Statutes can be found on the State's website in the Statutes Chapter 106 Boards of Finance, but note that these are not the only Statutes that affect boards of finance.

- **HANDBOOK**

The Handbook for Connecticut Boards of Finance was last published in 1992, and is still applicable today. It summarizes and explains the Connecticut Statutes that relate to boards of finance. A scanned copy of the handbook is available along with an OCR interpreted copy of the text.

- **BOARD POLICIES**

The Board has policies that reflect its approach to the financial management of the Town of Sprague. Each policy is reconsidered and re-approved on an annual basis.

- **ANNUAL CALENDAR OF MEETINGS**

The Board of Finance publishes an annual schedule of its regular meetings as State Statutes require. The Board also makes available for its members and the public a schedule of meetings including anticipated special meetings with their expected purpose indicated. Note a difference between regular and special meetings is the agenda of a regular meeting may be amended during a meeting but not for a special meeting.

- **MINUTES OF BOARD MEETINGS**

The minutes of meetings are available for review. See the Board of Finance main page.

- **ANNUAL BUDGET**

The current year's budget, as well as any proposed budget, is available for review.

- **ANNUAL AUDIT REPORT**

The annual audit report contains the financial statements and the auditor's opinion on the financial management of the Town of Sprague and is available for review.

- **MEETING PROCEDURES**

The Board of Finance, as with all Town boards, commissions, and committees, follows procedures from Robert's Rules of Order when engaged in a meeting. Visit Robert's Rules for more information. In addition, the Board of Finance along with all public entities follows the Freedom of Information Act. The FOIA is there to ensure public access to the records and meetings of public agencies. Visit the Connecticut Office of Governmental Accountability Freedom of Information Commission site for more information.

- **ANNUAL TOWN REPORT**

This report, a responsibility of the Board, provides a qualitative and quantitative summary of the annual activities of the governmental entities of the Town of Sprague. This booklet is available at the Town Hall.

- **MANAGEMENT REPORTS**

Management reports are produced for, and reviewed by, Board members on a monthly basis. These include, but are not limited to, Board of Selectmen, Board of Education, Treasurer, Baltic Fire Department, and Tax Collector reports. Current and prior reports are available on request. Unlike the private sector, virtually all information utilized by the public sector is public information, but like the private sector, the public sector, in addition to external reporting, produces reports for internal management purposes. These reports follow management's needs and not necessarily external standards. Interpretation of these reports should be made with Board guidance.

- **MEMBER ROSTER**

The names and contact information for current Board members are available.

- **QUESTIONS ON OFFICIAL STATUS**

Questions by a Board member or the public on elective office(s) or official(s) status should be addressed to the Town Clerk. These questions include openings on boards, eligibility, political party affiliations, elections, terms of service, and resignations.

- **QUESTIONS ON BOARD POLICIES AND PROCEDURES**

Questions particular to the policies and procedures of the Board should be addressed to the Board. In addition, regular meetings have public comment as an agenda item where the public can voice their opinion.

- **QUESTIONS ON PUBLIC FINANCE**

The Government Finance Officers Association is a resource on public finance. One can find information on accounting, auditing, financial reporting, budgeting, fiscal policy, debt management, capital planning, investment management, and more. Of course, the internet is a resource for information on finance, accounting, and economics, in general, as well as, public, corporate and personal finance.

*Action Required Per Meeting ■ Affirmed October 15, 2015 ■ Affirmed October 30, 2014 ■ Affirmed October 17, 2013*

● *Adopted September 20, 2012*

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### **1.6 COMMUNICATION WITH TOWN BOARDS, COMMISSIONS, AND COMMITTEES**

The Board of Finance, to better support its mission to evaluate and determine financial risk exposure and performance measurement methods for the Town and Town Agencies in accordance with the distinct operating characteristics of each Town Agency, shall hereby establish procedures for coordinating the exchange of financial information between the Board of Finance and each Board, Commission, and Committee of the Town.

The Board of Finance shall:

- Designate a representative to conduct its financial business with the Boards, Commissions, and Committees of the Town.
- Request from each Town Board, Commission, and Committee a representative be designated by said Board, Commission, or Committee as the contact individual to the Board of Finance representative.
- Instruct the Board of Finance representative to conduct financial business with the Chairperson of a Board, Commission, or Committee in lieu of a designated representative.
- Require the Board of Finance representative to take minutes of any meeting between her or himself and a Board, Commission, or Committee representative that is conducted outside of a public meeting forum. Additionally, the Board of Finance representative shall with due time for review and possible concurrence of the Board, Commission, or Committee representative, distribute said minutes to all members of the Board of Finance and to all members of the representative's Board, Commission, or Committee. The Board of Finance representative shall discuss said meeting and minutes at the earliest convenience of the Board of Finance with the expectation that the Board, Commission, or Committee representative will do the same.

*Action Required Per Meeting ■ Affirmed October 15, 2015 ■ Affirmed October 30, 2014 ■ Affirmed October 17, 2013*

● *Adopted September 20, 2012*

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**1.7 PUBLIC DECORUM**

The Sprague Board of Finance has the obligation to taxpayers and the right under law to transact its business fully and efficiently while granting every opportunity to the public to observe the process of government. The presiding officer, i.e. the chairperson or designee, shall be responsible for the orderly conduct of business at each Board of Finance meeting or hearing and shall preserve order and decorum at such proceedings as described herein.

During a Board meeting or hearing, each member of the public shall:

- Be orderly and silent;
- Be allowed to record the proceedings except during an executive session;
- Be provided a reasonable opportunity to address the Board in the manner as explained by the presiding officer (see Policy 1.3 on Public Comment).

During a Board meeting or hearing, each member of the public shall not:

- Campaign for public office or promote private business ventures;
- Use a recording device in an intrusive or disruptive manner;
- Disrupt the meeting, interrupt another speaker, or use inappropriate language or gestures toward any public official, member of the public, or the proceedings itself; however, each citizen has the right to comment on the performance, conduct, and qualifications of members of the Board;
- Address issues that are not relevant to the business of the Board.

The rules set forth above shall be enforced in the following manner:

1. The presiding officer shall request that a person violating the rules be orderly and silent. If, after receiving a warning from the presiding officer, a person persists in disrupting the proceedings, the presiding officer may order him or her to leave. If such person does not remove him or herself, the presiding officer may contact a law enforcement officer to remove that person from the proceedings.
2. If the presiding officer of the Board does not enforce the rules set forth above, any member of the Board may move to require him or her to do so, and an affirmative vote of a majority of the Board shall require him or her to do so. If the presiding officer of the Board fails to carry out the will of a majority of the Board, the majority may designate another member of the Board to act as presiding officer for the limited purpose of enforcing any rule of this section which it wishes to enforce.

*Action Required Per Meeting* ■ *Affirmed October 15, 2015* ■ *Affirmed October 30, 2014* ● *Adopted October 17, 2013*

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**2.0 FINANCIAL PLANNING POLICIES**

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**2.1 BALANCED BUDGET**

The Board of Finance shall utilize the concept of a balanced budget as a guide through an economic cycle rather than as a requirement for any particular fiscal year's budget. This is commonly known as a cyclically balanced budget.

The Board of Finance shall annually recommend a budget where general government operating and capital expenditures plus general education expenditures are equal to federal, state, and local revenues plus the use of the general fund and/or reserve funds.

The Board of Finance shall not use long term debt to fund the short term or operating budget.

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■ Affirmed September 20, 2012 ▲ Revised November 17, 2011 ■ Affirmed September 15, 2011 ● Adopted March 10, 2011*

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**2.2 LONG-RANGE PLANNING**

Development of a long-range financial plan is essential to ensure that programs, services, and capital assets are affordable over the long run and that the long-term financial implications of proposed policies, programs, and assumptions are appropriately reflected in the current year's capital and operating budget.

The Board of Finance shall develop and maintain a five-year plan that shall include anticipated growth rates and/or trend changes for all revenue sources and expenditures integrated with the five-year capital plan. This shall be part of and integrated with the annual budget process.

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■ Affirmed September 20, 2012 ■ Affirmed September 15, 2011 ● Adopted March 10, 2011*

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**2.3 ASSET INVENTORY**

A fixed asset inventory can save time and money, establish better internal controls, improve planning and budgeting, eliminate "ghost assets," assist in recovery after a natural disaster, produce more accurate financial reports, and generally improve the efficiency and effectiveness of the management of equipment and personnel.

The Board of Finance shall require that the Town of Sprague maintain an asset inventory database and recordkeeping process. Asset purchases that can be "tagged" with an inventory number shall be recorded, maintained, and reported on in an asset inventory database.

The material threshold for external auditing purposes for asset purchases shall be \$5,000. Below that value shall be considered immaterial. This threshold shall not preclude the recordkeeping of assets purchased below that dollar value.

A physical inventory shall be performed no later than one year from the prior inventory and preferably at the end of a fiscal year or at the request of the Board of Finance.

A monthly asset inventory report shall be prepared for Board of Finance review that includes the monthly changes to the asset inventory. These changes shall include, but are not necessarily limited to, asset additions, asset disposals, and recordkeeping changes. An all inclusive report shall be produced for the Board of Finance annually or on request.

The Board of Finance in consultation with town officials shall assign a depreciation term period on a per project or asset purchase basis. The Board of Finance shall use a pre-defined schedule that meets generally accepted accounting principles as a guide. The goal of this specificity is to integrate the asset inventory database into the annual and long-term planning process.

*Action Required Monthly ■ Affirmed October 15, 2015 ■ Affirmed October 30, 2014 ■ Affirmed October 17, 2013  
■ Affirmed September 20, 2012 ■ Affirmed September 15, 2011 ● Adopted March 10, 2011*

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#### **2.4 OPERATING/CAPITAL REVENUE/EXPENDITURE ACCOUNTABILITY**

The Board of Finance has the responsibility for the measurement of revenue estimates, and the control and compliance of expenditures within the adopted budget of the Town of Sprague.

To achieve these objectives, the Board of Finance shall on a monthly basis at its regular meeting review and discuss actual monthly and year-to-date performance measurements against monthly, year-to-date, and annual budgeted expectations.

*Action Required Monthly ■ Affirmed October 15, 2015 ■ Affirmed October 30, 2014 ■ Affirmed October 17, 2013  
■ Affirmed September 20, 2012 ■ Affirmed September 15, 2011 ● Adopted March 10, 2011*

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**3.0 REVENUE POLICIES**

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**3.1 REVENUE DIVERSIFICATION**

Monitoring, measuring, control, and diversification of revenue sources to the Town of Sprague are a primary concern for the Board of Finance. All revenue sources have particular characteristics in terms of stability, growth, sensitivity to inflation or economic cycle effects, and impact on tax and fee payers. A diversity of revenue sources can improve a government's ability to handle fluctuations in revenues and potentially help to better distribute the cost of providing services.

As the Town of Sprague is limited by Connecticut statutes in its tax revenue options, the Board of Finance shall encourage and support lobbying efforts to protect current revenue sources which are mandated by State and Federal legislation.

The property tax is the primary source of revenue to the Town of Sprague within its control. The Board of Finance shall encourage and support the enforcement of the collection of said taxes.

As an additional way of servicing the financial needs of residents and taxpayers, the Board of Finance shall encourage and support donations and applications for grants-in-aid from public and private sources in accordance with the Town's Plan of Conservation and Development as well as the generally accepted goals of the residents.

*Action Required Ongoing ■ Affirmed October 15, 2015 ■ Affirmed October 30, 2014 ■ Affirmed October 17, 2013  
■ Affirmed September 20, 2012 ■ Affirmed September 15, 2011 ● Adopted March 10, 2011*

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**3.2 FEES AND CHARGES**

The Board of Finance shall request that fees and other charges by agencies of the Town of Sprague be reviewed annually for appropriateness. The Board of Finance shall request that agencies identify their fees and charges and the level of cost recovery for services and the reason for any subsidy, and the frequency with which cost-of-services studies will be undertaken. The Board of Finance may choose to make these requests as part of the annual budget call.

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■ Affirmed September 20, 2012 ■ Affirmed September 15, 2011 ● Adopted March 10, 2011*

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### **3.3 USE OF ONE-TIME REVENUES**

One-time revenues which include infrequent sales of assets, infrequent revenues from development, grants, etc., cannot, by definition, be relied on in future budget periods.

The Board of Finance shall assign one-time revenues to reserves, except and unless in the fiscal year it is received it is necessary to meet the legal obligations of the Town of Sprague.

*Action Required By Occurrence ■ Affirmed October 15, 2015 ■ Affirmed October 30, 2014 ■ Affirmed October 17, 2013  
■ Affirmed September 20, 2012 ■ Affirmed September 15, 2011 ● Adopted March 10, 2011*

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### **3.4 USE OF UNPREDICTABLE REVENUES**

Many of the most important revenue sources to the Town of Sprague are unpredictable to some degree such as intergovernmental revenues, interest income, and the real estate conveyance tax.

The Board of Finance shall estimate these revenues in the annual budget on as close to expectations basis as possible. An actual shortfall and or overage shall be compensated for or assigned to the general fund or reserve funds.

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■ Affirmed September 20, 2012 ■ Affirmed September 15, 2011 ● Adopted March 10, 2011*

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### **3.5 EXCESSIVELY LATE DELINQUENT REAL ESTATE TAXES**

Excessively late delinquent real estate taxes are real estate taxes that are one (1) or more years delinquent per Connecticut General Statute §12-146, i.e., two (2) or more years in arrears. The Board of Finance requests that the Tax Collector annually prepare a special report by September 15<sup>th</sup> for the Board of Finance listing the excessively late delinquent real estate taxes remaining unpaid with the name of the delinquent taxpayer and the year that the taxes were due along with the actual or planned actions taken to remedy the delinquency.

*Action Required Annually ● Adopted October 15, 2015*

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## **4.0 EXPENDITURE POLICIES**

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### **4.1 DEBT CAPACITY, ISSUANCE, AND MANAGEMENT**

The issuance of debt is a crucial tool in the sound financial management of the Town of Sprague.

The primary criterion for the Board of Finance when recommending the issuance of debt is to match the useful life of an asset with the maturity of the debt.

The Board of Finance shall not use long term debt to fund the short term or operating budget (see **Balanced Budget** policy).

The Board of Finance will use existing debt service, debt runoff, and the economic cycle as a guide to debt capacity with State statutes continuing as the upper limit.

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■ Affirmed September 20, 2012 ■ Affirmed September 15, 2011 ● Adopted March 10, 2011*

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### **4.2 RESERVE OR STABILIZATION ACCOUNTS**

Balancing a budget through an economic cycle requires use of the general fund or reserve funds. The Board of Finance shall continue the use of these funds for that purpose. Reserve funds may include the following: a capital & non-recurring fund, a 27<sup>th</sup> pay day fund, a revaluation fund.

The Board of Finance expects to maintain reserve funds, which include the general fund and the capital & non-recurring reserve fund, in the range of 5% to 15% of annual expenditures over an economic cycle.

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■ Affirmed September 20, 2012 ■ Affirmed September 15, 2011 ● Adopted March 10, 2011*

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### **4.3 CAPITAL EXPENDITURE**

A capital expenditure proposal is a request to purchase or upgrade a productive asset to increase the capacity or efficiency of the Town for longer than one year, or a major project undertaken by the Town, or a non-recurring expenditure designated as capital by the Board of Finance. A capital expenditure proposal includes but is not limited to:

- Any project requiring debt obligation or borrowing.
- Any acquisition or lease of land and/or buildings.
- Purchase or lease of major equipment and vehicles.
- Construction of new buildings, facilities, or infrastructures including engineering, design and other pre-construction costs. Major equipment or furnishings required for new buildings or projects.

- Major physical building improvements that are not routine expenses with a long-term life expectancy and that substantially enhance the value of a structure.

Capital expenditure requests will be considered only within the framework of the annual long-term capital planning cycle. Under extraordinary circumstances, the Boards of Selectmen and Finance will consider recommending capital expenditures to a Town Meeting for approval. Nothing in this provision is intended to preclude the ability to fund emergency expenditures as provided in the General Statutes and the Town Ordinances.

Each department, office, board or commission of the town, supported wholly or in part by the Town funds, or for which a specific appropriation is made, including the Board of Education, shall prepare annually a detailed estimate of anticipated capital expenditures and the expected revenue other than tax revenue to be received to defray the cost of said capital expenditures.

Upon approval by the appropriate authority, either the Board of Finance or the Town Meeting, a specially appropriated or budgeted capital expenditure shall be accounted for in the capital and non-recurring fund.

Refer to the **Asset Inventory** policy for an explanation of capital expenditure recordkeeping and reporting, plus the material threshold for external auditing and reporting.

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■ Affirmed September 20, 2012 ▲ Revised November 17, 2011 ▲ Revised June 24, 2009 ▲ Revised October 19, 2006  
● Adopted November 21, 1994*

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**4.4 CAPITAL AND NON-RECURRING ITEM END OF YEAR SWEEP**

A capital and non-recurring item is a budget item designated and recommended by the Board of Finance as such and whose amount is approved by the legislative body at the annual budget meeting. These may include projects such as road repairs, equipment and vehicle purchases, plans and studies.

By the end of each fiscal year, a capital and non-recurring item's appropriated monies may or may not have been fully expended by a town agency during the fiscal year.

It has been the practice of the Board of Finance to allow these monies to remain available to an agency until such time as they were fully expended.

It is recommended here that toward the end of each fiscal year the Board of Finance request in writing of each town agency whether or not and reasons therefore of the necessity of a continuance of the availability of said monies. If it is determined that the monies are no longer needed, the capital and non-recurring line item account is to be closed and the monies are to be swept into the capital and non-recurring fund undesignated account for future use.

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