

**BOARD OF FINANCE
SPECIAL MEETING – FEBRUARY 5, 2015
MEETING ROOM B
TOWN HALL**

PRESENT: Warren Serenbetz, Al Alper, Jeff Rutishauer, Richard Creeth, John Kalamarides

ALSO PRESENT: First Selectman William Brennan, Sandra Dennies, Chris Giovino and John Dempsey, Aon, Kimberley Train and Nancy Gregory, Blum Shapiro Representatives

ABSENT: Lynne Vanderslice

Call to Order:

Warren Serenbetz called the meeting to order at 7:30 p.m.

Fiber Backbone Installation Cost:

Mr. Brennan provided a handout, Conduit Installations Summary, which itemized the price differentials of the work done by a vendor at River Road/Wolfpit Road to Miller Driscoll School vs. the Town at Center Street to Comstock Community Center. The most expensive aspect of this work was digging the trenches. He pointed out the cost-effective decisions he made were also future savings for the Town. Mr. Rutishauer asked what additional capability benefits could be expected from these conduit installations. The answer is this total connectivity is critical to accommodate a telephone system; the Town is working on combining the school payroll system; and, there is little connectivity at Comstock. The intent is to eventually put offices there and this would also provide backup. Mr. Brennan pointed out most of the conduit is in, done in the most cost effective method.

Review of Proposals for Fraud Risk Assessment and Selection of a Vendor :

The Board heard commentary from both AON and Blum Shapiro representatives.

Chris Giovino of Aon said he would be better able to narrow down the price quote after knowing how many departments or elements would be involved in the review and if it would be a review of physical inventory or a financial review. He also said the type of department selected would determine how much time would be quoted.

Mr. Creeth said that the Board was looking for an improved controls structure to greatly reduce the risk of fraud. Chris Giovino stressed they are used to this method and have a forensic team in place at Aon. Most likely time per department would be 3 to 5 man hours to generate a conclusion and report per department in the assessment. This report would be presented in whole vs. piecemeal, unless the

Board would want to see this data as separate items. Mr. Serenbetz thanked them for their time and they left the meeting.

Next, Blum Shapiro came in. Kim Train, a Partner and Forensic Accountant and Nancy Gregory, Director of the Accounting Group in the Forensic Department attended.

Ms. Train spoke about cash and cash misappropriation being the number one reason to conduct a Fraud Risk Assessment, and said the external audit process was not designed to detect fraud. An assessment specifically looks at areas of risk with an eye to what is not in place, such as a "whistle blower policy", not having a "tip" line to report fraud, find gaps. She cited as examples as a lack of segregation of duties with cash handling, inappropriate or dated software with the cash function, and asset misappropriation. An example of those assets included computers and vehicles being sold after they have been deemed scrapped. Blum Shapiro's focus would be on more controls based on policy and procedure and those being adhered to vs. a forensic assessment. Mr. Serenbetz thanked Ms. Train and Ms. Gregory for their time and they left the meeting.

Brief discussion ensued among the Board. Mr. Serenbetz said the Town would pay for the entire study including the Board of Education's portion, based on timing. Mr. Alper then joined the meeting at 8:15.

Comparison of the two firms: Aon would have a minimum of five "elements" at approximately \$300/hour or \$10,000 for a minimum total of \$22,800, and Blum Shapiro's estimate is between \$24,000 and \$30,000. It was felt that Aon had more uncertainty overall than what was proposed by Blum Shapiro, with Blum Shapiro having a more constrained approach.

After discussion, Richard Creeth made a motion to select Blum Shapiro to conduct this Assessment, seconded by John Kalamarides and the vote carried unanimously.

Al Alper made a motion to approve use of up to \$18,000 from the Charter Authority and to request approval of same from the Board of Selectmen to pay for the Assessment. The motion was seconded by Richard Creeth and the vote carried unanimously.

Resolutions for Additional Contributions to the Pension Trust and OPEB 5/ 10/ 15/ 20%:

Mr. Serenbetz explained the reason for this proposed resolution as a mechanism to add extra money to the Pension Trust based on the level of funding including a break at 95%. More conservative assumptions, including lesser returns and the use of longer life expectancy have reduced the expectations of what the portfolio could achieve. Al Alper made a motion to approve the "Resolution to Authorize the Additional Contributions to the Pension Trust beyond the Actuary's Recommended Contribution, in the Amounts of 5/ 10/ 15/ 20%". It was seconded by Richard Creeth, and the vote carried unanimously.

Mr. Serenbetz said OPEB currently does not have an excess funding recommendation; as such, the additional contributions would not start until FY17 budget. After brief discussion, Mr. Alper made a motion to approve the "Resolution to Authorize the Additional Contributions to OPEB Beyond the Actuary's Recommended Contribution, in the Amounts of 5/ 10/ 15/ 20%". It was seconded by Richard Creeth, and the vote carried unanimously.

FY15 Status Report – December 30, 2014:

Ms. Dennies stated that there was not much change from last month and commented that this report was at December 30, since the January meeting was cancelled due to inclement weather.

The update on taxes is that the foreclosure sale has been moved to April on the second property where taxes are due. Education and town revenues are stronger in this second half, whereas licenses, permits and fees are typically down in the winter months. Interest income is down from where it had been and Expenditures from the Board of Selectmen had no unusual items. She expressed concern over police overtime due to the reduced manpower, resulting from retirements and illness. The Board of Education and the Town are where they should be as of the end of December, but she cautioned that these last few weeks will show an upswing due to the winter weather and resultant expenditures due to plowing, vehicle maintenance, etc. Notice was finally received today that the Town is receiving its final payment regarding Superstorm Sandy damages.

The Board had no questions for Ms. Dennies.

Since there was no further business, the meeting adjourned at 8:40 p.m.

Conduit Installations Summary

- **River Road/Wolfpit Road to Miller Driscoll School**
 - Distance: 7,360 linear feet
 - Cost: \$219,125
 - (Charter Authority funds approved by BOS & BOF – July 2012)
 - Vendor installed, as part of sewer construction process
 - Includes traffic control costs
 - Installation inspections

- **Center Street to Comstock Community Center**
 - Distance: 3,800 linear feet
 - Cost: \$73,838 – FY15 Budget \$120,060
 - Town Installed
 - No traffic control costs
 - No repaving costs
 - Installed prior to energizing Yankee Gas natural gas pipeline
 - Yankee Gas regraded and finished installation route to Norwalk River Valley Trail specifications