

## Longmeadow Audit Committee

Minutes of September 27, 2018 Meeting

Adopted at November 30, 2018 Meeting

Members Present: Ernest Welker, Chairman; Katie Petrakis, Vice-Chair; Pete Landon (via teleconference), Matthew Schoen - Clerk

Members Absent: none

Others Present: Paul Pasterczyk, Town Finance Director, Tanya Campbell, auditor Melanson Heath

Meeting called to order by Chairman Welker at 5:46 P.M.

### Discussion with Melanson Heath

The committee received an update from Ms. Campbell on the preliminary progress made during this year's audit conducted by Melanson Heath. No serious concerns have been identified during their initial review. Ms. Campbell stated that the town's departments have been responsive to their inquiries in preparation of the audit. Ms. Campbell stated the GASB 75 standard (Statement No. 75 of the Governmental Accounting Standards Board, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, Governmental Accounting Standard Series, Pub. No. 350, June 2015) would be implemented in this year's financial statements.

### Prior Minutes

Mr. Welker moved that the minutes of the August 13, 2018 meeting be adopted. The motion was seconded by Ms. Petrakis. The August 13 minutes were adopted unanimously.

### Discussion on FY19 Audit

Mr. Pasterczyk joined the meeting and reported that the annual audit appears to be progressing smoothly. He has observed staff from Melanson Heath going about their task. Mr. Pasterczyk does not yet have a response from the IT department to the auditor. Other town responses remain outstanding at the time of the meeting, including the Town Manager's and the Finance Manager's.

Mr. Welker inquired about auditing practices relevant to the Longmeadow's student revolving funds. Mr. Pasterczyk stated he conducted an internal audit last year and found that a High School fund was not properly reconciled and was short approximately \$1800. The revolving funds at the middle schools were not reviewed due to insufficient time. It was noted that any losses occurring prior to deposit would not be captured by an audit. Similarly, LPRD concession revenue losses would be similarly hard to track. These revenues are estimated to total in the low \$1000's annually.

Mr. Pasterczyk noted that Melanson Heath would return to Longmeadow and continue work on the audit starting on October 9. He estimated a draft audit report would be available within six weeks. Mr. Landon has recommendations on proposed changes to the CAFR.

### Charter Committee Review of the Audit Committee

Mr. Welker stated that the Audit Committee should consider presenting a response to the Select Board depending on the recommendations of the Charter Committee regarding the status of the Audit Committee and the scope of its responsibilities. Mr. Pasterczyk noted that the selection of the auditor is determined by bylaw. It is not apparent that the Charter Committee is reviewing bylaws when contemplating proposed changes to the Charter. Mr. Pasterczyk noted that the Attorney General reviews adoption of bylaws.

Mr. Welker proposed reaching out to Mr. Mark Gold if it became necessary to address the Select Board.

#### FY19 Audit Committee Workplan

The Audit Committee adopted the proposed FY19 Audit Committee Workplan without change.

#### Retirement fund

The Hampden County Regional Retirement Board is reporting less than expected gains in its funds largely due to falling mortality rates. Management of these funds is overseen by the Public Employee Retirement Administration Commission. The county fund holds approximately \$350 million. Longmeadow represents 13% of the membership. Falling mortality rates may result in an increase in Longmeadow's annual required contribution. Mr. Landon noted that the fund's anemic growth during a period of strong economic growth is problematic, as a significant downturn could present a liability to the town.

#### Next Meeting

Mr. Welker proposed that the next Audit Committee meeting date be scheduled to either review the audit report when available, or if necessary, to prepare a response to the Select Board.

The meeting was adjourned by Chairman Welker at 7:04 P.M.

Respectfully Submitted,  
Matthew Schoen  
Clerk