Capital Project Funding A summary of the Town's budget process by month and funding alternatives for capital projects

Discussion Draft 2,

Long Term Financial Planning Committee
September 2020

Board of Finance requested posting to Town website October 26, 2020

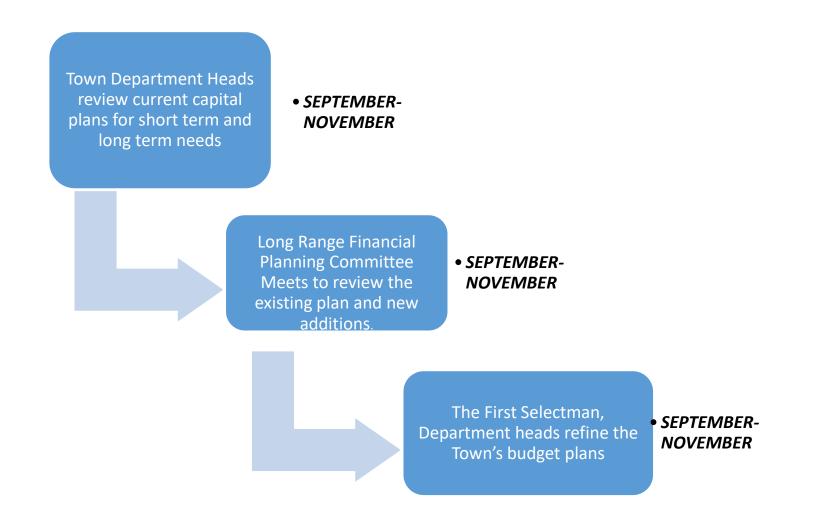
Overview of the Town's Annual Budget and Capital Approval Process

The three operating entities: BoS, BoE and WPCC prepare and endorse operating and capital budgets

Public budget hearings are held to discuss spending plans The BoF approves an operating budget, capital items, and sources to finance capital items

Voters approve the operating budget and capital projects by Town Meeting or special referendum

The Town of Redding Budget Process, by Month The First Stage of Capital Planning- September thru November



The Town of Redding Budget Process, by Month December Board Meetings identify budget drivers

BoE at their December meeting adopts an updated Capital Plan

Long Range Financial Planning Committee provides an update to the BoF of Capital items identified by the BoS, BoE, and WPCC

The Joint meeting of the three Boards (BoS, BoE, BoF) is held and Budget drivers for next FY are discussed, including capital items

The Town of Redding Budget Process, by Month January Budget Workshops evaluate spending plans

Capital Plan document is presented as part of the BOS budget workshop in first week of January. School and town capital items are combined in one document to provide the debt service and borrowing costs impact upon the Selectmen's budget.

Town Department heads present their case for funding of operating and capital requirements.

Documentation of the vetting and bids for capital items should be included in presentations.

WPCC also presents in the January workshop both an operating budget and needs for Capital requests; the capital requests will be added to the Town's capital plan.

The Town of Redding Budget Process, by Month Boards meet to finalize budget plans in February



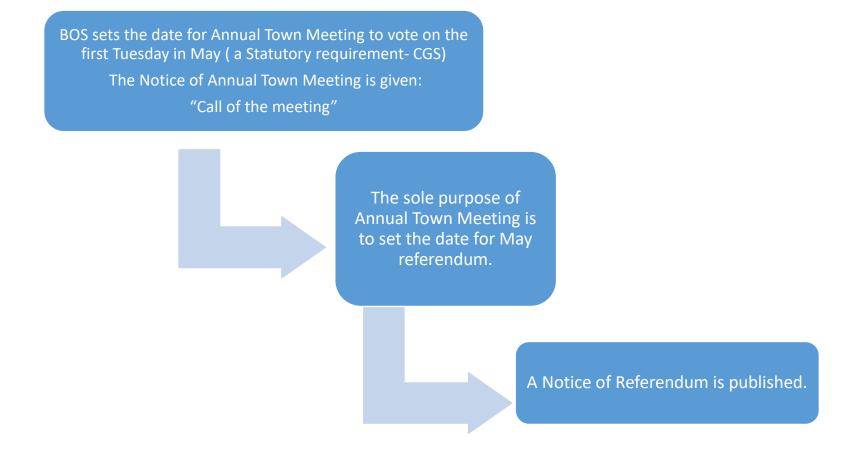
The Town of Redding Budget Process, by Month March Board of Finance public hearing and approval of budgets

BOS and BOE Public Hearing budget presentations include capital items approved by both boards for inclusion in budget proposals. Additional vetting of requests can occur at this meeting.

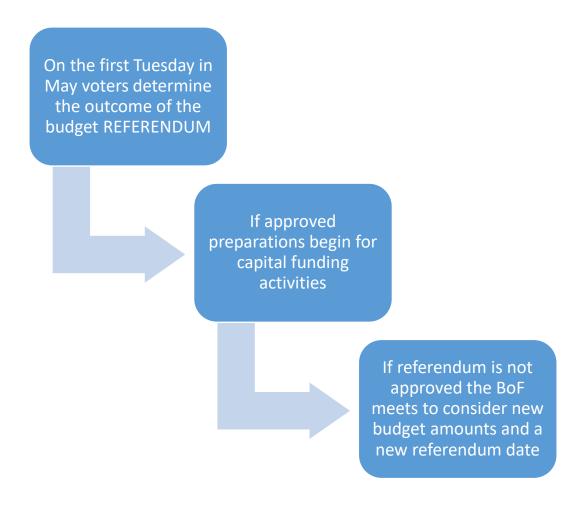
BOS budget to BOF includes financing cost of capital items proposed:
Leased vehicles are included as an annual expense. The est. cost of
borrowing for capital expenses not included in operating budget can be
budgeted (estimated cost of issuance) OR can be financed into the cost of
the BAN/BOND) (increase in debt service hits the following years operating
budget)

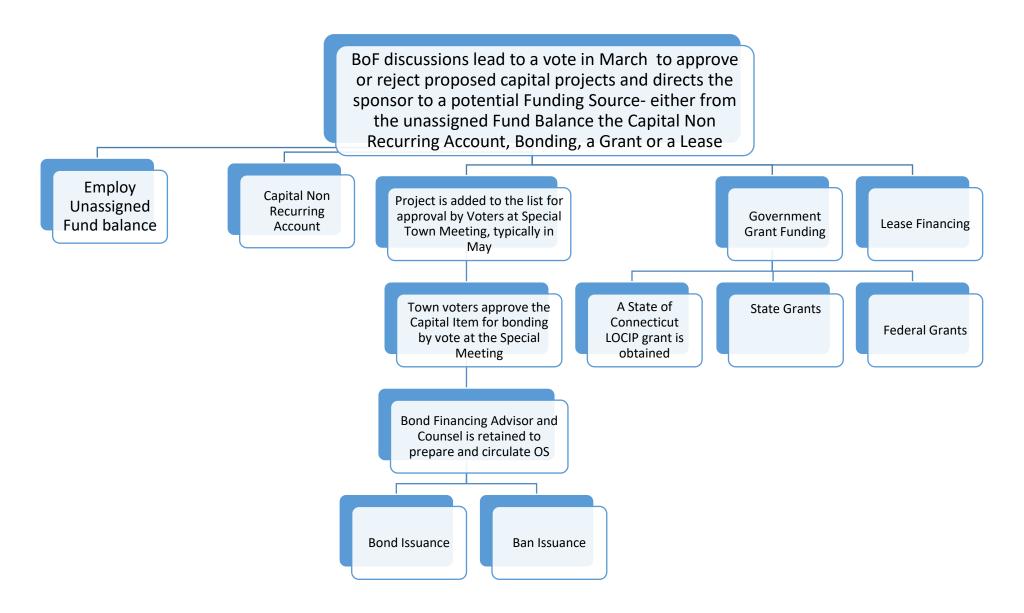
BOF adopts budget & capital items for referendum. Method of financing of capital items is determined by the BoF.

The Town of Redding Budget Process, by Month The April Annual Town Meeting



The Town of Redding Budget Process, by Month The May Referendum as final step to approve the Budget



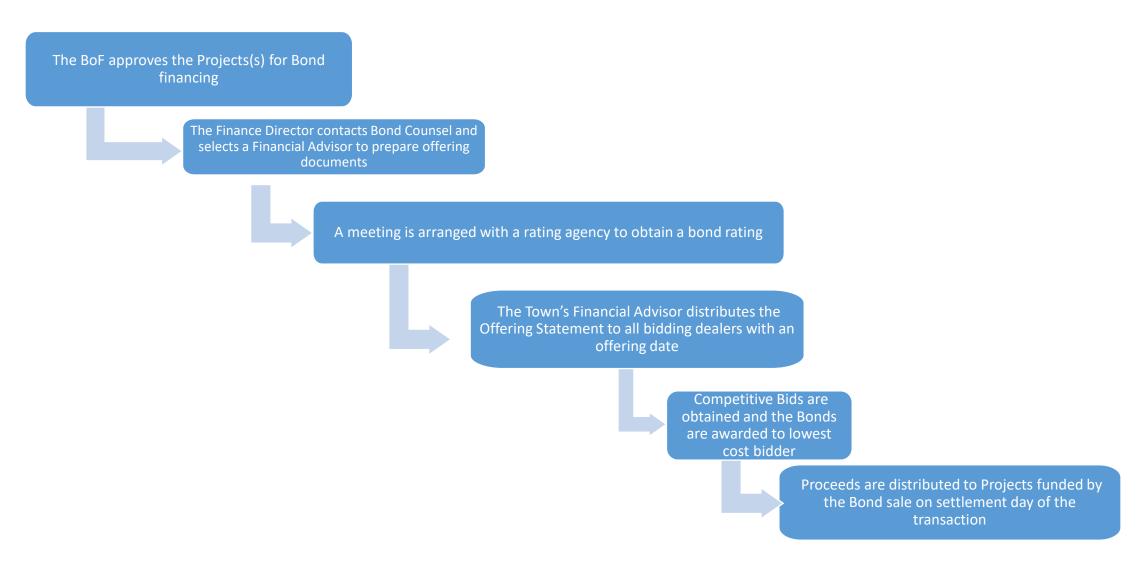


Capital Non Recurring Account

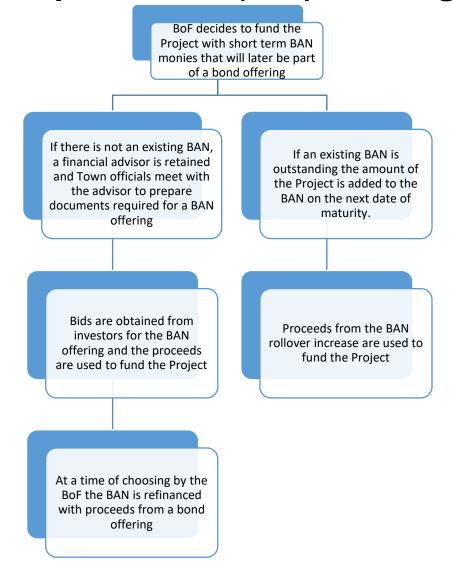
If the project receives approval by the BoF for Capital Non Recurring funding it is sent to the BoS

The BoS can chose to include the Capital item in the referendum or call a special Town Meeting to obtain approval

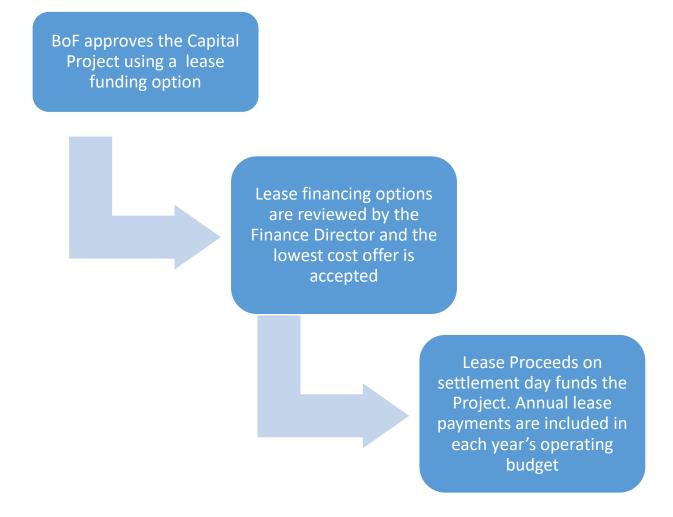
The Bond Financing Process



Bond Anticipation Notes (BAN) Financing Process



BoF options to fund an approved Capital Project LEASE FUNDING PROCESS



The State of Connecticut Local Capital Improvement Program (LoCip) FUNDING PROCESS

