

**TOWN OF WILLINGTON BOARD OF FINANCE  
TOWN OFFICE BUILDING  
40 OLD FARMS ROAD  
WILLINGTON, CT 06279**

**REGULAR MEETING MINUTES**

Thursday, June 20, 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  
Randy Belair  
Bill Rankin - Alternate  
Laurie Semprebon

**Members Absent:**

Mike Makuch, Vice Chairman  
Fred Schoen - Alternate  
Peter Tanaka  
Barry Wallett

**Also Present:**

Erika Wiecenski, First Selectwoman  
John Blessington, Selectman  
Donna Latincsics, Business Manager  
Diane Bulick, Treasurer  
Michael Van Deventer, CPA, Mahoney Sabol and Company, LLP  
Chief Tom Snyder, Willington Hill Fire Department  
Willington Hill Fire Department Members  
Members of the Public

Chairman Jim Bulick called the meeting to order at 7:03 P.M.

**SEATING OF ALTERNATES:**

**Laurie Semprebon moved to seat Bill Rankin for Mike Makuch. Randy Belair seconded the motion. Vote: Yes (R. Belair, J. Bulick, L. Semprebon) 0 No.**

**APPROVAL OF MINUTES:**

Chairman Bulick noted that there was not a quorum to approve minutes (not all four members attended the last meeting). Since Barry Wallett notified the board that may be late, we will delay approval of the June 6, 2019, minutes until the end of the meeting.

**PRESENT TO SPEAK:**

No one present to speak.

**NEW BUSINESS:**

## 1) Auditors Discussion:

- a) Separation of duties for appropriate financial control for all workers handling cash  
Michael Van Deventer of Mahoney Sabol & Company, LLP said he came at the invitation of Town management to review concerns about separation of duties. He confirmed this was indeed a concern of earlier audits, especially with the Treasurer, and that best practices require dividing up the collection, deposit, and reconciliation of bank statements functions.
- b) Statutory requirements Treasurer  
Michael also mentioned the State statutes themselves are the source of some of this confusion by requiring the Treasurer to collect the money, account for the money, and reconcile the accounts. He said there is no right or wrong way to correct these issues, but there are best practices the Town can implement to strengthen their financial controls. Laurie Semprebon asked if there were specific recommendations to be made.

Treasurer Diane Bulick briefly summarized the functions needing separation: cash handling, accounting, and account reconciliation. Diane would like to set up a cash handling process where all cash deposits would go through Revenue Department and she would be the “second set eyes” approving the activity. All journal entries would be performed by the Accounting Department, and Diane would handle all account reconciliations, revenue analysis, and investments.

Chairman Bulick said we invited our auditors because we knew about these conflicts in the law, we wanted them to review our proposed plan, and we wanted to open the door for any other areas of improvement or best practices we could implement. He mentioned that we need a Treasurer who can do the revenue analysis we need at budget time and who can manage the Town investments. The accounting functions the Treasurer has been doing need to go back to the Accounting Department or the other departments or schools.

Michael said that typically the school maintains custody of the cash for hot lunch programs and student activity accounts. The Town would handle reconciliation and oversight. Bill Rankin wanted clarification that we are just talking about implementing best practices here and there are no accounting problems we are aware of. In other words, sitting in the Accounting department the Treasurer picked up accounting and other job duties that aren't considered best practice by today's standards. Michael confirmed that statement was true.

Erika said the Treasurer was moved back up to the Assessor's office (where it once was) to enforce some of that job function separation and to be closer to the Revenue office.

Randy asked if there were enough accounting resources available to handle the shift of work responsibilities and additional work. Erika said there would definitely be an increase in work in the Accounting department, and that Donna would be evaluating that increased level of work. The new accounting system would likely offset some of the increased work, so it is hard to tell at this time. The old system is “sun setting” by next summer and will no longer be supported. By January 2020 we should be well on our way toward implementing the replacement accounting system.

Randy asked how long it will take to implement these changes proposed by the Treasurer. Diane said it was too early to tell, but she would keep the Board informed of her progress. Her plan was to start the new fiscal year off with the new processes.

Randy asked what the plans for cross training were. Selectwoman Wiecenski said they haven’t looked at that yet. The first focus was to figure out what was required to do from a statutory perspective and then get the auditor’s recommendation and Board of Finance’s recommendation on our division of duties.

Chairman Bulick asked Michael VanDeventer if he had any recommended accounting systems and Michael recommended “E-Finance” or “Infinite Visions” as appropriate accounting systems for a town of our size.

Chairman Bulick also asked Michael about the Town Clerk function with regard to handling cash, making account entries, and reconciling their checking account. Erika said that there was a time where the Town Clerk was paid out of the fees they collected. This is no longer the case except for but for a handful of towns. Going forward, some of those checking account functions would be split out of the Clerk’s job (like the financial office would write out the checks).

As the Town auditor, Michael said that he supports our proposals discussed this evening.

c) Encumbrance policy – Best Practice

Michael also discussed that having an encumbrance policy would be a good financial practice. Encumbrances are legal financial commitments for future services to be rendered or future purchases. They are used to manage the transition period from one fiscal year to another. A good encumbrance policy will help manage year end spending down of budgets. He shared a sample policy with the Board for consideration. Discussion followed. Randy asked Donna (roughly) if we had a lot of encumbered funds. Donna said yes, a fair amount of our budget is encumbered. Laurie raised her concern that she didn’t want to enact a policy that hampered us from conducting Town business. She didn’t want it to be overly restrictive. Chairman Bulick said we will review these again with the rest of our board.

We may wish to consider other policies, like no miscellaneous budget accounts like the Board of Education uses. Randy asked Donna to summarize the miscellaneous accounts and what dollar amounts are associated with these accounts. These are the kind of things we should review this time of year before we get busy with budgets.

- 2) Additional Impact to the Finance Office
  - a) The Library approached the Finance office and asked them manage the Library Grant. Selectwoman Wiecenski said it would be essentially managed like we manage our Fire Department Grants. Again, we would have to see how much work is involved to determine the impact to the Finance office. Discussion followed regarding grant management and the new Library Director search.
  - b) The discussion turned again to the importance of making sure we had the appropriate accounting software to support a \$17 million dollar operation. Mike Van Deventer also mentioned that the Connecticut Office of Policy and Management (OPM) is beginning to be asked for more detailed financial reports from towns and that the reports be uploaded to the State websites. Good software would make this work easier.
  
- 3) Appropriation for a New Phone System (Moving Forward with approved CIP Project)
 

Selectwoman Wiecenski gave a brief overview of the project and some of the key features. We are asking for the Board of Finance to appropriate \$69,100 as budgeted in the Capital Improvement Program (CIP) Plan, and recommend the Selectmen call a Town Meeting to approve the spending. It is expected we will save about \$300/month in phone services.

**Laurie Semprebon made motion recommending the Board of Selectmen call a Town Meeting for the following purpose: To appropriate \$69,100 from Capital Reserve Fund #04-4035 Phone System, for the purpose of installing a new phone system at Center School, Hall School, and the Town Office Building. Bill Rankin seconded. Vote: Yes (R. Belair, J. Bulick, B. Rankin, L. Semprebon) 0 No.**

A brief discussion followed regarding the Fire Department phone systems used.

- 4) Year End Transfers
  - a) The Senior Center will go over budget on heating oil and maintenance.
 

**Randy Belair made motion to transfer \$572 from line item #0831, Employee Insurances, to line item #0185, Senior Center. Laurie Semprebon seconded. Vote: Yes (R. Belair, J. Bulick, B. Rankin, L. Semprebon) 0 No.**
  
  - b) The transfer station will go over budget on bulk waste and trash removal. Donna projects needed \$6,000 for Bulky Waste removal and \$8,000 for tipping fees. The variation could be due to the spot markets for commodity prices or due to the mathematical averaging used in the budget process.

**Randy Belair made motion to transfer \$14,000 from line item #0831, Employee Insurances, to line item #0351, Transfer Station. Laurie Semprebon seconded. Vote: Yes (R. Belair, J. Bulick, B. Rankin, L. Semprebon) 0 No.**

**OLD BUSINESS:**

- 1) Willington Hill Fire Department Land Purchase
  - a) A brief update was given by Selectwoman Wiecenski. The Selectmen are still looking for
    - i. Detailed spending information from the Fire Department so we can see how the anticipated \$10,000 maintenance budget is being spent.
    - ii. The foundation report so we know we are not purchasing any property suffering from the crumbling foundation problem.
    - iii. There were still some legal issues to be resolved: Will the Town have an ownership interest in the property; Will the Town will get its money back if we do not build a fire house on the location; etc.
  - b) Chief Snyder gave a brief update on the status of the land purchase. The Willington Hill Fire Department is proceeding without Town involvement as the Town works through the due diligence issues.
  - c) A brief discussion was held regarding the possible source of the funds for the land purchase. Chairman Bulick said that there are a lot of year end transfers and re-allocations we are making. We have had some favorable variances and some unfavorable budget variances. We should have a better feeling in a few weeks where we stand fiscally.

**Correspondence**

None

**Good and Welfare**

Chairman Bulick said that since Barry Wallett did not make the meeting, we will approve the June 6, 2019, minutes at our next meeting.

Laurie Semprebon mentioned that although it sounds like she is against the land purchase, she feels she has to do her due diligence and ask questions.

Chairman Bulick mentioned we are still looking for a Recording Secretary for the Board of Finance only (NOT the CIP committee). We have a candidate interested in the position we are currently talking with.

**Randy Belair moved to adjourn the meeting at 8:28 p.m. Bill Rankin seconded the motion. Vote: Yes (R. Belair, J. Bulick, B. Rankin, L. Semprebon) 0 No.**

Respectfully submitted,  
Jim Bulick  
Chair Willington Board of Finance

**TOWN OF XXXXXX, CONNECTICUT  
ENCUMBRANCE POLICY**

**PURPOSE**

The purpose of this Encumbrance Policy is to describe the policies and procedures by which General Fund encumbrances may be authorized and carried forward as a charge against a prior year appropriation. This policy below shall apply to all departments, offices, and agencies of the Town of \_\_\_\_\_, Connecticut.

**BUDGETARY BASIS OF ACCOUNTING**

General Fund appropriations, except for an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent they have not been expended or encumbered, or except as prohibited by law or prior agreement. An encumbrance authorized in accordance with this Encumbrance Policy will be treated as General Fund expenditure under the budgetary basis of accounting.

**GENERAL TERMS AND DEFINITIONS**

To create an encumbrance means to set aside or reserve all, or a portion, of a lapsing fiscal year's appropriation for payment of future expenses. Appropriations are encumbered to ensure their availability for payment of approved, specified expenses. Encumbered funds are not available for other than approved, specified purposes.

For purposes of this policy, An encumbrance is defined as an executed contract for goods or services that will be delivered, provided or performed by the vendor outside of the budget year in which the contract was executed. Personnel costs are not encumbrances.

In order for an encumbrance to be confirmed, a specific purchase order must be placed and/or contract executed with a purchase order issued to the vendor prior to June 30 of each year and subject to the guidelines and procedures outlined below.

**AUTHORITY**

Any requests to carry over an encumbrance into a subsequent fiscal year shall be authorized by the appropriate purchasing agent of the Town.

**GUIDELINES AND PROCEDURES**

Encumbrances are a reserve of current year budget appropriations to recognize the existence of legally enforceable commitments on unperformed contracts for goods or services. If the intent of the contract or order is to avoid lapse or circumvent budgetary intent, then the current fiscal year funds may not be carried over to pay the contract or obligation even if a commitment exists as the Town's fiscal year end.

Budget authority that has been carried over from a previous fiscal year, related to carryover encumbrances, may only be used for the purpose of the encumbrance. If the expenditures related to the carryover encumbrance are less than the amount carried over the remaining carryover budget authority may not be recommitted or reused in the current fiscal year.

A listing of all outstanding encumbrances shall be submitted to the appropriate authority by July 1 of each fiscal year. The list shall include the vendor name, date of contract or purchase order, a description of the goods/service, and the budget account number. Copies of all contracts for goods/services and purchase orders shall be attached. This listing will then be reviewed by July 15 of each year and the commitments will be approved and confirmed as defined above. Funds will then be made available to pay said encumbrances.

The following represents additional guidelines that are intended to clarify types of encumbrances that may or may not be carried over to the subsequent fiscal year:

1. There must be a executed contract or an authorized purchase order placed with a known vendor/party as of the end of the fiscal year for funds to be carried over to the subsequent fiscal year.
2. All blanket purchase orders should either be liquidated or cancelled at the end of the fiscal year.
3. Appropriations used as matching funds for federal or State programs should not be carried over to the subsequent fiscal year through the use of an encumbrance.
4. Any purchase orders having no activity in the past 12 months should be cancelled at the end of the fiscal year.
5. Funds carried over to a subsequent fiscal year may only be used for the purpose carried over. Balances remaining on prior year purchase orders after liquidation of the actual cost incurred should be cancelled and may not be used to cover overdrafts in the current year.
6. Funds carried over to a subsequent fiscal year for non-aid contracts with vendors having a recurring contractual relationship with the Town should be limited to amounts needed to pay for goods or services actually provided by the vendor as of the end of the fiscal year.
7. For personal contractual services, encumbrances can be carried forward if the majority of the services have been provided as of the end of the fiscal year.
8. Funds carried over to a subsequent fiscal year for supplies purchased in excess of normal quantities ordered throughout the year must be justified.
9. For equipment rentals and lease purchases only the value of services received for the fiscal year can be charged to that year. Anticipation of future years' expense should not be charged to current year appropriations.