

Longmeadow Audit Committee
Minutes of January 4, 2017 Meeting
Adopted at February 1, 2017 Meeting

Members Present Jeff Klotz, Chairman; Kara Stevens, Vice Chair; Ernest Welker, Clerk/Sec;
Peter Landon; Dan Healy

Members Absent Glenn Rosenberg

Others Present Paul Pasterczyk, Town Finance Director

The meeting was called to order by Chairman Klotz at 9:00 A.M.

Chairman's Remarks

Chairman Klotz expressed concern that AC meeting decorum had become too loose in his judgment and announced that henceforth meetings would more closely conducted according to rules of order for meetings, such as Robert's Rules.

Consideration of Clerk's proposed minutes of December 7, 2016 meeting

A motion to accept was made by Mr. Welker and seconded by Mrs. Stevens. Mr. Landon objected to inclusion of a portion of remarks made by the Chair at that meeting, saying they were not appropriate for minutes. Upon discussion, other members agreed with Mr. Landon. A motion was made by Mr. Klotz and seconded by Mrs. Stevens to delete the subject sentences. The motion passed, three in favor and one opposed (Mr. Welker). A motion was then made by Mr. Klotz and seconded by Mr. Welker to adopt the amended minutes. The motion passed unanimously.

Audit Subcommittee (Mr. Klotz and Mrs. Stevens)

Mr. Klotz brought up the By-law requirement that a new independent auditor for a period must be hired prior to the commencement of the first fiscal year of service, and also that a contracted independent auditor can get annual extensions for up to two years without the need to go out for proposals. Current audit firm LMM has a contract to do Town audits for FY15, FY16, and FY17, which ends June 30, 2017, which means that a new auditor would have to be hired before July 1, 2017. Discussion ensued regarding possible retention of LMM for one or two additional years. It included evaluation of LMM's performance, its pricing, and performance and pricing and performance of an earlier audit firm. Mr. Pasterczyk commented on such matters, as did Mr. Klotz and Mrs. Stevens. Mr Pasterczyk also said he believed the LMM contract provided for \$500 annual increases in fees if the contract was extended for one or two years. Mr. Landon recommended waiting to see how LMM's presentation to the Select Board goes. All agreed to that recommendation.

CAFR Subcommittee (Mr. Landon and Mr. Healy)

Mr. Healy asked Mr. Pasterczyk about the absence of data for the Employee Count series. Mr. Pasterczyk replied FTE counts going back to the earlier years of a 10 year history were not documented closely and an accurate count would be difficult, if not impossible, to achieve at this point.

Mr. Healy asked why, in the real estate tax payers ranking, some current listed major taxpayers were not shown in earlier years. Mr. Pasterczyk replied those firms were not among the top 10 in those years.

Bond Rating Subcommittee (Mr. Landon and Mr. Welker)

Mr. Welker asked Members to give close attention to the Subcommittee's "Selections from Moody's Rating Methodology document, distributed at the prior meeting, to be prepared to discuss and advise on what to do with it at the next meeting. He said the Subcommittee believes the bonding rating matter, in some form, ought to be presented to at least to the Finance Committee initially and then perhaps to other committees.

Business from Floor

Mr. Healy asked about the status of the Management Letter, which was not complete at the time of the prior meeting. Mr. Pasterczyk provided a completed version of the Corrective Action Report, which will be carried into the Management Letter.

Next meeting

February 1 2017, 6:00 p.m. to 7:00 p.m., at fire station meeting room

Chairman Klotz asked for a motion to adjourn. Motion was made by Mr. Welker and seconded by Mr. Landon. Meeting adjourned by unanimous vote at 10:03 A.M.

Respectfully Submitted,
Ernest P. Welker
Clerk/Secretary