

Town of Winchester
8522 Park Way, Larsen, WI 54947
Town Board Special Meeting
Minutes
October 23, 2017
6:00 p.m.

A. CALL TO ORDER

1. Pledge of Allegiance
2. Roll call

Present were Chairman Kriescher, Supervisor Mathison, Supervisor Joas, Treasurer Schwartzbauer, and Clerk Stevens.

Also present were 14 community members.

B. PUBLIC COMMENT

Tim Seager, 5126 County Road II, stated there have been some events that he needs some answers on and he is hoping to get them tonight. He continued stating he is very uncomfortable with what has been going on with the money for the Fire Department. He said he recalled about a year ago when Fire Department invoices were not being paid and the Board held a special meeting. He asked if he was recalling that correctly. None of the Board Members could recall the issue nor any special meeting that had been held. Mr. Seager continued stating at the last Special Meeting, Chief Forbes stated he was having a hard time balancing his ledger with the ledgers that were coming out. Chair Kriescher stated, that is what we are here to look at tonight. Mr. Seager continued stating we suddenly had a change in protocol for bill paying. He asked if he understood correctly that the Town did not keep two separate ledgers before now. Clerk Stevens explained that there have always been two separate books. She received from the former Clerk, and continued to track the Town's finances as required by Statute, using Quickbooks. She continued by explaining that Treasurer Schwartzbauer received from the former Treasurer, a ledger, and continued to track the Town's finances using that ledger. Clerk Stevens continued by explaining that each book is reconciled monthly using the bank statements. She explained that while she and the Treasurer do not sit down and cross check each transaction, they are both reconciling from the same bank statement. If both reconcile to the same statement, they books are considered reconciled. She referenced the formula, "If "A" = "B" and "B" = "C" then "A" = "C".

Clerk Stevens noted that Treasurer Schwartzbauer recently switched from her written ledger format to a digital Quickbooks format for her record, but that each of them are separate books to track all town transaction. Chair Kriescher stated that now the books should always be the same. Clerk Stevens again clarified that the books will never be identical copies of each other. She explained that all of the transactions will be identical, but the appearance of the books may be different, because they have different procedures and requirements for processing. She noted, however, that the bottom line is each book must reconcile to the other when comparing the "bottom line." Clerk Stevens noted that she puts much more detailed descriptions into her record, in order to make the books easily audited by the Town's Auditor, Erickson and Associates.

Mr. Seager stated he is hoping to get some answers tonight in regard to the Fire Department expenditures and the questions that relate to them.

Mr. Seager also stated that at the Annual Meeting it was voted to discuss the Clerk's position being changed from an elected position to an appointed position and he would like to see that the Town Board address that. Chair Kriescher stated the Board would have to get a referendum ready, and they would have to have the Attorney check it, and then they will bring that forward.

Supervisor Joas suggested that [the Board] might want to take a look at how some other Towns are doing this. He stated [the Board] should review the requirements and whether or not the Town has the resources to actually make the position appointed. He said [the Board] should really look at the issue to determine if it is practical for the Town to move in that direction before drafting a referendum.

Al Ihrig, 5718 Grandview Road, asked if the Town Board still sits down every January to audit the Town books. Chair Kriescher stated he has been researching this and has found that different Towns audit their books in different ways. Some do it monthly, others bi-annually, and others annually. Mr. Ihrig stated that when he was on the Board, they would sit down and review every transaction to make sure that the books were in order. He asked why the Board no longer does that. Chair Kriescher stated that when he was first elected in 2001 or 2003, he does not recall doing that at all.

Supervisor Joas noted that the Town has an outside accounting firm audit the financial books every year. Erickson and Associates reviews the books and the transactions to make sure everything is in order.

Mr. Ihrig stated when he first was elected to the Board, Keith Lutze was the Treasurer and Earl Nelson was the Clerk. He noted that shortly after that, Mr. Lutze retired and Betty Nelson took over as Treasurer. Chair Kriescher stated that when the Clerk and Treasurer were under the same roof, that may be when the audit work by the Board was lost.

Chair Kriescher explained the process for the finances. He stated that Clerk Stevens takes in all the information that comes into the Town, advertisements, invoices, literature, etc. She then processes the invoices and brings them with a report to the Town Board Meetings where the Town Board reviews the transactions and approves them. The next day, the Treasurer will

write out the checks and signs them. Then the Chair signs them. Then they go back to the Clerk for review and she signs them. And then the Treasurer sends them out. Chair Kriescher stated he wants two eyes on the transactions at all times.

Clerk Stevens clarified by stating there are actually four check points in the procedure, with her being the first, the Town Board review and approval being second, the Treasurer reviewing and writing checks being third, and the Clerk's review of the checks being fourth.

Chair Kriescher noted that the transactions all come before the Board for review at almost every Town Board meeting so there are plenty of check points. He stated there is a lot of work involved in keeping the records properly.

C. BUSINESS

1. CY 2018 Fire Department Budget

Chief Forbes stated he spoke with someone at the State who recommends that the 2% dues get tracked separately in the Town's budget and that 100% of that money gets allocated to the Fire Department because its use is limited to specific uses. He stated that the Town can NOT allocate where that money goes. It is the Fire Department's money. The Fire Department can choose to roll that money over to the next year for certain items, it can choose to use it for a capital expenditure, but that 2% dues MUST go to the Fire Department. The Chief continued stating that he is trying to do his paperwork so that every "i" is dotted and every "t" is crossed.

Supervisor Joas stated [the Board] is on the same page and does track the dues separately and that funding has always only subsidized Fire Department expenses, even when the Department was a joint department with Clayton. Al Ihrig noted that the money still must go into the Town's check book. Chief Forbes agreed. Mr. Ihrig stated that the Board still must approve the purchases. He used an example that if the Chief wanted to purchase \$6,600 worth of helmets, the Board would have to approve the purchase. Chief Forbes agreed, stating that he will guess at what the upcoming year's 2% dues payment is going to be and will use that for budgeting purposes, but the Board will still get final approval of what it is to be used to purchase. Mr. Ihrig asked what percentage the 2% dues makes up for out of the entire Fire Department Budget, noting that the Board is "kicking in" a lot more for the Fire Department than the 2% dues total. Chief Forbes stated that the 2017 budget was \$64,015 and the dues made up about \$6,300 of that. He continued stating that this year he has proposed to keep his budget at \$64,015 with \$10,000 of that being used for EMS, but that he would like the 2% dues added on top of the \$64,015, not part of it. He noted that the 2% dues does not cost the community anything, but rather comes from the insurance companies. Chair Kriescher clarified that the money comes from homeowners' insurance policies and goes to the State. The state distributes the monies to fire departments to ensure that proper education of residents and required inspections, etc. are being completed. He suggested that the Chief briefly explain the ISO rating.

Chief Forbes explained that the ISO performed an audit of the department. He said they originally were going to give the department a year before auditing, but changed their minds and performed the audit a few months ago. He stated the result is based on a 1 to 10 scale with 1 being the best, 10 being the worst. He stated that Winchester remained at a 7, which is the same rating they had when operating as a joint department.

Chair Kriescher asked what the Board currently has for the Fire Department budget right now. Supervisor Joas stated it is at \$72,000 which includes the 2% dues, but that the dues can be called out onto its own line item per the Chief's request.

Chair Kriescher asked what else the Chief had for them. Chief Forbes stated he had a list of items he has questions about. Chair Kriescher clarified that those questions were relating to the 2017 audit. The Chief confirmed.

Supervisor Joas suggested skipping item number 2 and moving on to the CY 2017 Year-to-date Fire Department Audit.

MOTION:

Supervisor Joas made a motion to move on to business item #3 CY 2017 Year-to-date Fire Department Expenditures Audit.

Second by Supervisor Mathison

Motion carried by unanimous voice vote

Chief Forbes stated that the Board skipped item #1, asking if the Board was going to discuss that. Treasurer Schwartzbauer clarified that the Chief was looking at a list of transactions when referring to item #1 rather than the agenda.

The Board moved on to business item #3.

2. Resolution to Exceed the Levy Limit (discussed later in the meeting)

3. CY 2017 Year-to-date Fire Department Expenditures Audit

Chief Forbes stated that Dan Buser had come to the Board requesting the Town pay for the labor cost to move his dry hydrant at a cost of \$200. He referenced the meeting minutes from the meeting during which the Board approved the expense to be paid for out of the Fire Department funding. Chief Forbes stated he had issue with this because he had not approved the expense and feels the Board should be consulting with him regarding expenditures which will be coming out of the Fire Department budget. He continued stating that if he does not approve something, he feels it should not

come out of the Fire Department budget. The Chief then asked if the \$200 for moving the dry hydrant coming out of the Fire Department budget. The Board confirmed that it was because it is a Fire Department expense. Chief Forbes stated that would be ok this time, but in the future he would like to have final approval of all transactions paid for coming out of the Fire Department budget.

Chief Forbes moved asking Supervisor Joas about the approximately \$40,000 which is listed as dissolution income in a line item labeled truck fund. He questioned why, when the Board said the money was spent, it still shows on the income line item. Supervisor Joas explained that those monies were used as part of the pay-off of the Commissioners of Public Lands loan which was used to purchase a truck. Chief Forbes clarified that the truck fund money was only a portion of what was used to pay off the loan, noting that in his records, he could not determine where the balance of the loan pay-off was funded from. Supervisor Joas stated it came from the general dissolution fund monies. Clerk Stevens noted also that on the 2016 levy, there was also was debt service funding which was used to make a payment on the loan as well. She clarified that the loan was paid in full using the levy debt service funding, with the remaining balance being paid from the dissolution truck fund monies and other dissolution funds. Chief Forbes asked why the report still shows that the money is in there.

Clerk Stevens explained that governmental accounting is fund accounting which must track sources of revenues and uses of those revenues. She stated that the Town must track all incomes, which is what the truck fund was. She stated it shows in the revenues for the Town record. She explained that the uses are tracked as expenditures using the expenditure lines within the financial records to track expenses. She explained that she must keep a record of all sources of revenue and that is why the line item cannot be reduced to zero, as then it would not show as an income item. She noted that she had provided a spreadsheet several meetings ago which itemized all the dissolution funds and what those funds have been used for to date. She noted the remaining balance of the funds is \$35,973.67. Chief Forbes stated that is where his misunderstanding comes from, his numbers don't match. Treasurer Schwartzbauer stated she also was confused, saying the Clerk's record is a much more detailed account.

Clerk Stevens stated she was prepared with every CY 2017 Fire Department invoice ready for the Board to audit, along with each Town Board approved Accounts Payable report, and a copy of her financial book report. She explained that she has assigned a transaction number to each invoice and is able to go through each one individually so the Board can confirm that all the expenditures have been processed accurately. Chief Forbes stated that may be something that the Clerk, he and Treasurer Schwartzbauer could go through. Clerk Stevens stated that the Board has requested an audit and she had prepared the information for them to review and had enough copies for the Chief and several extras for others in attendance.

Chief Forbes stated that if his books didn't match the Clerk's, it will create problems. Clerk Stevens stated that she can show that every transaction was approved by the Town Board and is accounted for properly and suggested the Board actually go through each transaction. She estimated it would take approximately an hour to go through, but it is well organized and should go rather smoothly. The Chief stated that his big issue is that there have been some invoices which he indicated should come out of one area which came out of another area. Clerk Stevens suggested that going through each transaction will provide the opportunity to correct that if in fact that has occurred. Chief Forbes stated he is willing to go through the transactions with the Clerk and Treasurer but is concerned that it will end up right back in front of the Board. Clerk Stevens stated that she would like to go through each transaction because she was confident that doing so would clarify any questions the Chief may have. The Board indicated they would like to go through the report prepared by the Clerk.

Clerk Stevens distributed the reports to the Board, the Chief, and some of the residents in attendance. She began by explaining her procedure which assigned each invoice a transaction number. She cross referenced that transaction number to the Town Board Approved Accounts Payable Reports, and also to the Financial Report for the Fire Department as recorded in her Quickbooks financial record. She began reviewing each invoice utilizing the cross-checking method.

Treasurer Schwartzbauer questioned the assignment of a transaction stating that the Chief had indicated the invoice was for "Vehicle Maintenance" and the Clerk had assigned it to "Equipment Maintenance." The Treasurer expressed concern that the discrepancy would result in the Chief's books not matching the Clerk's. Clerk Stevens explained that the categories she uses are based on what the outside auditor needs in order to complete the state forms which he submits. She continued stating that name differences as minor as that should not affect the end result as the dollar values will match. The various books will never be carbon copies of each other because different authors produce each. The values of the transactions are the crucial element which must match, ultimately making the "bottom line" match.

Clerk Stevens continued reviewing each transaction, cross-checking against the Town Board reports and the financial book report. Chief Forbes questioned the fact that tax had been charged on the purchase of a telephone. Clerk Stevens explained that the Town Board had, to date, not approved the setting up of a "house account" with any office supply vendor and she therefore completes purchases using her own credit card and then submitting the invoices for Town Board approval and reimbursement. She stated if the Board would like to direct her to process this type of purchase differently, she certainly would take that direction. However, the reason for charging for the tax is because the Board would have to pay mileage reimbursement if she were to drive into Appleton to make the purchases using a tax exemption form. That mileage would be paid at the federal reimbursement rate of \$ 0.53 per mile and with the round

trip approximated at 40 miles, the mileage reimbursement cost would be over \$20.00 per trip. She explained that she had made the judgment call to purchase online, paying a minimal amount of sales tax and getting the items delivered free of charge. She noted that there were a total of three transactions for the Fire Department for which she used this process, which totaled about \$13.00 in sales tax which is significantly less than three \$20.00 trips into Appleton. She also noted that she always submits invoices to the Board for review and approval, and by using her personal credit card, she is taking the financial risk for the transactions until the Board authorizes reimbursement of the expenses. She noted that if a transaction goes unapproved, that the financial responsibility falls on her, not on the Town. She again noted that if the Board would like to direct her to use a different process, she would follow their direction.

Clerk Stevens continued reviewing the Fire Department transactions. She got to the titling and licensing of the new Pierce Engine. Clerk Stevens explained she did not have an obvious category to apply to this transaction but had decided because it directly relates to a piece of equipment; she assigned it to equipment maintenance. She noted the transaction was nominal at a cost of \$70.50. The Board agreed with her logic. Chief Forbes stated that it made sense, but he would like to see that transaction be paid for out of the dissolution funding as a start-up cost. The Board directed Clerk Stevens to move the transaction accordingly.

Clerk Stevens noted that each month, she is provided with a statement from Kwik Trip for fuel purchases, but has not received any of the purchase receipts which correspond to the statements since December, 2016. She expressed concern stating that the auditor will likely want to double check the receipts against the statements as part of the annual audit. Supervisor Joas requested, that moving forward, the Chief provide the Clerk with the receipts which correspond to the statements.

Clerk Stevens went through the rest of the CY 2017 expenditures for the Fire Department and the Board found everything to be in order. Chair Kriescher thanked Clerk Stevens for a job well done.

Chair Kriescher also asked Chief Forbes if he had any other questions. He indicated he did not have any questions regarding the expenses, but would like the Board to allocate the recent \$200 payment received from the Larsen-Winchester Sanitary District (LWSD) for washing out the lift stations. In his opinion, the money belongs to the Fire Department because they used the tanker to perform the service. Clerk Stevens explained she too questioned where that money should go, and therefore had asked the outside auditor, who instructed her to put the payment into "unanticipated revenue" as the Board would use it to subsidize expenses. Chief Forbes stated it was a donation to the Fire Department and that it should go in the Volunteer Funds account. Clerk Stevens again clarified that this work has been performed for many years with the LWSD has always paid whichever municipality performed the work for services provided. Chief Forbes stated again that the money was a donation to the Fire Department and asked the Board to transfer it to the Volunteer Funds account.

MOTION:

Supervisor Mathison made a motion to transfer the \$200 to the Fire Department Volunteer Funds Account
 Second by Supervisor Joas
 Motion carried by unanimous voice vote

2. The Board moved on to business item #2 Resolution to Exceed the Levy Limit

Supervisor Joas presented a Resolution of the Town Board to Propose Exceeding the Levy Limit, noting that Attorney Sorenson had reviewed the document. He reviewed the Resolution noting that, as discussed at previous meetings, it proposes to exceed the allowable levy by 55.555 percent, which would increase the Town Levy by \$100,000: \$80,000 for roadwork and \$20,000 for the Town of Winchester Fire Department/EMS.

Supervisor Joas explained that if approved by the electors, the addition of the \$100,000 to the levy would increase the tax levy by approximately \$ 0.714 / \$1000 of value. He explained further stating a home valued at \$100,000 would pay approximately an additional \$71.40 over and above the current tax payment.

MOTION:

Supervisor Mathison made a motion to adopt the Resolution of the Town Board to Propose Exceeding the Levy Limit and to place it on the agenda at the Special Electors Meeting for consideration.
 Second by Supervisor Joas
 Motion carried by unanimous voice vote

4. Town Credit Card Account

Treasurer Schwartzbauer reported that she had talked with a banking representative in Tampa, FL who had provided her with information which the Town would need to apply for a credit card, including an application form, a credit limit request, and the number of cards needed. She noted the card would have no fees and would not have any reward programs.

Supervisor Joas noted the Board would have to first adopt a resolution which would specify the policy for use. He stated he would rather see a house account set up with an office supply vendor rather than open a credit card account.

Chief Forbes stated he would like to see the Town get a credit card because he often tries to get price quotes from various businesses and would like the freedom of being able to purchase from various places.

The Board asked the Clerk how many transactions require a credit card. She explained that the transactions are minimal, mostly for office supplies, as most other vendors understand that municipalities purchase using written checks. She also noted that the transactions are usually \$100 or less.

The Board discussed how much should be requested for the credit line. Chair Kriescher suggested \$500.00 to \$1,000.00. Tim Seager said he thought the credit limit should be more because when he purchased the flags for the Town, it totaled over \$600 and he feels the limit should be higher to cover multiple purchases as one time.

MOTION:

Supervisor Mathison made a motion to draft a resolution to get a Town Credit Card with a credit limit of \$1,500.00 and to include the procedure for use in the resolution.

Second by Chair Kriescher

Motion carried by unanimous voice vote

D. NEXT MEETING

The next regular Town Board meeting will be Monday, November 6, 2017 at 7:00 p.m.

Agenda items are to include Credit Card Resolution, and any other business which may arise.

The Public Hearing for the CY 2018 Operating Budget and the Special Meeting of the Electors to Approve the 2017 Tax Levy Payable in 2017/18 is scheduled for Monday, November 13, 2017 at 7:00 p.m.

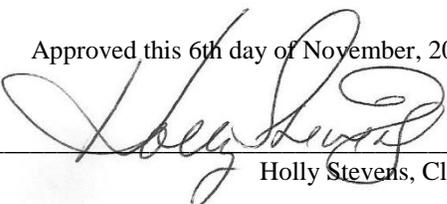
E. ADJOURNMENT

Supervisor Mathison made a motion to adjourn at 7:49 p.m.

Second by Supervisor Joas

Motion carried by unanimous voice vote

Approved this 6th day of November, 2017



Holly Stevens, Clerk