

**BOARD OF FINANCE  
TOWN OF EAST WINDSOR  
11 RYE STREET  
BROAD BROOK, CONNECTICUT 06016**

**MINUTES OF SPECIAL JOINT MEETING  
of the BOARD OF FINANCE  
and the  
BOARD OF EDUCATION**

**Tuesday, September 29, 2015 at 7:00 p.m.**

***DRAFT DOCUMENT – These minutes are not official until approved at a subsequent meeting***

**Board of Finance Members Present:** Jerilyn Corso (Chairman); Cindy Herms, Robert Maynard, Kathy Pippin, and Sharon Tripp.

**Board of Finance Members Absent:** Robert Little/.

**Board of Finance Alternate Present:** Paulette Broder.

**Board of Finance Alternate Absent:** Gilbert Hayes

**Other Guests associated with the Town: Treasurer:** Kim Lord; **Selectmen:** Dale Nelson.

**Board of Education Members Present:** Chris Mickey, Chairman; Kathy Bilodeau, Nicole DeSousa, Patti Nelson; Randi Reichle (arrived at 7:10 p.m.) Cathy Simonelli.

**Other Guests associated with the Board of Education:** Dr. Theresa Kane, Superintendent of Schools; Andrew Paquette, SFO, Business Management Services provided by TMSolution, Inc.

**Press:** Kyle Penn, Journal Inquirer.

**I. Call to Order:**

Chairman Corso called the Meeting to Order at 7:02 p.m.

**II. Time and Place of Meeting:**

Tuesday, September 29, 2015 at 7:00 p.m. at the East Windsor Town Hall (11 Rye Street, Broad Brook, CT.)

**III. Attendance/Appointment of Alternates:**

Chairman Corso noted the absence of Regular Member Robert Little; she called for a motion to appoint an Alternate to fill the vacancy.

**MOTION:** To APPOINT Alternate Member Paulette Broder as a voting member for the September 29, 2015 Special Joint Meeting of the Board of Finance and the Board of Education..

Tripp moved/Herms seconded/DISCUSSION: None.

VOTE:            In Favor:            Unanimous

**IV     Public Participation:**

No one requested to speak.

**V.     New Business/a) Discuss FY 15 audit:**

BOF Chairman Corso requested a status update on the Fiscal Year (FY) audit, including the FRC (Family Resource Center) and Cafeteria balances. Treasurer Lord indicated they have been working together and have reconciled the expenditures to show that the BOE has a balance of \$15,071.09. The FRC money was received in September; the June Cafeteria money was received in September as well. BOF Chairman Corso questioned that the school was balancing to the Cafeteria account this year? Mr. Paquette replied affirmatively. Treasurer Lord indicated that it's been running with a deficit every year; Mr. Paquette concurred. Dr. Kane suggested they have made great strides in the past year; they have gotten more efficient, the food is prepared to match student needs better, staff has been receiving training.

BOF Chairman Corso requested clarification that if all of the check registers have been put in then a balance of \$15,071.09 remains? Treasurer Lord replied affirmatively, noting all check registers have been posted and the yearend has been closed because the yearend report is being sent to the auditors shortly. She also noted check registers #139 and #140 have been posted to last year; check register #141 has been posted to the current year. They are currently showing that \$15,071.09 will be returned to the fund balance, and they are in a better place regarding the reconciliation process than last year.

**V.     New Business/b) Discuss dating of invoices and modified accrual accounting:**

This Item of Business is being discussed as approximately \$800,000.00 in expenditures were submitted by the Board of Education (BOE) as being items purchased within FY 2014-2015. Town policy requires that purchase orders (POs) and the item must be ordered by 6/30 to qualify for current FY expenditures; lists reflecting the purchases comprising the \$800,000.00 under discussion were submitted by the BOE in August and September, 2015.

BOE Chairman Mickey questioned what the date of the invoice had to do with the encumbrance of funds? He felt from the BOE perspective the encumbrance happens when they issue a PO and the invoice happens at the time of order.

Board of Education member Randi Reichle joined the meeting at 7:10 p.m.

BOF Chairman Corso indicated that under the Town encumbrance policy (See Attachment A) the POs are internal documents, they are not a legal liability - the legal liability is when you place the order; it's then legally binding. Half of the POs listed on the check registers issued by the BOE but received in the Treasurer's Office in August and September don't



have order dates until after 6/30. The Town did not process several invoices from town departments that had order dates after July 1. Dr. Kane felt the issue of disagreement is what constitutes an encumbrance. She suggested she is hearing something different from the Town and the State. Dr. Kane felt the PO is the commitment of funds and is a contract that a purchase will be made and the money is held. She questioned how both groups would move forward?

Lengthy discussion continued. Treasurer Lord noted there is a cut off date of 6/30 as the end of the FY for the Town regarding purchases. As long as you can say there is a viable commitment prior to 6/30 the purchase would be considered to fall within the closing FY ; the viable commitment occurs when the order is placed. It was noted that all 3 of the check registers were received from the BOE in August and September; the BOE contends that the POs constitute purchases made prior to the end of FY 2015. BOF Chairman Corso and Treasurer Lord indicated that Town policy requires support documentation which confirms the order has been placed; the support documentation can be the fax confirmation that the order has been received, or an e-mail confirmation of order receipt. Both confirmations are generally received either the same date or within a day or two of when the purchase order is submitted. BOF Chairman Corso reiterated the BOE and the Town need to be reconciled by 7/31. . . Treasurer Lord indicated they were willing to process anything through August but the commitment still had to have been made by 6/30.

Both the BOE and the BOF discussed examples of their order process. BOF members Herms and Tripp noted various POs – including POs for Dell computers - submitted by the BOE for which the PO dates and invoice dates significantly differ. Dr. Kane indicated that Dell has agreed to write a letter confirming the purchase of their equipment was made prior to 6/30. While the Town bases order placement (legal commitment) on the order initiation and its acknowledgement the BOE bases its order placement on receipt of vendor invoices. Discussion continued for some time on each groups procurement philosophy. Dr. Kane felt we should be aware of the volatility of the BOE grant and Special Education costs which are shaking out at the end of the year as well. Mr. Paquette also noted the end of June is a very busy time for school staff to order items. Dr. Kane reiterated they/the BOE believe they are following the correct procedures following State guidelines; BOF Chairman Corso reiterated we must follow the auditor's findings to follow the Town policy. Treasurer Lord suggested deficiencies noted in the audit affect the Town's ability to borrow, which is an option the Town is considering for the Middle School roof replacement and road improvements.

- | Dr. Kane felt there was a difference of opinion, although she agreed there needs to be some agreement going forward. BOF Chairman Corso noted the auditor has suggested if you/the BOE, as a board, feel that the \$800,000.00 in expenditures received after 6/30 are legitimate expenditures for the end of the year the auditor would be agreeable to the members of the BOE signing a letter attesting that the orders were placed.

Dr. Kane reported she just asked Mr. Paquette if he could provide the documentation the BOF is requesting.



BOF Chairman Corso noted the time is 8:01 which has exceeded the time limit for this Special Meeting.

The BOE requested to recess to "caucus" about the letter and policies going forward.

BOF Chairman Corso RECESSED the Special Joint Meeting of the Board of Finance and the Board of Education at 8:01 p.m.

*(See separate document reflecting Minutes of Special Board of Finance Meeting convening at 8:00 p.m. )*

BOF Chairman Corso RECONVENED the Special Joint Meeting of the Board of Finance and the Board of Education at 8:28 P.M.

**V. New Business/b) Discuss dating of invoices and modified accrual accounting**  
**(continued):**

BOE member Simonelli recalled they talked about this last year; she felt she heard it was the PO which had to happen before 6/30, she didn't recall that an order acknowledgement was called for and everyone else recalled it the same way. BOE member Simonelli suggested she understands now; she needs an order acknowledgement as well as the PO. BOE member Simonelli suggested they will work on procedures for next year, and will be sure that orders are placed before June 30<sup>th</sup>.

Discussion continued for some time regarding what constitutes the order placement, and what would be acceptable support documentation of the order acknowledgement. Treasurer Lord reiterated a valid commitment isn't created by an internal PO; that doesn't say the order was placed. BOF Chairman Corso suggested that e-mail or fax confirmation would confirm a valid commitment. BOE member Simonelli reported that Mr. Paquette agreed to go back to provide the support documentation for the payables listed in check register 139 and 140. . BOF Chairman Corso noted there were \$800,000 in POs (which need to be matched with support documentation). BOF Chairman Corso questioned the time constraint for providing the support documentation? Treasurer Lord reported the auditors will be coming in in 3 weeks and will be pulling invoices for review. BOF Chairman Corso suggested 3 weeks is the drop dead date to close out the year end.

Discussion followed regarding the need for a special meeting. It was decided resolution of the final FY 2015 expenditures could be handled during the October 21st Regular Meeting of BOF with this discussion as an agenda item regarding the \$800,000 in expenditures - what will be charged to 2015 and what to 2016? Treasurer Lord noted that subsequent to 6/30 she had received \$800,000 in invoices for BOE expenditures; she is left for 47 invoices dated after 7/1 totaling \$198,000 that are in question. Treasurer Lord indicated she is satisfied with the Dell resolution.



BOF Chairman Corso clarified that for next year: POs must be submitted by 6/30, and the PO must be supported by an order acknowledgement (fax or e-mail)

BOF member Tripp questioned if the BOE had looked at the letter recommended by the auditor? BOE Chairman Mickey replied negatively, noting the full board isn't present this evening. Dr. Kane referenced the letter the auditors had suggested the BOE members sign; she also noted many of the BOE members are not present this evening. The BOE would like to speak with them. She had thought that the auditors were looking for her (Dr. Kane) and Mr. Paquette to sign the letter.

**V. New Business/c) Grants and revenue:**

BOF Chairman Corso turned to BOE Chairman Mickey who had requested the addition of this agenda item. BOE Chairman Mickey suggested that with regard to grants and revenue, when the BOE creates their budget they are estimating their grant revenue based on the last year's receipts. They prepare that estimate on 80 to 90%; they do that at the end of the year. They might get \$140,000 on an estimate of \$80,000, so there is "volatility" in those figures. BOE Chairman Mickey gave as an example the adult education grant; it's been in the budget forever and has been earmarked for adult education programs. Treasurer Lord reported she budgets for the Alliance Grant and then was told it belonged to the BOE; she also went through the budget process with the ECS money. BOF Chairman Corso suggested this would be an agenda item for the BOF 10/21 Regular Meeting.

**V. New Business/d) Discuss Family Resource Center and Cafeteria accounting:**

See discussion during the 7:00 to 8:00 p.m. hour of the meeting.

**V. New Business/e) Special Ed costs:**

BOE Chairman Mickey suggested that with regard to the Special Education costs, in 2014 many special education students moved into the school district/town. They did not have money budgeted for those costs, although you do try to hold some money back through the year for their cost.

Dr. Kane suggested perhaps BOF members would be open to going through the tutorial about how the BOE budget works – when the money comes in, etc. Dr. Kane agreed they/the BOE have a difference of opinion but they have a plan to go forward and will get the documentation that's doable for their side for the 10/21 (BOF) Meeting.

BOF Chairman Corso suggested she has a couple of questions that the BOE might be able to address at the next meeting. They are: 1) how often do you review the financials? Maybe a BOF person could go to the BOE Meeting and listen in. And, 2) The Town must transfer money around via the transfer motions made during the BOF Meetings. She noted she doesn't see that activity in the BOE Minutes and questioned how the process is done?

Board of Finance Special Joint Meeting  
With the Board of Education  
September 29, 2015

**VI. Board Member Comments:**

No one had any additional comments.

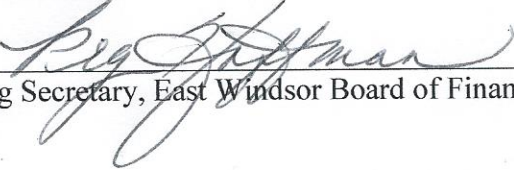
**VII. Adjournment**

BOF Chairman Corso noted she Called the Meeting to Order; she requested BOE Chairman Mickey call for adjournment.

BOE Chairman Mickey requested a motion for adjournment.

**MOTION:** To **ADJOURN** this Meeting at 9:04. p.m.

BOE member Simonelli **moved/BOE member DeSousa seconded/**  
**VOTE: In Favor: Unanimous**

Respectfully submitted:   
Peg Hoffman, Recording Secretary, East Windsor Board of Finance

See Attachment A – “Encumbrance Policy – Town of East Windsor  
Treasurer’s Office – June 16, 2014.



BOF/BOE 9.29.2015  
ATTACHMENT A - PAGE 1

## ENCUMBRANCE POLICY

Town of East Windsor Treasurer's Office

June 16, 2014

1. Purpose

To define the procedure for Town departments and funds to encumber appropriations for contracts and other commitments authorizing delivery of merchandise or rendering of services at year end.

2. Employees Affected

Employees authorized to prepare or approve encumbrances.

3. Authority

3.1. Town of East Windsor Charter Sec. 6.6 D

Authorizes the Treasurer, upon order from the Board of Selectmen, to prescribe and exercise general supervision over the accounting forms and methods for all departments, agencies, and districts under the control of the Board of Selectmen.

3.2. Town of East Windsor Charter Sec. 8.8

Any unencumbered balance remaining to the credit of any appropriation shall lapse at the end of the fiscal year and shall revert to the available balance of the fund from which appropriated.

4. Policy

Encumbrances are required to be set up when the Town has commitments related to unperformed contracts for goods or services.

5. Definitions

5.1. Encumbrances

An anticipated expenditure in the form of contracts or other commitments that are chargeable to an appropriation and for which part of the appropriation is reserved. The appropriation remains encumbered until payment is made, or the obligation expires, or cancellation occurs, at which time some or the entire encumbrance is reversed in the subsequent fiscal year. An encumbrance is not considered an expenditure or a liability for GAAP reporting, but will be charged as a reduction of the available appropriation for budgetary purpose. Expenditures are recorded when and if goods are actually provided or services actually rendered.

---

BUF/BOE 9.29.2015

PAGE 2  
ATTACHMENT A

5.2. Unencumbered Balance of Appropriation

That portion of an appropriation not yet expended or encumbered. Any such balance remaining at the end of the fiscal year shall revert to the available balance of the fund from which appropriated.

6. Responsibilities

- 6.1. Employees are expected to accurately prepare the encumbrance voucher. A separate encumbrance voucher is needed for each obligation or contract being encumbered.
- 6.2. Employees are required to verify there are adequate appropriations to cover the amount of the encumbrance.
- 6.3. The Treasurer reviews all encumbrance vouchers for compliance and completeness.

7. Procedures

7.1. Encumbering Appropriations

Purchases or contracts that have an order date prior to July 1 and shipping date or services rendered after June 30.

7.2. Preparation of Encumbrance Voucher

The Encumbrance voucher must be filled out completely and conform to the following minimum requirements:

- The preparer must date the Encumbrance voucher.
- Authorized employee must sign the Encumbrance voucher.
- All budget unit and account coding must be completed.
- Adequate description of encumbrance including vendor name and address must be completed.
- Category of fund balance used to fund the expenditure must be completed.
- All order, ship, and contract dates must be completed.
- Back-up must be attached to the Encumbrance voucher to support the amount included on the voucher.

7.3. Encumbrances for Non-Budgetary Funds

Enterprise and internal service funds need to match revenues and expenses on a full accrual basis in accordance with generally accepted accounting principles for proprietary funds. Therefore, contracts for monthly services are only encumbered through the end of the fiscal year in these funds. One-time purchase orders/contracts are encumbered for the entire amount. Standing purchase orders/contracts that are paid upon approval of invoice are encumbered for the full amount.

---



BOF/BOE 9.29.2015

Exhibit A

PAGE 3  
ATTACHMENT A

TOWN OF EAST WINDSOR  
TREASURER'S OFFICE

## ENCUMBRANCE VOUCHER

See next page for instructions

- (1) Date: \_\_\_\_\_
- (2) Department head signature: \_\_\_\_\_
- (3) Print name: \_\_\_\_\_
- (4) Budget Account  
\_\_\_\_\_
- (5) Encumbrance Amount (Balance of contract or order): \$ \_\_\_\_\_
- (6) Vendor Name and Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- (8) Order Date: \_\_\_\_\_
- (9) Ship Date: \_\_\_\_\_
- (10) Signed Contract Date: \_\_\_\_\_

---

FOR TREASURER USE ONLY:

FY \_\_\_\_\_

Run Date \_\_\_\_\_

Account Balance \_\_\_\_\_

Account Number \_\_\_\_\_

Encumbrance #: \_\_\_\_\_

Processed By: \_\_\_\_\_



BOF/BOE 9.29.2015

PAGE 4  
ATTACHMENT A

Encumbrances are commitments related to unperformed (executory) contracts for goods or services. They represent commitments of fund balance as distinguished from liabilities and only become expenditures in the following year when they are liquidated. Encumbrances represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed. The voucher should be completed in sufficient detail to clearly identify the nature of the commitment which the encumbrance represents.

Criteria for completing encumbrance voucher (form):

- Order date prior to July 1.
- Shipping date or services rendered after June 30.
- Sufficient appropriations to cover the amount of the encumbrance.
- Backup Documentation: copies of invoices and contracts must be attached; purchase orders will not be accepted.

APPROVED:

| Board of Selectmen- June 17, 2014 \_\_\_\_\_

TOWN OF EAST WINDSOR, BOARD OF SELECTMEN

Attest:

Denise Menard,  
First Selectman

Jason Bowsza,  
Deputy Selectman