

TOWN OF WILLINGTON

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BOARD OF FINANCE

**Meeting Minutes
Lower Level Conference Room**

**August 15, 2019
7:00 PM**

**Minutes are not official until approved at the next regular meeting*

Members Present (a quorum of 4 members is required to conduct business):

Jim Bulick – Chairman
Mike Makuch – Vice Chairman
Peter Tanaka
Bill Rankin – Alternate
Fred Schoen – Alternate

Members Absent:

Laurie Semprebbon
Randy Belair
Barry Wallett

Also Present:

Erika Wiecewski, First Selectwoman
Donna Latincsics, Business Manager
John Blessington, Selectman
Diane Bulick, Treasurer
Chief Tom Snyder, Willington Hill Fire Department
Willington Hill Fire Department (WHFD)
Members of the Public

Chairman Jim Bulick called the meeting to order at 7:02 P.M.

SEATING OF ALTERNATES

Peter Tanaka moved to seat Bill Rankin for Laurie Semprebbon.

Mike Makuch seconded the motion.

Vote: 3 Yes (J. Bulick, M. Makuch, P. Tanaka), 0 No

Peter Tanaka moved to seat Fred Schoen for Barry Wallett.

Mike Makuch seconded the motion.

Vote: 4 Yes (J. Bulick, M. Makuch, P. Tanaka, B. Rankin), 0 No

APPROVAL OF MINUTES

Peter Tanaka moved to approve the regular meeting minutes of June 20, 2019.

Mike Makuch seconded the motion.

Board members Makuch, Tanaka, and Schoen noted that they were not in attendance at the last meeting. Chairman Bulick noted that it might make more sense to wait until Randy Belair and Laurie Semprebon are in attendance to approve the June 20, 2019 meeting minutes, as they were in attendance at that meeting. It was also noted that although the board has a quorum to do business at this meeting, if those who were not in attendance at the June 20, 2019 meeting would abstain from the vote to approve the meeting minutes, it would leave only two votes. The board agreed to table the approval of June 20 minutes for the next meeting.

Peter Tanaka withdrew the motion to approve the regular meeting minutes of June 20, 2019.

PRESENT TO SPEAK

No-one present to speak.

NEW BUSINESS

1) Fund Balance/General Reserve discussion (Donna's Analysis)

Chairman Bulick reminded the board that this discussion began in June. He noted that there were favorable and unfavorable adjustments being made at that time, and that the board asked Donna Latincsics, Willington Business Manager, to do an analysis. The board was provided with a copy of an e-mail titled "Re: Fund Balance Analysis".

Donna reported that the revenue budget and the expenditure budget outperformed the budget. On the revenue side, there was \$480,000 more in revenue than was budgeted, largely due to educational cost sharing, which was \$200,000 more than budgeted. Additionally, supplemental property taxes brought in \$100,000 more than budgeted. Bill Rankin asked for clarification on whether that excess come from prepayment, and Donna explained that when the budget is put together, the supplemental property taxes are not relied upon, so there is traditionally about \$100,000 more than budgeted in tax receipts. She further clarified that those who buy between July and October 1 are on the supplemental list, so that revenue depends on the activity during that period of time. She noted that the tax collector would be able to explain further.

Peter Tanaka clarified that the educational cost sharing is listed as "intergovernmental" on the draft of the Statement of Revenues, Expenditures, and Changes in Fund Balance document, meaning it is state or federal revenue.

Donna continued that on the expenditure side of the budget, \$180,000 less was spent than was budgeted, largely due to the employee health insurance line item.

Donna directed the board's attention to the printout, which states that \$410,000 from the general fund has already been set aside to balance the current year's budget. When \$410,000 is deducted from the net change in fund balance, which is \$667,000, the remainder is approximately \$250,000. Donna stated that the general fund balance at the beginning of this fiscal year was \$2.5 million, and with the additional \$250,000, the estimated fund balance is \$2.8 million. Donna directed the board's attention to the back page of the document, where the chart shows that the \$2.8 million is approximately 16% of the FY 2019-2020 budgeted expenditures. The ideal range, highlighted on the document, is 8-12%. Chairman Bulick stated that although the board's goal was to have the general fund balance fall in the 8-12% range, the balance puts the town well above that.

Bill Rankin asked for clarification on the revenue line titled "Licenses, fees, and permits", as the actual revenue was \$55,000 over what was budgeted. Donna looked up the increase and determined that the additional \$55,000 was due to conveyance tax. Chairman Bulick clarified that an increase in conveyance tax would be due to more people leaving town than anticipated.

2) Appropriations for Accounting Support

Jim reviewed that Donna initially thought that she could do some of the additional accounting work during the transition, but that it didn't work out exactly as anticipated. Donna stated that there are two things to talk about regarding accounting support:

- a) Donna stated that the payroll coordinator will be going out on maternity leave for 12 weeks. They would like to bring someone in from Account Temps to do payroll while she is out, as they do not have the resources to do that for 12 weeks. Donna detailed that approximately 6 weeks are the payroll coordinator's accumulated paid sick time and approximately 6 weeks will be unpaid, which will provide a small budget savings. The Financial Office requests \$18,000 that is not budgeted to pay for the payroll coordinator.
- b) Donna referenced a conversation between the board and the town auditor at a previous meeting about separation of duties in the treasurer's office, where he recommended separating the accounting from the treasurer and putting that responsibility back in the finance office. Donna stated that due to the added responsibility, the financial office will need temporary accounting support.

They propose hiring a college student, possibly from Manchester Community College, who could work temporary and part time to help with clerical and data entry work. The hours could be very flexible around the student's class schedule. Peter Tanaka asked if this person will need a background in accounting. Donna replied that, yes, it would be the kind of work that someone with a major or background in finance or accounting would be interested in and would require that background.

First Selectwoman Wicewski suggested that hiring this part-time temporary person would also allow the office to get an idea of just how much work is being separated out of the different functions so that looking forward to the next fiscal year, they will know

what to expect and whether the Financial Office can completely absorb that role or if another individual is needed in that office.

Peter Tanaka recalled a topic of discussion from a previous meeting regarding new accounting software coming in next summer and inquired whether this data entry position is part of getting everything moved over to the new system or in addition to that.

Treasurer Diane Bulick stated that moving to the new system will be extra work required of everyone in the office, but that this temporary position will also help to prepare for that. First Selectwoman Wiecenski stated that they aren't sure how long it will take to separate everything, as it will take extra work on the treasurer's part to identify everything that needs to come out and help someone figure out everything that needs to go into the accounting side, and then help the transition into the new system.

Fred Schoen asked for clarification on the requested funds and time frames. Treasurer Bulick stated that the temporary accounting clerk would be hired for 6 months, or 26 weeks, at 20 hours per week, and they are requesting \$18,000 to pay that person. The requested amount allows for the standard Account Temps fee, because they may have to go through Account Temps if they are unsuccessful at finding an interested college student. Donna stated that the total request is for \$36,000; \$18,000 for the temporary accounting clerk and \$18,000 for the temporary payroll position. Erika noted that the payroll position will cost more than \$18,000, but there are additional savings from the payroll clerk's 6 unpaid weeks that can be applied.

Mike Makuch inquired whether this matter will need to be sent to the taxpayers to approve because it's out of the programmed budget but within the fiscal year. Donna stated that there were two thoughts about where to find the money. The first thought is to take some of it from the general fund balance of \$2.8 million for FY 19-20 and make an additional appropriation. She drew attention to a document detailing that the Board of Finance may make an appropriation from the general fund not to exceed \$20,000, only expenditures over \$20,000 need to go to a town meeting.

Donna stated that the second thought about where to find the money for these requests is to look at the 2019-2020 current year budget. She drew attention to the fact that there is quite a favorable balance in employee insurances. Donna explained that when the budget was designed, it was assumed the rate would not exceed 14%, but the medical rate actually came in at 2%, so there is extra money there. She continued that dental and term life insurance went out to bid and the premium for those is lower than what was budgeted and lower than last year's premium. There is currently \$55,000 available on the insurance line item, so would the board consider transferring \$16,000 from health insurance? Treasurer Bulick clarified that the proposal is to take \$20,000 from last year's general fund balance and \$16,000 from this year's.

Mike Makuch asked if there any other unknowns within the insurance budget or if it is known that this is fixed for the year. Selectwoman Wiecenski confirmed that it is a fixed amount for the year and that there are no anticipated new full-time hires that would cause the number to change. She stated that before they asked for additional funds in general, they thought it was important to use what money was available out of the current budget.

Mike Makuch asked for clarification that the extra \$55,000 for insurance is not included in the accounting department's budget. Erika confirmed that there is crossover between departments which is why the selectmen brought the decision to the Board of Finance.

Bill Rankin inquired about the cause of the insurance premium changes and whether the town changed vendors. Donna confirmed that there was a vendor change for dental and term life insurance with identical coverage. She was not sure whether the number of participants was the same.

Peter Tanaka moved to appropriate \$20,000 from the General Fund balance to line item #0130, Accounting Services.

Mike Makuch seconded the motion.

Vote: 5 Yes (J. Bulick, M. Makuch, P. Tanaka, B. Rankin, F. Schoen), 0 No

Peter Tanaka moved to transfer \$16,000 from line item #0831, Employee Insurances to line item #0130 Accounting Services.

Mike Makuch seconded the motion.

Vote: 5 Yes (J. Bulick, M. Makuch, P. Tanaka, B. Rankin, F. Schoen), 0 No

3) Year End Transfers

Selectwoman Wiecenski stated that they had new information regarding the new financial software. She reminded the board that at the end of the budget process, the town was made aware of the fact that the current software would be sunsetting. A quote that came to the town from eFinance Plus and was around \$39,000, but in the last week they have discovered that that is only the school's portion of the software. She stated that it could cost an additional \$40,000 – \$60,000 for the town's side of the software. If that is the case, the Selectmen will return to the Board of Finance, because the new software is a necessity.

Selectwoman Wiecenski stated that they knew that buying new software would be expensive and had been skeptical of the quoted \$39,000 because it seemed low. She guessed that maybe because the original request came from the Superintendent's office, the software company didn't realize that they were asking for a quote for both parts of it. Erika reports that they are working on meeting with eFinance Plus and having discussions.

Chairman Bulick asked if EFinance Plus was one of the vendors that the auditor recommended, and Erika confirmed that it was. Jim then confirmed with Erika that it wasn't the more expensive software that was recommended but was more powerful than what our town actually needed. Erika stated that this product is a good fit and the company supports what is currently being used, and that the accounting office had looked at this product. Peter asked if the fact that this software supports what is already being used will make the transfer easier, and Erika confirmed that that is supposed to be the case.

Bill Rankin inquired whether the implementation has started, and Erika replied that no, the issue has not yet gone to bid, as they are taking the time to look at the options and do their research now. They would like to begin implementation by Feb or March so that it can begin with the new

fiscal year in July. Erika stated that if that is the case, they will need the funds to purchase that new system within this fiscal year. She continued that if this information had all come in at this time last year, instead of during budget season, it would have been easier to prepare for. She concluded that the selectmen wanted to make sure the Board of Finance was included in this communication because the request for funds for the new software will be much larger than originally anticipated.

Chairman Bulick noted that Randy Belair has some experience in IT and software and is hopeful that the town will be able to tap his experience with these types of projects. Jim noted that with projects like these, it's best to give yourself as much time and start as early as possible to implement them. Erika agreed and detailed that that is why they are looking now, at the close of the last fiscal year, in preparation for the next fiscal year.

Peter Tanaka inquired whether we are far enough into the process to determine whether the current hardware will support the new software. Erika answered that the individual computers at each station should have no problem with the new software. She continued that she hasn't had a chance to look into the server yet, but that it could be challenging as that's where other problems have been found in the past.

4) Annual Report

Chairman Bulick detailed that he will send a letter out reminding people that the fiscal year ended on June 30 and the new fiscal year began on July 1. Traditionally September 30 has been the date that has been set for everyone to get their piece of the annual report in, except for the finance department, which is after that, once the auditor's report has been received.

OLD BUSINESS

Mike Makuch moved to add an item to the agenda before discussing the Willington Hill Fire Department Land Purchase regarding conflict of interest.

Peter Tanaka seconded the motion.

Vote: 5 Yes (J. Bulick, M. Makuch, P. Tanaka, B. Rankin, F. Schoen), 0 No

1) Conflict of Interest

Mike Makuch stated that a letter was circulated from the fire department to the Selectmen and the Board of Finance in reference to the annual tax abatement and that his name is included in that letter because he is eligible according to the program from the fire department side. He stated that he will be opting out of that to avoid any appearances of conflicts of interest or impropriety due to his involvement on the Board of Finance because it is a financial benefit to him. Mike stated that he will be sending a letter to the Board of Selectmen asking that his name not be considered for the tax abatement.

Bill Rankin inquired whether this was Mike's first year eligible. Mike said that he has been eligible on and off throughout the years but he has never received it and especially now due to his involvement on this board does not feel it's appropriate for him to receive it.

Peter Tanaka stated that he applauds the action, but doesn't believe it's necessary, because Mike's position is not a salaried position. Mike replied that he believes Peter is correct, but doesn't want to be seen as having a financial incentive. Members of the board concluded it is Mike's personal decision and they accept it and appreciate his service.

2) Willington Hill Fire Department (WHFD) Land Purchase

Chairman Bulick summarized that where the discussion last left off at the June meeting, inspection reports of the property were received by the board. At that point, WHFD were wondering what they needed from this board to move forward. He continued that this board had a defective motion to appropriate money, but did not define where from and where to. The board wanted to see where the general fund balance ended up at year end, which is information the board now knows. Jim stated that no other discussion is needed about where the money comes from; it will either come from employee insurance, which still has a surplus, or the fund balance.

Chairman Bulick asked if there was new information from the selectmen. Selectwoman Wicewski replied that the selectmen were working on an agreement for the two separate dollar amounts, one \$10,000 and the other \$50,000. She stated that the attorney returned the agreement and it has been shared with WHFD, but she isn't sure whether WHFD has had a chance to look at it yet. Erika continued that another change in the development of the project is that WHFD have purchased the property and are full owners. She said that nothing is being signed, but that the selectmen are putting everything into place so that in the event that this issue goes to town meeting and the outcome is favorable to allocate those funds, that they are ready to sign.

Chairman Bulick clarified that WHFD is asking for \$50,000 for the land purchase and \$10,000 for maintenance. The procedure for this type of appropriation was clarified between the Selectmen and the Board – the selectmen decide to do a project, they approach the board of finance to make a motion on spending, then the Board of Finance recommend that the Board of Selectmen call a town meeting. Erika explained that the motion made at the last meeting did not go anywhere because it didn't make any specific recommendations, other than to wait and see that the general fund balance was favorable, and is now defunct; a brand new motion is required.

Peter Tanaka asked if there is a specific line item for where the money would be going. Donna replied she thought it would go to Line Item #0232, Fire Department Budget. Selectwoman Wicewski asked for clarification since WHFD has already purchased the land, where the money would be going?

Chief Snyder replied that generous citizens offered loans for WHFD to secure the property. \$50,000 was loaned to WHFD, and all they can do right now is secure the property, as now they need to pay back those loans before they can operate on the property. He stated that with \$50,000 appropriated from the town, WHFD would reimburse those citizens and have more freedom financially so they could start utilizing the property. He clarified that there were 2 people who each loaned WHFD \$25,000 apiece.

Chief Snyder clarified that WHFD is also requesting a separate \$10,000, which will allow them to operate lights and things of that nature until budget season, when it would become a budget increase for WHFD.

Chief Snyder referenced the agreement between WHFD and the selectmen. He said that the selectmen's last edits had been received, and that the only edit had been to add in that the town will be reimbursed if the property is not developed as a fire house and has to be sold. He stated that while everyone agrees on that point, they are working on the wording. Erika stated that the selectmen's edit stated that if WHFD doesn't use the property in the way that they hope to and sell the property, the town is reimbursed \$50,000 plus a percentage of the sale price, and that they are working on coming to an agreement on those terms.

Selectwoman Wiecenski asked the board to consider where the \$50,000 would be going. She raised a concern that if it is moved to line item #0232 – fire department budget, the town does not have control over that fund and does not have a say in what happens to the money after that.

Donna stated that the town attorney/auditor should weigh in on where the money should go. She summarized that it sounds like the town is giving the money to the FD (line item #0232), but that it wouldn't be right to add \$60,000 to their budget because it causes a spike in their budget and that doesn't look good, although Erika replied that it could be fairly easily explained down the line. A suggestion was made that it could put it in as capital expenditure, but Erika said that there may be language in the service agreement between the town and the fire department that states where money cannot come from. Erika suggested a different line item or perhaps a new line item would be the best case scenario. Donna stated that since it is not the town's debt, it cannot be placed under the debt repayment line item. Peter Tanaka summarized that the board knows how much money it is, just not yet where it's going.

Mike Makuch stated that the fire department budget is a program budget; that the Board of Finance doesn't approve every line item, although the line items are included for conversational purposes and planning. He cautioned the board on being careful not to create a new problem by choosing a line item within the program budget, but to continue to look at this from a program budget standpoint, as that is what the Board of Finance approves for the fire department.

Bill Rankin inquired whether the town had ever funded the purchase of a fire truck. Selectwoman Wiecenski replied that that is a very different process that falls under different program and that the current situation is an anomaly. Mike Makuch stated that that type of purchase used to be done through operating budget, and that even once CIP existed, some were done within the operating and some done within CIP. Over the years those purchases have moved completely out of the operating budget, although some smaller capital equipment is still done out of the operating budget; vehicles, buildings, and land are now done through CIP. Erika added that those smaller purchases that are done through operating budget are usually leases that are broken up. Mike gave the example of the hydraulic rescue tools, which were a large enough purchase that they could've gone through the capital program, but there were a couple of budget years where the operating budget allowed for the opportunity to purchase them across a couple of years so the purchase of that equipment was broken up and that was what was presented to this board, because there is a line item for fire equipment.

Selectman Blessington recommended that the Board of Finance make the decision tonight about where the money is coming from so it's set in stone. Then tomorrow, Donna should go to the town attorney for a motion to be made and decide where that money is going to. He suggested that by the next Board of Finance meeting, the motion either be written or the attorney bring any problems that have stopped his progress to be discussed.

Chairman Bulick clarified that \$50,000 will go to Willington Hill Fire Department, and that \$10,000 will come out of the general fund for maintenance on the property, but the board isn't sure yet where that money will go. Selectwoman Wiecenski suggested that locations be approximated for the sake of moving forward with the motion, and can be amended when the selectmen return to the Board of Finance after discussion with the attorney. Chief Snyder clarified that the request for \$10,000 is a request for a permanent budget increase for the WHFD. Mike Makuch gave the specific line item #0232-590 – Willington Hill Fire Department.

Peter Tanaka moved to recommend that the Board of Selectmen draft a motion to appropriate \$60,000 from the general fund balance - \$50,000 to a line item to be determined for short-term financing repayment of loans; \$10,000 to Line Item - #0232-590, Willington Hill Fire Department operating budget for maintenance of the property, with details to be determined at a later date.

Mike Makuch seconded the motion.

Mike Makuch offers an amendment to the motion to include language 'for the purpose of The WHFD acquisition of 25 Old Farms Rd.'

Peter Tanaka seconds and accepts the amendment as a friendly amendment.

Peter Tanaka moved to appropriate \$60,000 from the general fund balance - \$50,000 to a line item to be determined for short-term financing repayment of loans for the purpose of the Willington Hill Fire Department acquisition of 25 Old Farms Rd. and \$10,000 to Line Item - #0232-590, Willington Hill Fire Department operating budget for maintenance of the property, with details to be determined at a later date.

Mike Makuch seconded the motion.

Vote: 5 Yes (J. Bulick, M. Makuch, P. Tanaka, B. Rankin, F. Schoen), 0 No

3) Encumbrance Policy

Chairman Bulick stated that the auditors came to the Board of Finance meeting strongly recommending adopting an encumbrance policy, an example of which was provided for the board to look at and adjust to Willington's needs. The board doesn't have to do that at this meeting, but it should be done between now and election time. He asked Donna to take a look at it and tell the board when she's best able to do it and where it fits best in her schedule.

Mike Makuch asked for clarification of the dates in the example encumbrance policy can be changed, and suggested making sure the dates written into our policy don't put our business manager in a bind so that they can't follow this policy. Jim stated that the example policy provided was just a guideline. Peter stated that the board has talked about this topic before, and Jim clarified that the auditors frequently recommend that Willington should have a policy in

place, as it provides clarity on what happens to projects at the end of a year and prevents abuse in the future.

Bill Rankin asked if this was an audit recommendation 2 to 3 years ago, and Chairman Bulick confirmed, that Willington had a new treasurer and new things going on and it was brought up at that time, and that the auditor is doing their due diligence by bringing it up again.

CORRESPONDENCE

Chairman Bulick stated that Superintendent Stevens inquired about what bonding costs. Jim offered to run a bond calculator, without knowing that Donna was already doing the same. Both Jim and Donna sent bonding costs to superintendent, which are slightly different, as Donna used up-to-the-minute yields and Jim approximated yields using 3.5%. Superintendent replied back to Jim in correspondence that he forwarded to the board, so he just wanted to provide clarification on what started that conversation.

GOOD & WELFARE

1) Kind Words from the Public

Chairman Bulick stated that someone called him to say that their tax bill didn't go up and to tell the Board of Finance "thank you". Selectwoman Wiczenski stated that there were more pleasant comments than negative during tax season; people's assessment either went down or didn't change and they knew the mil rate didn't change.

Jim expressed gratitude to the brand new tax collector who came in at the last minute for her time and good work figuring out how everything works and making it all happen. Erika mentioned that she was also fortunate to have the town's previous tax collector willing to respond to questions, and that the two people who the town paid to come in and help get ready for tax season were a tremendous support and continue to be. She stated that we have an agreement with one of them who has over 30 years of experience to work with us for 6 months at 4 hours per week because of enough savings in that department, and the new tax collector is benefitting from that mentor experience before she begins her classes.

Chairman Bulick stated that the assessor, Walter, is working out very well and finding missing property to assess. He stated that Walter is enforcing laws which are complex and it brings the efficiency up to have someone who knows the laws. Erika added that he is an active assessor and is doing his due diligence by the town. Jim followed that you want a good team to perform well and perform on all cylinders; the numbers received from Donna regarding the general fund are very pleasant numbers, and maybe the town has gotten some lucky breaks and professional people doing the right things and helping us out. He just wants to make sure we thank those professional people and don't forget them.

Bill Rankin inquired about the temperament and status of the state and what feedback was coming from them right now. Selectwoman Wiczenski stated that there was new guidance on the Minimum Budget Requirement (MBR) from Cathy Dempsey that she will forward to the board.

At this time, there is no plan to do away with it, but there are some additional provisions. Whether they will help Willington, Erika doesn't yet know.

Mike Makuch stated that the former Board of Finance secretary, Debbie Lewis, passed away in May due to a second bout with cancer. Her passing didn't seem to draw a lot of attention locally, but she was a longtime member of this group and some of us had a lot of interaction with her. Mike wanted to extend a tip of the hat to Debbie. Erika mentioned that the town didn't come across Debbie's passing until well after as well. She stated that typically they would do something for someone in that manner but they were surprised to hear as well. Jim stated that our board extends our heartfelt condolences to Deb Lewis, former recording secretary of the Board of Finance.

Peter Tanaka moved to adjourn the meeting at 8:19 P.M.

Bill Rankin seconded the motion.

Vote: 5 Yes (J. Bulick, M. Makuch, P. Tanaka, F. Schoen, B. Rankin), 0 No.

Respectfully submitted,

Marysa Semprebon

Recording Secretary, Board of Finance