

Minutes of Longmeadow Town Audit Committee
5/04/06
Longmeadow Fire Department Conference Room

Members present: Pete Landon, Larry Eagan, Paul Adornato, Manny Wenig, Ned Steiger (Alt.), Ernest Welker (Alt.). Absent: Mike Gaimpetro. Advisory: Paul Pasterczyk. Guest: Michael Garrold of Interlocal Insurance Association.

Called to order 7:06 PM

1. Paul P. reported that as a follow up to issues raised by Bill Toner last month, Michael Garrold was present with responses:
Most in-state negligence claims are limited to \$100,000 by statutory tort limit for municipalities. For out of state negligence claims, not subject to MA limits of course, town has to rely on its umbrella coverage. Vandalism and terrorism (domestic and foreign) is covered presently. Mike presented the following options for specific coverage changes: Raise property insurance deductible from \$1,000 to \$5,000, \$13,763 premium savings. Paul P. said that was accepted.
Auto comprehensive \$500 to \$1,000 deductible, \$577 premium savings, not accepted.
Contractor equipment \$500 to \$1,000 deductible, \$1,681 premium savings, accepted.
Open item: Garrold is to get specific premium amounts for increasing umbrella maximum.
2. Paul A. talked on enterprise risk management (ERM) -- for ensuring that systems are in place to detect potential events that may harm to an entity. General idea is to have a comprehensive risk management program in operation. Discussion revealed a sense of the AC to ask town management to make risk management a priority and to provide the AC with the plan it develops.
3. Paul P. made a presentation on town energy usage. He provided breakouts of electricity, gas, diesel, natural gas, and oil showing spending, budgets and contract prices for the last 4 years and projection for FY06. Discussion followed about which persons in town management are responsible for energy conservation in the schools and town buildings.
4. Draft investment policy statement was discussed and some revisions were suggested. Overnight investments are not available through Unibank, but the matter is currently moot because rates being offered by Unibank are currently competitive with alternatives. Topic was tabled for further consideration at next meeting.
5. Town outside auditor – Paul P. provided a draft RFP for services as the town's outside auditor and requested feedback from the AC. Manny agreed to take the lead on looking over the RFP and reporting back to the committee at the next meeting.
6. Paul P. reported that the installation of the new accounting software is progressing on schedule. The water/sewer billing upgrade will be after 7/1/06 and payroll will be effective 1/1/07.
7. A Retirement Benefits Sub-Committee (with Paul Adornato and Ernie Welker as members) was established to gain a clear understanding of the future costs and risks associated with the contracted benefits between Longmeadow and certain of its employees. The sub-committee initially will focus on the Pension program. The purpose is to assess the probable impact on

the Town budget in future years for employee pension benefits in order to ensure their payment to current and future retired employees. If funding these contracted benefits appears at all problematic, the sub-committee may also include in its study a comparison of the viability of the current plan versus possible alternative plans. The sub-committee will report its findings to the full committee, with its first report due at the next meeting.

Adjourned 9:06 PM

Submitted,
Larry Eagan
Clerk, Secretary

Next meeting, June 7, 2006.