

Minutes of Longmeadow Audit Committee
Meeting of December 6, 2006
Accepted December 20, 2006

Members present: Paul Adornato (Chair), Larry Eagan, Peter Landon, Glenn Rosenberg, Ernest Welker.
Absent: David Kowarsky (Associate)

Also in attendance: Finance Committee (FC) members Judd Peskin (Chair), Carla Gunn, Mark Barowsky, Steven Marantz and Deborah Wilson; Town Finance Director Paul Pasterczyk; Ass't. Town Accountant Chris Kulig; and Capital Planning Committee (CPC) members Mark Gold (Chair), Roger Wojcik and Ned Steiger.

Chairman Adornato called the AC meeting to order at 7:04 p.m. This meeting was held jointly with a meeting of the FC at the fire station meeting room until 8:15 p.m., at which time Chairman Adornato suspended the AC meeting in order to allow the FC to continue its meeting for other business at the fire station. AC members (other than Larry Eagan) re-convened at the home of member Pete Landon at 8:30 p.m. to continue its business.

Minutes of the November 7, 2006 AC meeting were unanimously approved as proposed by the Secretary and earlier circulated via email.

After calling the FC meeting to order, Chairman Peskin announced that the joint meeting was agreed to by the two Chairs (and with the knowledge of CPC Chair Gold) as the initial step to improving communication and cooperation among the committees in order to more effectively perform their individual roles without unnecessary duplication across committees and yet with greater assurance that all key functions receive due attention. By prior agreement, Mr. Peskin turned the floor over to AC Chair Adornato to describe what the AC had been doing, what it plans to do, and what concerns it has.

Mr. Adornato briefly reviewed past activities of the AC related to reviews and recommendations concerning the Town's liability insurance, bond rating, and investment policy and to an enterprise risk management advisory on Energy policies of the Town. In addition, he presented a number of items that the AC is considering to review during the balance of this year, with specific emphasis on outstanding recommendations included in management letters from the independent auditor, employee benefit programs and requirements of GASB 45, and (in conjunction with Town financial management and the independent auditor) internal controls and compliance procedures.

After his overview remarks, Mr. Adornato asked for help in understanding of the role of the FC and CPC in regards to: the budget process for both the Town and the School Committee (SC); the process of special requests for funds after a fiscal year has begun; long range financial projections; and the disposition of debt-exclusion-override funds when bond repayment schedules or amounts are adjusted downward. Discussion of these items and the interaction of the roles of the AC, FC and CPC followed. In addition, there was discussion of the role of the SC and the Select Board (SB) in the budget and capital planning process.

There was a consensus that the three committees establish a process for ongoing dialogue and opportunity to review and discuss issues affecting the financials of the Town to ensure that the committees collectively are meeting the Town's needs and individually their responsibilities. There also was agreement that it would be helpful to establish a procedure with the SB whereby we could periodically meet jointly with them to review the Town's financial procedures and issues.

As time for the joint session was expiring, a tacit consensus emerged that the Chairs of the three committees work out some way to continue the process begun at this meeting.

The meeting was suspended at 8:15 and resumed at 8:30.

Question arose if contract was sent to Scanlon & Associates for services as independent auditor. Chair will follow-up with Paul P. to find out.

There was discussion about the need for a more detailed audit plan and a meeting with independent auditor Scanlon & Associates to discuss areas of emphasis.

After discussion about what to present as planned AC activities when the Chair appears before the SB on December 18th, the committee decided it would be these items;

- Following up with independent auditor on progress on the FY2006 audit, including the Management Letter, and following up on issues raised in earlier Management Letters
- Employee benefits: their affect on Town's finances in the future, and participation in the search for and retention of an actuary to estimate the Town's liability for post-retirement benefits other than pensions. A new requirement.
- Internal controls: explore with the independent auditor and appropriate town personnel what control processes are now in place, what are the weaknesses, and what might be done to improve them.

The Chair asked members to attend the SB meeting on the 18th if possible.

Next meeting was set for December 20, 2006 at 7:00 p.m., location to be determined by the Secretary.

The meeting was adjourned at 9:40 p.m.

Respectfully submitted,
Ernest Welker
Secretary