

Town of Colebrook

Proposed Ordinance

Supplemental Appropriations & Budget Variances

1. Statutory Authority

Section 7-348 of the Connecticut General Statutes (“C.G.S. §7-348”) provides that if more money is needed for any department of the town than has been appropriated, the board of finance may make such appropriation, but if the amount exceeds \$20,000 such appropriation shall not be made until voted by the town. No more than one such appropriation for any one department shall be made in one year without town meeting approval.

C.G.S. §7-348 further provides that the estimate of expenditures submitted by the board of finance to the annual town meeting may include a recommended appropriation for a contingent fund in an amount not to exceed 3% of the total estimated expenditures for the current fiscal year. No expenditure or transfer shall be made from the contingent fund until approved by the board of finance.

2. Purpose

The purposes of this ordinance are (i) to define what is meant by a “department” for the purposes of C.G.S. §7-348; (ii) to establish a procedure to deal with budget variances after the end of the fiscal year; and (iii) to create a contingency fund as authorized by C.G.S. §7-348.

3. Definitions

Approved Expense Budget: “Approved Expense Budget” means the aggregate amount of expenditures and appropriations from the general fund approved each fiscal year by the town at a town meeting or referendum called for that purpose. The Approved Expense Budget shall include debt service and any other expenses paid from the general fund, but it shall not include Excluded Expenses defined below.

Excluded Expenses: The Approved Expense Budget shall not include expenditures that do not utilize the town’s ongoing budgeted revenue sources. Examples of Excluded Expenses include capital projects that are paid by prefunded grants or LoCIP, and casualty losses that are reasonably expected to be reimbursed by insurance proceeds or FEMA. However, grants which require the town to expend its funds first and then apply for reimbursement are not Excluded Expenses.

Department: The Approved Expense Budget shall have four principal components, each a “Department” for the purposes of C.G.S. §7-348. The four principal components, or Departments, are the Board of Selectmen, the Board of Education, Regional School District No. 7, and the Capital Improvement Plan. Debt service and any other expenditures that are included in the Approved Expense Budget but not in one of the four Departmental budgets shall be treated as if they were a fifth department.

Contingent Fund: A separate fund is hereby established in accordance with C.G.S. §7-348 to provide additional flexibility to make supplemental appropriations and offset yearend budget variances. The initial amount of the Contingent Fund shall be \$200,000 taken from the cash balance of the general fund. Additions to and expenditures from the Contingent Fund shall be in accordance with C.G.S. §7-348.

4. Procedures

- 3.1 Reallocation of budgets. The Board of Selectmen and Capital Committee shall have the same authority to reallocate funds among line items of the Approved Expense Budgets for their Departments as granted to boards of education by C.G.S. §10-222. Such reallocations shall not affect the original line item amount of the Approved Expense Budget.
- 3.2 Supplemental appropriations to a Departmental budget. Supplemental appropriations not to exceed \$20,000 for any Department in a fiscal year may be approved by the Board of Finance in accordance with C.G.S. §7-348. Supplemental appropriations exceeding \$20,000 may be approved either by the town or, if sufficient funds are available in the Contingent Fund, by the Board of Finance.
- 3.3 Approval of variances at fiscal yearend. If a Department is found to have exceeded its Approved Expense Budget at fiscal yearend, that excess shall be offset first by the surplus, if any, in the Approved Expense Budgets of other Departments and then by an appropriation of the Contingent Fund.
- 3.4 Notification of potential variances. Informally, each Department should advise the Board of Finance if it believes that a supplemental appropriation may become necessary or an excess may occur at fiscal yearend. The Board of Finance shall also review actual expenditures versus the Approved Expense Budget from time to time during the fiscal year.
- 3.5 Record keeping. Approvals of supplemental appropriations and yearend variances in accordance with paragraphs 3.2 and 3.3 above shall be documented in the minutes of a meeting of the Board of Finance or the Town Clerk’s record of a town meeting. Reallocations of the approved Expense Budget of a Department pursuant to paragraph 3.1

above do not require any specific record-keeping and do not change the line items amounts of the original budget.

- 3.6 Contingent Fund expenditures. Appropriations from the Contingent Fund shall be approved in accordance with C.G.S. §7-348. Appropriations from the general fund to the Contingent Fund shall be approved by the town, either as a supplemental appropriation in accordance with C.G.S. §7-348 or as a line item in the Approved Expense Budget. The unexpended balance of the Contingent Fund shall carry forward to the next fiscal year.
- 3.7 Emergency expenditures. Nothing in this ordinance shall be deemed to limit the authority granted to a town board or other town officials by the Connecticut General Statutes to deal with emergencies and other contingencies.

6. Amendments

Amendments hereto may be made from time to time in accordance with the then current Connecticut statutes and approval by the legislative body of the Town of Colebrook.

7. Effective Date

This ordinance shall become effective 15 days after approval by the legislative body and publication in a newspaper with a circulation in the Town of Colebrook.

October 2020