

1. BET Audit Comm. Meeting Agenda

Documents:

[BET_AUDIT_COMM_MTG_AGENDA_12-20-17.PDF](#)

2. Minutes Subject To Approval - December 20

Documents:

[MINUTES SUBJECT TO ACCEPTANCE - DECEMBER 20.PDF](#)

3. Accepted Minutes - December 20

Documents:

[ACCEPTED MINUTES - DECEMBER 20.PDF](#)



**TOWN OF GREENWICH
BOARD OF ESTIMATE & TAXATION**

**AUDIT COMMITTEE MEETING
Wednesday, December 20, 2017**

**8:00 A.M.
Gisborne Room**

AGENDA

1. Approval of the BET Audit Committee Meeting Minutes:
 - October 23, 2017 - "Lessons Learned" Gustovich Case
 - December 14, 2017 - Regular Meeting
2. Acceptance and Approval of the Fiscal Year 2017
 - Comprehensive Annual Financial Report (CAFR)
 - Federal and State Single Audit
 - Management Letter
3. Old Business
4. Adjournment

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Wednesday, December 20, 2017 – 8:00 A.M.
Gisborne Conference Room

Present

Committee: Arthur D. Norton, Chairman; John Blankley, Michael Mason, Jill Oberlander

Attendees: Peter Mynarski, Comptroller; Scott Bassett, Partner, RSM, LLP; Melissa Quinn, Account Manager, RSM US LLP

Others: BET Members: Bill Drake, Beth Krumeich, Leslie Moriarty, Jeff Ramer, Leslie Tarkington; Incoming BET Members: Andreas Duus, Karen Fassuliotis (8:44 A.M.), Debra Hess, David Weisbrod

The regular meeting was called to order at 8:05 A.M.

Mr. Norton welcomed and reminded all that December 20, 2017 was proclaimed Arthur Norton Day by First Selectman Peter Tesei.

1. Approval of Audit Committee Meeting Minutes:

- **October 23, 2017 – “Lessons Learned” – Gustovich Case**

Upon a motion by Mr. Blankley, seconded by Mr. Norton, the Committee voted 4-0 to approve the October 23, 2017 Lessons Learned – Gustovich v. Town of Greenwich Case Minutes.

- **December 14, 2017 – Regular Meeting**

Upon a motion by Ms. Oberlander, seconded by Mr. Mason, the Committee voted 4-0 to approve the December 14, 2017 meeting Minutes as amended.

2. Acceptance and Approval of the Fiscal Year 2017

- **Comprehensive Annual Financial Report (CAFR)**

Mr. Bassett reported that he met with Town Attorney, John Wayne Fox to review active litigation after the Committee’s last meeting on December 14, 2017. No updates are needed in the net position since the previously reported liability of \$2.6 million for potential legal settlement expenditures is adequate and unchanged.

Mr. Bassett that a basic cleanup of the CAFR was completed by RSM US LLP with minor changes. He stated that the State’s proportionate share of the net teacher’s pension liability associated with the Town was recalculated. Increases and decreases to accrued self-insurance claims were completed with no change to the ending liability as stated above.

Mr. Bassett and Mr. Mynarski discussed rating agency requirements regarding GAAP basis fund balance in AAA communities. Mr. Bassett stated that Greenwich is a little above the average with its reported general fund balance. It was reported that credit rating agencies usually review unassigned reserves, pension trust funds, OPEB funding, etc.

Ms. Quinn replied to a question by Ms. Oberlander stating that only changes in verbiage were made to the overall CAFR. Numbers remained the same except for reclassification and a cleaning up of OPEB investments.

Upon a motion by Mr. Blankley, seconded by Mr. Mason, the Committee voted 4-0 to accept the Fiscal Year 2017 CAFR on behalf of the BET.

A vote of all present BET Members was taken.

All sitting BET Members present (Mr. Drake, Ms. Krumeich, Ms. Moriarty, Mr. Ramer, Ms. Tarkington) voted 5-0 to accept the Fiscal Year 2017 CAFR.

- **Federal and State Single Audit**

Mr. Bassett stated that the Federal and State Single Audit will be completed by January 2, 2018 meeting the required March 2018 reporting date. There was one insignificant finding from the Single Audit Report. Ms. Quinn reported that a Telecommunications Grant (911 Grant) had not been submitted in a timely manner by the Police Department therefore creating the finding. Ms. Quinn stated that the grant has since been submitted.

Upon a motion by Mr. Blankley, seconded by Mr. Mason, the Committee voted 4 - 0 accept the Federal and State Single Audit on behalf of the BET.

SUBJECT TO ACCEPTANCE

- **Management Letter**

Mr. Mynarski asked about the audit date for he and First Selectman Peter Tesei, to sign the Management Representation Letter. Mr. Bassett's confirmed the date of December 21, 2017.

Ms. Oberlander suggested for RSM to supply a time table for submission of documentation for next year's audit to facilitate the process. Ms. Quinn admitted it was a challenging audit and that some BOE turnover issues had delayed completion. Mr. Weisbrod asked who would spearhead next year's audit. Mr. Bassett replied that that the current RSM Partner, Jen Katz, will be the point person, while he will be an overview resource.

The Committee asked for Mr. Bassett's insight looking toward future audits. He recommended a review of fund balances to boost reserves. A debt service stabilization fund policy, which is a formal high body legislative act, can be created from the unassigned fund balance to pay future debt. The specific purpose must be disclosed in the financial statements which cannot be changed (e.g. school remediation). Mr. Mynarski added that the Town's only vulnerability from the State is a possible charge for teacher pension costs. Ms. Tarkington suggested a separation of auto and property mill rate taxes. That option was a management decision Mr. Bassett replied.

Ms. Tarkington questioned the six Management Letter recommendations noting an increase from previous years. In addition, Ms. Tarkington asked if the audit

delay was the result of a lack of Connecticut municipality experience? Mr. Bassett replied that the auditors have definitely learned from this audit.

Mr. Mynarski stated that going forward the six responses in the Management Letter will be implemented without additional issues. Ms. Hess suggested for RSM to return to the Committee to discuss trend analysis and best practices. Ms. Oberlander stated that these suggestions are addressed at the Audit Planning Meeting held each May. Mr. Bassett stated that better communication with departments regarding documentation deadlines, and a review of the audit process may help.

Upon a motion by Mr. Norton, seconded by Mr. Blankley, the Committee voted 4-0 to accept the six responses to the Management Letter on behalf of the BET.

3. Old Business

No discussion.

Mr. Norton took personal privilege to express his appreciation for serving on the BET Audit Committee as Chair for the past ten years, and serving as Vice Chair for the last six years. He found his last term especially rewarding and appreciated the member's support. He reminded the Committee that their responsibilities to the BET are very important regarding Internal Audit, Risk Management, External Audit and governance committee for GAAP Rules. The Committee reciprocated with their gratitude of his service to the Town.

4. Adjournment

Upon a motion by Mr. Mason, seconded by Mr. Blankley, the Committee voted 4-0 to adjourn the meeting at 8:57 A.M.

The next Audit Committee Meeting is scheduled for January 11, 2018 at 8:00 A.M. in the Gisborne Room.

Elaine JV Brown, Recording Secretary

Arthur D. Norton, BET Audit Committee Chairman

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Wednesday, December 20, 2017 – 8:00 A.M.
Gisborne Conference Room

Present

Committee: Arthur D. Norton, Chairman; John Blankley, Michael Mason, Jill Oberlander

Attendees: Peter Mynarski, Comptroller; Scott Bassett, Partner, RSM, LLP; Melissa Quinn, Account Manager, RSM US LLP

Others: BET Members: Bill Drake, Beth Krumeich, Leslie Moriarty, Jeff Ramer, Leslie Tarkington; Incoming BET Members: Andreas Duus, Karen Fassuliotis (8:44 A.M.), Debra Hess, David Weisbrod

The regular meeting was called to order at 8:05 A.M.

Mr. Norton welcomed and reminded all that December 20, 2017 was proclaimed Arthur Norton Day by First Selectman Peter Tesei.

1. Approval of Audit Committee Meeting Minutes:

- **October 23, 2017 – “Lessons Learned” – Gustovich Case**
Upon a motion by Mr. Blankley, seconded by Mr. Norton, the Committee voted 4-0 to approve the October 23, 2017 Lessons Learned – Gustovich v. Town of Greenwich Case Minutes.
- **December 14, 2017 – Regular Meeting**
Upon a motion by Ms. Oberlander, seconded by Mr. Mason, the Committee voted 4-0 to approve the December 14, 2017 meeting Minutes as amended.

2. Acceptance and Approval of the Fiscal Year 2017

- **Comprehensive Annual Financial Report (CAFR)**
Mr. Bassett reported that he met with Town Attorney, John Wayne Fox to review active litigation after the Committee’s last meeting on December 14, 2017. No updates are needed in the net position since the previously reported liability of \$2.6 million for potential legal settlement expenditures is adequate and unchanged.

Mr. Bassett reported that a basic cleanup of the CAFR was completed by RSM US LLP with minor changes. He stated that the State’s proportionate share of the net teacher’s pension liability associated with the Town was recalculated. Increases and decreases to accrued self-insurance claims were completed with no change to the ending liability as stated above.

Mr. Bassett and Mr. Mynarski discussed rating agency requirements regarding GAAP basis fund balance in AAA communities. Mr. Bassett stated that Greenwich is a little above the average with its reported general fund balance. It was reported that credit rating agencies usually review unassigned reserves, pension trust funds, OPEB funding, etc.

Ms. Quinn replied to a question by Ms. Oberlander stating that only changes in verbiage were made to the overall CAFR. Numbers remained the same except for reclassification and a cleaning up of OPEB investments.

Upon a motion by Mr. Blankley, seconded by Mr. Mason, the Committee voted 4-0 to accept the Fiscal Year 2017 CAFR on behalf of the BET.

A vote of all present BET Members was taken.

All sitting BET Members present (Mr. Drake, Ms. Krumeich, Ms. Moriarty, Mr. Ramer, Ms. Tarkington) voted 5-0 to accept the Fiscal Year 2017 CAFR.

- **Federal and State Single Audit**

Mr. Bassett stated that the Federal and State Single Audit will be completed by January 2, 2018 meeting the required March 2018 reporting date. There was one insignificant finding from the Single Audit Report. Ms. Quinn reported that a Telecommunications Grant (911 Grant) had not been submitted in a timely manner by the Police Department therefore creating the finding. Ms. Quinn stated that the grant has since been submitted.

Upon a motion by Mr. Blankley, seconded by Mr. Mason, the Committee voted 4 - 0 accept the Federal and State Single Audit on behalf of the BET.

- **Management Letter**

Mr. Mynarski asked about the audit date for he and First Selectman Peter Tesei, to sign the Management Representation Letter. Mr. Bassett's confirmed the date of December 21, 2017.

Ms. Oberlander suggested for RSM to supply a time table for submission of documentation for next year's audit to facilitate the process. Ms. Quinn admitted it was a challenging audit and that some BOE turnover issues had delayed completion. Mr. Weisbrod asked who would spearhead next year's audit. Mr. Bassett replied that that the current RSM Partner, Jen Katz, will be the point person, while he will be an overview resource.

The Committee asked for Mr. Bassett's insight looking toward future audits. He recommended a review of fund balances to boost reserves. A debt service stabilization fund policy, which is a formal high body legislative act, can be created from the unassigned fund balance to pay future debt. The specific purpose must be disclosed in the financial statements which cannot be changed (e.g. school remediation). Mr. Mynarski added that the Town's only vulnerability from the State is a possible charge for teacher pension costs. Ms. Tarkington suggested a separation of auto and property mill rate taxes. That option was a management decision Mr. Bassett replied.

Ms. Tarkington questioned the six Management Letter recommendations noting an increase from previous years. In addition, Ms. Tarkington asked if the audit

delay was the result of a lack of Connecticut municipality experience? Mr. Bassett replied that the auditors have definitely learned from this audit.

Mr. Mynarski stated that going forward the six responses in the Management Letter will be implemented without additional issues. Ms. Hess suggested for RSM to return to the Committee to discuss trend analysis and best practices. Ms. Oberlander stated that these suggestions are addressed at the Audit Planning Meeting held each May. Mr. Bassett stated that better communication with departments regarding documentation deadlines, and a review of the audit process may help.

Upon a motion by Mr. Norton, seconded by Mr. Blankley, the Committee voted 4-0 to accept the six responses to the Management Letter on behalf of the BET.

3. Old Business

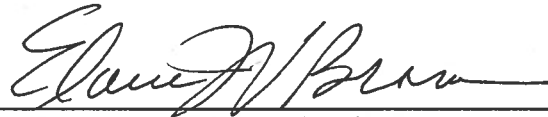
No discussion.

Mr. Norton took personal privilege to express his appreciation for serving on the BET Audit Committee as Chair for the past ten years, and serving as BET Vice Chair for the last six years. He found his last term especially rewarding and appreciated the member's support. He reminded the Committee that their responsibilities to the BET are very important regarding Internal Audit, Risk Management, External Audit and governance committee for GAAP Rules. The Committee reciprocated with their gratitude of his service to the Town.

4. Adjournment

Upon a motion by Mr. Mason, seconded by Mr. Blankley, the Committee voted 4-0 to adjourn the meeting at 8:57 A.M.

The next Audit Committee Meeting is scheduled for January 11, 2018 at 8:00 A.M. in the Gisborne Room.



Elaine JV Brown, Recording Secretary



Arthur D. Norton, BET Audit Committee Chairman