BOARD OF ESTIMATE AND TAXATION  
Audit Committee Minutes  
Thursday, June 4, 2015 8:00 A.M.  
Gisborne Conference Room  

Present:  
Committee:  Arthur Norton, Chairman; William Finger, Leslie Tarkington, John Blankley  
Attendees:  Peter Mynarski, Comptroller; Ron Lalli, Risk Management Director; Pat Maranan, Internal Auditor; Ben Branyan, Town Administrator; Kevin McCarthy, Director, Perrot Library; Chris Alexander, Director of Financial Operations, Nathaniel Witherell; Carol Gruenke, Business Services Manager, Nathaniel Witherell  

The regular meeting was called to order at 8:00 A.M.  

Mr. Norton requested an additional agenda item.  

Upon a motion by Ms. Tarkington, seconded by Mr. Blankley, the Committee voted 4-0 to add to the meeting agenda Approval of McGladrey, LLP External Auditors for fiscal year 2015.  

1. Approval of Minutes: Audit Committee Meeting May 14, 2015  

Upon a motion by Ms. Tarkington, seconded by Mr. Finger, the Committee voted 4-0 to approve the May 14, 2015 Meeting Minutes.  

2. Risk Management Report  
   • FISCAL 2016 Insurance Contracts Renewal Update  
Mr. Lalli reviewed the current status of general liability and property coverages. Positive news is that the general liability package, including excess lines, will be renewed at the fiscal 2015 rates. Property insurance premium quotes will be available during June. Last year’s strategy, after Superstorm Sandy, was to lower the deductibles for named storms. This year’s strategy might be to increase top end limits from the current $150,000,000 (one hundred and fifty million dollars) for named storms to a higher level. Mr. Lalli is currently awaiting these numbers to allow for a cost benefit analysis. Mr. Norton expressed his agreement to raise coverage if there are funds available in the fiscal 2016 budget.  

Workers’ compensation excess coverage will not be as favorable as last year. The deductible will be raised from $1,000,000 (one million dollars) to $1,250,000 (one million, two hundred fifty thousand dollars), due to industry trends and the Town’s workers’ compensation history.  

Ms. Tarkington requested a list of the top five Town property values and coverage for review at the July or September meeting. Mr. Norton and Mr. Finger agreed that this information would help ensure that the total limit of property coverage exceeds the value for these specific properties.  

   • Safety Inspection Updates  

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Work order listings for the railroad stations at Cos Cob, Riverside and Old Greenwich were presented. Many of the issues have already been addressed. Three dam inspections have been performed during the month of May. Next inspections should be the waste water pump stations, hopefully in June.

- Third Party Claims Update
Third party claims through CIRMA have been reduced to 33 (thirty three) in fiscal year 2015. Prior to 2013, the average was 133 (one hundred thirty three) claims per year. This reduction also results in reduced CIRMA administrative costs. Third party auto accident claims have also been reduced to 11 (eleven) from the prior average of 37.1 (thirty seven point one) before 2013. With the reduction in claims, the administrative cost of processing claims through CIRMA has been reduced.

- FEMA Report Update
Ms. Maranan presented Project Worksheet 549 illustrating the continuing work required for reimbursements. Funds are expected in a six to nine month range.

3. Internal Audit Report
- Update on Review of Cash handling Internal Controls for the Holly Hill Waste Disposal Transfer Station
Ms. Maranan stated that DPW has requested additional time to submit their report on cash transactions at this facility. Both DPW and the Internal Audit Department are trying to determine if additional automatic reports produced by the current software can record all non-typical transactions. A July submission date to the Audit Committee is expected.

- Update on Audit of Fixed Asset Documentation
A listing of fixed assets, such as machines and equipment valued over $10,000 (ten thousand dollars) is underway. Over 18,000 (eighteen thousand) records must be sorted and recorded to worksheets in a consistent format. Ms. Maranan is working with Ms. Jennifer Mazzuoccolo, McGladrey, LLP to address this issue to satisfy the Management Letter comment.

4. New Business
- The Nathaniel Witherell Historic Tax Credit Audit Update
Mr. Mynarski stated that the tax credit of $4,490,000 (four million, four hundred ninety thousand dollars) is being held up by Eversource, and is needed to balance Nathaniel Witherell's fiscal year budgets for 2014-2015 and 2015-2016.

- The Nathaniel Witherell Charge Off
Mr. Alexander asked for approval to write off $103,238 (one hundred three thousand, two hundred thirty eight dollars). The amount requested is one third of one percent of annual revenues and lower than in previous years. The business office has pursued these delinquent amounts, and they are uncollectable.

Upon a motion by Ms. Tarkington, seconded by Mr. Finger, the Committee voted 4-0 to accept the Nathaniel Witherell Bad Debt Write Off Request 04/01/15 totaling $103,238 (one hundred three thousand, two hundred thirty eight dollars).

5. Old Business
- Perrot Memorial Library Budget Guidelines
Mr. McCarthy reviewed the submitted guidelines, a five year ongoing project, and detailed the library's Activity Fund and Endowment Fund. Mr. Lalli confirmed Mr. Norton's question as to whether the Town has obtained a certificate of insurance from the library, naming the Town as an additional insured. Mr. Norton noted paragraph (c) which requires the Library to notify the Town of any new programs or improvements that may result in an increase in operating costs.

Upon a motion by Ms. Tarkington, seconded by Mr. Finger, the Committee voted 4-0 to accept and recommend to the full BET the Perrot Library Association of Old Greenwich, Inc. Funding Budget Guidelines.

6. Items for Future BET Audit Committee Meetings

Mr. Norton presented a possible Lessons Learned meeting with Mr. Fox, Town Attorney, and others to review Hamilton Avenue School and Worth Construction. A large audience will be anticipated, with Tuesday, June 23 and Thursday, June 25 possible dates.

7. Approval of McGladrey, LLP External Auditors for fiscal year 2015

Upon a motion by Ms. Tarkington, seconded by Mr. Blankley, the Committee voted 4-0 to approve McGladrey, LLP External Auditors for fiscal year 2015.

8. Adjournment

Upon a motion by Mr. Blankley, seconded by Ms. Tarkington, the Committee voted 4-0 to adjourn the meeting at 9:34 A.M.

[Signatures]

Arthur D. Norton, BET Audit Committee Chairman

Elaine JV Brown, Recording Secretary