

Minutes of Longmeadow Town Audit Committee
Meeting of October 16, 2006
Police Station Meeting Room

Members Present: Paul Adornato (Chair), Peter Landon, Ernest Welker, Larry Eagan (at 7:10 p.m.);
David Kowarsky (Associate).
Other: town resident Joe Occhiuti.

The meeting was called to order at 6:15 p.m. by the Chair.

A motion was made and approved to accept the minutes of the October 2, 2006 meeting.

The meeting was devoted primarily to discussing the three proposals received to provide external auditor services to the Town. Proposals were received from James A. George, P.C.; Melanson Heath & Company, PC.; and Thomas J. Scanlon & Associates. After considerable discussion the Committee developed a list of matters it wanted to raise in interviews with representatives of Melanson Heath and of Thomas Scanlon. Paul Adornato was authorized to finalize wording of the topics of interest to be provided to the firms in advance, to consult with town management about their possible interest in participating in the interviews, and then to schedule a date and times for the interview meetings. The AC's preferred date is October 26th, the date of its next scheduled meeting.

Paul Adornato briefly presented initial work on a format for the initial stage of the AC's review of the Sept. 2004 report by The Abrams Group regarding the financial and administrative practices and procedures of the School Department. The AC expressed support for his format and encouraged him to develop it further. He agreed to do so.

Pete Landon, having just returned from trip to San Diego, quickly summarized key points of an article appearing in the October 8th issue of the San Diego Union-Tribune, Matthew T. Hall-staff writer. Pete said that because the pension plan liability could not be satisfactorily determined, San Diego had been unable to get an external auditor to attest to the accuracy of the city's financial statements for FY2003 or any year since. The lack of audited financials has caused borrowing problems and the delay of capital projects. The liability of retiree health care costs is also in dispute because of an erroneous assumption. The retirement board has asked for funds that, if approved, would consume one-sixth of the city's operating budget to cover annual pension cost for 2006 alone. San Diego's City Attorney has filed a lawsuit alleging that some pension benefits were boosted illegally. Mr. Landon related this story to encourage the AC to help identify, Longmeadow's long-term liabilities for both pensions and retiree health care costs on a timely and well-justified basis. The AC's Benefits Sub-committee has been studying the Town's pension plan (for employees other than teachers) and the related liability for many months.

The meeting was adjourned at 8:55 p.m.

Respectfully submitted,
Ernest Welker
Secretary