

Board of Finance  
Regular Meeting  
August 15, 2018

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

**MINUTES OF REGULAR MEETING**

**Wednesday, August 15, 2018, 7:00 p.m.**

**\*\*\*These minutes are not official until approved at a subsequent meeting\*\*\***

**Regular Members Present:** Jerilyn Corso (Chairman), Kathy Pippin, Karen Christensen, Sarah Muska, Cindy Herms (arrived at 7:07 pm)

**Regular Members Absent:** Bill Syme

**Alternate Members Present:** None

**Alternate Members Absent:** Alan Baker, Danielle Godeck

**1. CALL TO ORDER/PLEDGE OF ALLEGIANCE:**

Chairman Corso called the Regular Meeting to Order at 7:00 p.m. Everyone stood and said the Pledge of Allegiance.

**2. TIME AND PLACE OF MEETING:**

Wednesday, July 18, 2018, 7:00 p.m. at the East Windsor Town Hall Meeting Room (11 Rye Street, Broad Brook, Connecticut, 06016)

**3. ATTENDANCE/APPOINTMENT OF ALTERNATES:**

No Alternates were present so there was no appointment of Alternates.

**4. APPROVAL OF AGENDA:**

**MOTION** made by (Muska) and **SECONDED** by (Pippin) to accept the Agenda as presented.

In Favor: All

Opposed: None

Motion: **PASSED**

**5. APPROVAL OF MINUTES:**

**MOTION** made by (Muska) and **SECONDED** by (Pippin) to accept the Minutes of the Regular Meeting, July 18, 2018, as presented.

In Favor: All

Opposed: None

Motion: **PASSED**

**6. PUBLIC PARTICIPATION**

**Dick Pippin-** stated he was happy that everyone stood for the Pledge and that no one took a knee.

**7. COMMUNICATIONS:**

None

**8. MONTHLY REPORTS:**

**A. Town Financial Reports:**

Amy O'Toole, the Town Treasurer, reported that Air Pollution Control Equipment was erroneously listed in the personal property listing instead of being exempt and had not had taxes collected on it prior years. She wanted the Board to know that the Town isn't missing anything because it was never taxed before anyway. She then went on to state that Revenues is pretty well set for the year. She explained that the transfer in from the sewer assessment was \$29,977.91 for the year and is a new line item. She stated that the Town in not getting the State Elderly Tax Relief of \$70,000. It was one of the things eliminated. The Surplus was \$1.4 million, \$1.2 million of that is ECS. There are 2 one-time items which were Municipal Stabilization for \$90,000 and School Construction from many years ago was \$139,172.48. \$120,000 in interest was reported in the Treasurer Section and 2 miscellaneous items for prior year items for \$53,000 were Mira Closeout from Hartford Landfill and Cox. There were a few other various items she went over. She stated that Total Revenue is \$366,000 over budget but that takes out the \$1.6 million of appropriations from Fund Balance that are under the Treasure's section. She then went over the Expenditures and highlighted the bigger ones.

**B. Transfer Requests FY 17-18:**

**Transfer # 41**

**MOTION** made by (Muska) and **SECONDED** by (Herms) to accept the transfer request from Legal in the amount of \$23,000 from 1005-910300-57600 Health Insurance to 1005-910200-57500 Labor Relations for June legal fees.

In Favor: All

Opposed: None

Motion: **PASSED**

**Transfer # 42**

**MOTION** made by (Muska) and **SECONDED** by (Herms) to accept the transfer request from Legal in the amount of \$9,000 from 1005-910300-57600 Health Insurance to 1005-910200-57400 Town Counsel for June legal fees.

In Favor: All

Opposed: None

Motion: **PASSED**

**Transfer # 43**

**MOTION** made by (Muska) and **SECONDED** by (Herms) to accept the transfer request from Police in the amount of \$20 from 1005-510200-51665 Police Clerical Salary to 1005-510300-54310 Emergency Management Stipend to cover stipend cost.

In Favor: All

Opposed: None

Motion: **PASSED**

**C. Transfer Requests FY 18-19:**

**Transfer # 2**

**MOTION** made by (Muska) and **SECONDED** by (Herms) to accept the transfer request from CIP to PD CNR in the amount of \$88,000 from 1005-910700-59600 CIP to 3005-510200-81050 PD Cruisers to allocate FY 18-19 CIP Budget per CIP Committee-Police Cruisers.

In Favor: All

Opposed: None

Motion: **PASSED**

**Transfer # 3**

**MOTION** made by (Muska) and **SECONDED** by (Herms) to accept the transfer request from CIP to PW CNR in the amount of \$75,000 from 1005-910700-59600 CIP to 3005-610100-81090 CNR Roads to allocate FY 18-19 CIP Budget per CIP Committee-PW Chip Sealing.

In Favor: All

Opposed: None

Motion: **PASSED**

**Transfer # 4**

**MOTION** made by (Muska) and **SECONDED** by (Herms) to accept the transfer request from CIP to PW CNR in the amount of \$350,000 from 1005-910700-59600 CIP to 3005-610100-81090 CNR Roads to allocate FY 18-19 CIP Budget per CIP Committee-PW Pavement Management.

In Favor: All

Opposed: None

Motion: **PASSED**

**Transfer # 5**

**MOTION** made by (Muska) and **SECONDED** by (Herms) to accept the transfer request from CIP to PW CNR in the amount of \$190,000 from 1005-910700-59600 CIP to 3005-610100-81040 PW Vehicles to allocate FY 18-19 CIP Budget per CIP Committee-PW Vehicle Replacement.

In Favor: All

Opposed: None

Motion: **PASSED**

**Transfer # 6**

**MOTION** made by (Muska) and **SECONDED** by (Herms) to accept the transfer request from CIP to IT CNR in the amount of \$25,000 from 1005-910700-59600 CIP to 3005-910400-81070 CNR IT GIS to allocate FY 18-19 CIP Budget per CIP Committee-IT GIS (updates and layer additions).

In Favor: All

Opposed: None

Motion: **PASSED**

**Transfer # 7**

**MOTION** made by (Muska) and **SECONDED** by (Herms) to accept the transfer request from CIP to PW CNR in the amount of \$50,000 from 1005-910700-59600 CIP to 3005-610100-81140 PW Drainage to allocate FY 18-19 CIP Budget per CIP Committee-PW Drainage.

In Favor: All

Opposed: None

Motion: **PASSED**

**Transfer # 8**

**MOTION** made by (Muska) and **SECONDED** by (Herms) to accept the transfer request from CIP to Assessor CNR in the amount of \$20,000 from 1005-910700-59600 CIP to 3005-410700-81010 Assessor Revaluation to allocate FY 18-19 CIP Budget per CIP Committee-Assessor Revaluation.

In Favor: All

Opposed: None

Motion: **PASSED**

**Transfer # 9**

**MOTION** made by (Muska) and **SECONDED** by (Herms) to accept the transfer request from CIP to Human Services CNR in the amount of \$25,000 from 1005-910700-59600 CIP to 3005-411700-81040 HS Vehicle to allocate FY 18-19 CIP Budget per CIP Committee-HS Vehicle Replacement.

In Favor: All

Opposed: None

Motion: **PASSED**

**Transfer # 10**

**MOTION** made by (Muska) and **SECONDED** by (Herms) to accept the transfer request from CIP to PD CNR in the amount of \$36,980 from 1005-910700-59600 CIP to 3005-510200-81120 PD IT to allocate FY 18-19 CIP Budget per CIP Committee-Next Gen Software.

In Favor: Muska, Herms, Christensen    Opposed: Pippin    Motion: **PASSED**

**Transfer # 11**

**MOTION** made by (Herms) and **SECONDED** by (Christensen) to accept the transfer request from CIP to TP CNR in the amount of \$12,430 from 1005-910700-59600 CIP to 3005-610200-87103 TP LED Lighting to allocate FY 18-19 CIP Budget per CIP Committee-PW Town Properties LED Lighting.

In Favor: All    Opposed: None    Motion: **PASSED**

**Transfer # 12**

**MOTION** made by (Herms) and **SECONDED** by (Christensen) to accept the transfer request from CIP to PW CNR in the amount of \$10,000 from 1005-910700-59600 CIP to 3005-610100-87107 CNR PW Equipment to allocate FY 18-19 CIP Budget per CIP Committee-PW New Garage Equipment.

In Favor: All    Opposed: None    Motion: **PASSED**

**9. BOARD OF SELECTMEN UPDATES AND REFERRALS:**

First Selectman Maynard spoke about the new digital sign that will be out in front of the Warehouse Point Fire Department. He gave out a handout so everyone could see what it will look like. To see the hand out it is hereto attached as Attachment A (1 page). He then discussed Calamar and how the project has come to a stop because they were having money issues. Rand Stanley explained that they told him that the issues would be taken care of and would get back on track for the end of the first week in September. The last thing he discussed was that labor negotiations would be starting for clerical, dispatchers and supervisors and he asked for a volunteer from the Board and Cindy Herms said she could do it if she was around.

**10. BOARD OF EDUCATION UPDATES AND REFERRALS:**

There were no updates or referrals at this time.

**11. NEW BUSINESS:**

**A. Dog Fund Deficit Fund Balance:**

The Treasurer wanted to bring to the Boards attention and inform them about the Dog Fund Deficit Fund Balance. She stated that the dog fund only brings in about \$8,000 and \$5,000 of that goes to the State. That only leaves about \$3,000 to run the pound, vet costs and any other thing that comes up for the year. She stated that this is not nearly enough and that she thinks she will be bringing this to the Board at a later date for an additional appropriation.

**12. UNFINISHED BUSINESS:**

**A. Encumbrance Policy-Mike VanDeventer:**

Mike VanDeventer came and went over and discussed the Encumbrance Policy. He handed out and went over a packet regarding the basis of accounting which included the encumbrance policy. To see said packet it is hereto attached as Attachment B (5 pages). A lengthy discussion ensued.

**B. Software Issues:**

Amy, the Treasurer, talked about the software the Town has and how it is not very efficient. She got a quote for new software that she had previously used and discovered was very expensive. They ranged from \$133,000 to \$309,000. Mike VanDeventer explained that there may be other software out there and he would ask his other clients what they use. He also suggested that Amy try and get someone in for some more training on the software and she said she was having a difficult time getting someone to call her back.

**C. Casino Building Permit Presentation-Rand Stanley:**

Rand Stanley spoke about what to expect when the casino building permit comes in. He stated that he has 30 days after a permit is submitted to approve or deny the building plans. He explained that it is in two sections first the plan review and then inspection services. He is afraid that plans of this size he would not be able to finish in the 30 days. He is recommending that he goes out to bid now for a company that does this. He feels that if he starts the process now he could have someone on standby when the plans come in. The Board felt this was a good idea and agreed that an RFQ should go out. A lengthy discussion ensued.

**13. BOARD MEMBER COMMENTS:**

**Sarah Muska:**

She stated she attended the Charter Revision Commission meeting on Monday and she discussed some of the highlights of the meeting. They want to change the title of Treasurer to Financial Director, hiring a Chief Financial Officer and also hiring an untitled person to offer

support to the Board of Finance and other Boards regarding making financial decisions. She questioned where that new person would come into play because the current process is a department head going to the Board of Selectmen they in turn vote on it and then it goes to the Board of Finance who then votes on it. She stated that she explained that process to them and wanted to know if the department head would go to them or would the come to the Board. They also discussed having quarterly referendums on scheduled dates instead of Town Meetings to approve projects between \$20,000 and \$1 million. That concerned her because if there was a broken down fire truck they would potentially have to wait months to approve that project. There was also discussion of line item referendum votes for the annual budget process. She explained that some items look like a high dollar amount but some things can't be reduced. Her understanding of the whole thing is that the committee didn't understand how things have to go in a certain order. It was also brought up that the Treasurer is not involved in the Board of Finance meetings. She stated that she spoke in the public participation part of the meeting and told them that Gayle would sit in on all the meetings while she was interim Treasurer and that Amy is very active and involved in the Board. They think that the Board of Finance spends a lot of money. She explained that the Board of Selectmen get the budget first and make Changes first then the Board of Finance gets it to make more cuts. She feels that the Board of Finance gets a bad rap.

**Kathy Pippin:**

Nothing To Report

**Bill Syme:**

Not Present

**Cindy Herms:**

Nothing To Report

**Karen Christensen:**

Nothing To Report

**Jerilyn Corso:**

Nothing To Report

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Board of Finance  
Regular Meeting  
August 15, 2018

**14. NEXT MEETING DATE:**

**\*\*\*WEDNESDAY, SEPTEMBER 19, 2018 AT 7:00 PM\*\*\***

**15. ADJOURNMENT:**

**MOTION** made by (Muska) and **SECONDED** by (Pippin) to adjourn at 9:00 p.m.

In Favor: All

Opposed: None

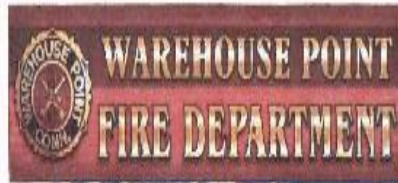
Motion: **PASSED**

Respectfully Submitted,

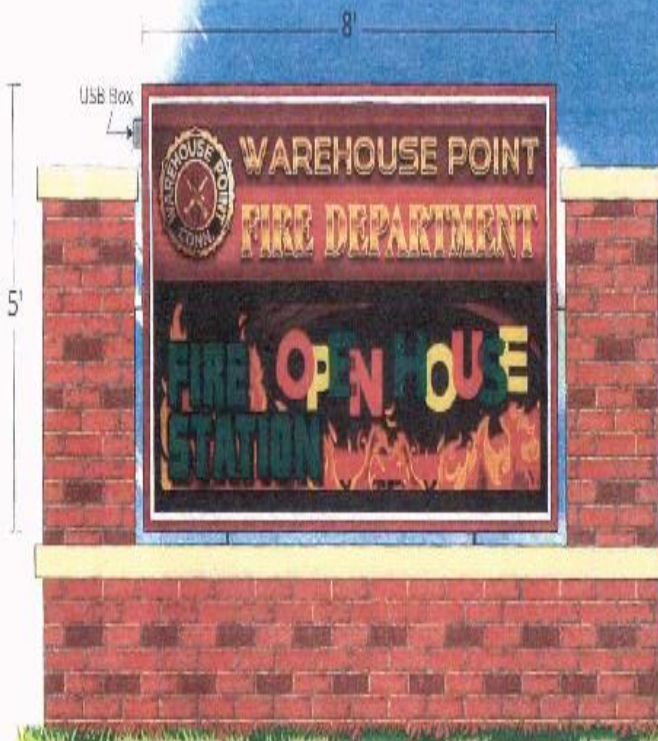
Rebecca D'Amicol, Recording Secretary



Attachment A  
 1 page



Alternate Header



**Tekstar Capabilities**  
 25.2"  
 THIS SIGN IS CAPABLE OF DISPLAYING 1 TO 5 ROWS 4.4" TO 25.2" CHARACTERS  
 For Full Capabilities go to [stewartsigns.com](http://stewartsigns.com)

**TekStar Color**  
 16mm 40x140  
 CABINET SIZE: 5'x8'

The provided graphics will be insufficient quality for the manufacturing process. Please see our website, <http://www.stewartsigns.com/artwork.php> for acceptable formats.

Header Vinyl: Photo Real	Panel Color: Dark Red	Approved as shown
Text Color: Photo Real	Outlet: White	Date: _____
Casting Text Vinyl:	SIGN DESIGN #	Approved with listed changes
<p><b>GRAPHICS DISCLAIMER:</b> This custom artwork is not intended to provide an exact match between ink, vinyl, paint, or LED color. Brickwork, masonry and landscaping is not included in the proposal. Measurements shown are approximations; dimensions of final product may vary. LED images shown are simulated to replicate optimum viewing distance. Sign is designed to be illuminated at all times. Sketches are based off of this preview.</p>		Date: _____

1/2" = 1' (200)  
 Ser: 022752-8  
 Cust: 0207118  
 11/08/2017  
 Co/Type  
 PROPOSAL

**ORIGINAL DESIGN. DO NOT DUPLICATE**  
 PH: 1-800-731-7028 - FAX: 1-900-445-4282



Attachment B  
page 1

**TOWN OF EAST WINDSOR, CONNECTICUT  
BOARD OF FINANCE  
DISCUSSION REGARDING THE BASIS OF ACCOUNTING**

**I. Budgetary Financial Statements:**

- Modified accrual basis of accounting
- Expenditures recognized when they occur, regardless when cash is disbursed, except for
  - Unmatured debt, expensed when due
  - Accrued interest, expensed when due
  - Accrued liabilities not expected to be liquidated currently with expendable available financial resources, expensed when due
  - Supplies inventories and prepaids, expensed when either disbursed (purchase method) or when used (consumption method)
- May include the use of encumbrance accounting (Reference Attached: GFOA Best Practices)
- Encumbered amounts (typically defined by legislation, policy or acceptable budgetary practices) are commonly recognized as an expenditure against a budget appropriation in the year in which the purchase order or other legally binding commitment is issued for goods or services

**II. Considerations:**

- State Statutes
- Town Charter (Reference Excerpt)
- Town Policy (Reference Town Financial Statements and Policy)
- Practice (Reference Other Municipal Filings)
- Other (Reference EDCG1)

**III. Risks and Benefits:**

- Allows for Budgetary Manipulation (double dipping)
- Allows for Waste (low priority spending)
- Allows for Advancements (improvements to further mission)

**IV. Recommendation:**

- Request a Legal Opinion
- Address through Charter Revision or Ordinance
- Adopt a Policy



Government Finance Officers Association

## BEST PRACTICE

# Basis of Accounting versus Budgetary Basis

### BACKGROUND:

The term "basis of accounting" is used to describe the timing of recognition, that is, when the effects of transactions or events should be recognized. The basis of accounting used for purposes of financial reporting in accordance with generally accepted accounting principles (GAAP) is not necessarily the same basis used in preparing the budget document. For example, governmental funds are required to use the modified accrual basis of accounting in GAAP financial statements whereas the cash basis of accounting or the "cash plus encumbrances" basis of accounting may be used in those same funds for budgetary purposes. Disparities between GAAP and the budgetary basis of accounting often occur because regulations governing budgeting (e.g., laws or ordinances of the state, county, city or some other jurisdiction) differ from GAAP.

An understanding of the GAAP basis of accounting is critical to the proper budgeting of available financial resources. Explaining the major differences between the basis of accounting used in the budget document and the basis of accounting used in the GAAP financial statements helps stakeholders better understand and interpret the numbers presented in both documents. Likewise, providing a documented reconciliation of the two bases of accounting can help to prevent errors from occurring when the budget is prepared or interpreted.

For those governments that use a budgetary basis of accounting other than GAAP, some of the more common differences between GAAP and the budgetary basis of accounting are as follows:

- The timing of revenue and expenditures may be different under the GAAP basis of accounting than under the budgetary basis of accounting. For example, in GAAP accounting revenues are recognized in governmental funds as soon as they are both "measurable" and "available" whereas revenue recognition under the budgetary basis of accounting may be deferred until amounts are actually received in cash.
- Encumbered amounts are commonly treated as expenditures under the budgetary basis of accounting while encumbrances are never classified as expenditures under the GAAP basis of accounting.
- Budgetary revenues and expenditures may include items classified as "other financing sources" and "other financing uses" under the GAAP basis of accounting.
- Under the GAAP basis of accounting, changes in the fair value of investments generally are treated as adjustments to revenue, which commonly is not the case under the budgetary basis of accounting.
- Under the GAAP basis of accounting, expenditure is recognized for the net present value of minimum lease payments at the time a government enters into a capital lease involving a governmental fund. No such expenditure typically is recognized under the budgetary basis of accounting.

Basis of Accounting versus Budgetary Basis

Page 2 of 2  
*Attachment B*  
*Page 3*

- There may be differences between the fiscal year used for financial reporting and the budget period (e.g., the use of lapse periods in connection with encumbrances, project-length budgets, grant budgets tied to the grantor's fiscal year).
- The fund structure used in GAAP financial statements may differ from the fund structure used for budgetary purposes (e.g., debt service payments may be accounted for in the general fund for budgetary purposes, but reported in a debt service fund in the GAAP financial statements).
- The government's budget document may not include all of the component units and funds incorporated into the GAAP financial statements (e.g., a school district included in the GAAP financial statements may not be incorporated into the budget).
- Under the GAAP basis of accounting used in proprietary funds, the receipt of long-term debt proceeds, capital outlays and debt service principal payments are not reported in operations, but allocations for depreciation and amortization expense are recorded. Often the opposite is true under the budgetary basis of accounting.

**RECOMMENDATION:**

GFOA recommends that the budget document clearly define the basis of accounting used for budgetary purposes. If the budgetary basis of accounting and the GAAP basis of accounting are the same, this fact should be clearly stated. If the budgetary basis of accounting and the GAAP basis of accounting are different, major differences and similarities between the two bases of accounting should be noted. Disparities may include basis differences, timing differences, fund structure differences, and entity differences. The description of the differences between the GAAP basis of accounting and the budgetary basis of accounting should be written in a manner that is clearly understandable to those without expertise in either accounting or budgeting. The use of technical accounting terms should be avoided whenever possible. In cases where the use of technical accounting terms cannot be avoided, those terms should be clearly defined and fully explained.

**Notes:**

*This best practice was previously titled Basis of Accounting versus the Budgetary Basis.*

**References:**

- *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting*, NACSLB, 1988.
- *Recommended Budget Practices CD-ROM*, NACSLB, 1998.
- *Budget Awards Program: Illustrations and Examples of Program Criteria*, Juliet Carol Powder, GFOA, 1999.
- *Governmental Accounting, Auditing and Financial Reporting (GAAPR) and GAAPR Update Supplement*, Stephen J. Gauthier, GFOA, 1994 and 1999.

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Attachment B  
page 4

**Excerpts from East Windsor Charter:**

**Section 8-8 Unexpended Appropriations**

Any portion of an annual appropriation remaining unexpended or unencumbered at the

*Town of East Windsor Charter revisited adopted by the voters of East Windsor on November 3, 2009 42*

**Section 8-8 Unexpended Appropriations (continued)**

close of the fiscal year shall lapse; provided, however, appropriations for construction or for other capital improvements, from whatever source derived, shall not lapse until the purpose for which the appropriation was made shall have been accomplished or abandoned; provided further that any such project shall be deemed to have been abandoned after one year shall elapse without any expenditure from, or encumbrances of, the appropriation theretofore.

**Excerpts from East Windsor Financial Statements:**

**NOTE 2 - BUDGETARY INFORMATION**

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements...

Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.

Attachment B  
 page 5

**Excerpts from East Windsor ED001:**

District: East Windsor Code: 047      PRINTED ON: 12/5/2017 6:45:35 AM

**SCHEDULE D: Regular Program Expenditure Summary**

LINE	DESCRIPTION	AMOUNT (Col. 1)
901	Total Expenditures from appropriated budget (include encumbrances as of June 30)	\$22,003,949

**DEDUCTIONS**  
 List below the amounts included in the budget (Line 901 above) for the following categories of expenditures. These expenditures do not count as Regular Program Expenditures (RPE) for small towns or the Mandatory Expenditure Requirement (MER).

**Excerpts from Other Municipal Filings:**

**Windsor Locks (audited by Blum Shapiro)**

Policy discloses:

Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year.

Education - encumbrances \$171,620 as of June 30, 2017

**New Canaan (audited by PKF O'Connor Davies)**

Policy discloses:

Encumbrances - Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year-end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.

Education - encumbrances \$172,044 as of June 30, 2017

**Greenwich (audited by RSM US)**

Encumbrances: Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in all budgetary funds. For budgetary comparisons, the budget basis considers such encumbrances as expenditures.

Schools - encumbrances \$582,657 as of June 30, 2017