

Joint Meeting Minutes
Dukes County Pooled OPEB Trust and Audit Sub-Committee
August 14, 2015
Dukes County Meeting Room

Members Present: Noreen Mavro Flanders, Dukes County; Kathy Logue, West Tisbury; Amy Tierney, MV Regional School District; Lauren Thomas, MV Transit Authority; Larry Gomez, Tisbury; Curtis Schroeder, MV Commission; Melanie Becker, Chilmark

Members not present: Adam Wilson, Aquinnah; Steve Jordan, Edgartown

Amy convened the meeting at 9:05 am

It was moved by Kathy, seconded by Amy, to approve the minutes as written of the June 3, 2015 joint meeting. All ayes.

Audit

There was discussion about the challenge of getting all the data needed from the units. Kathy, Amy and Noreen noted that this is our first audit and hopefully the process will be faster and easier for the next. Curt discussed the issues of recording the investments and net investment income monthly in Quick Books or some other bookkeeping software.

Conference call with Chris Rogers of Clifton, Larson, Allen; our auditing firm.

Curt said that he will do the required Management Response, which will address the issue of how we will insure that the investment income and net investment income are tracked. Responding to a question from Curt, Chris said that we just need to book the gross of every transaction per month not all the detail. Curt asked Chris if he could get a copy for our records of the transaction ledger of the journal entries since inception. Chris said that he will send the spreadsheet. He said that we can track the annual member unit investment expenses and returns or we can ask Rockland to do that for us. Regarding expenses unrelated to investments, Kathy asked Chris if he was comfortable with the Trust tracking expenses by totals not per member. Chris said yes, it will be much less complicated that way. Kathy asked if the vote needed would be with members voting as of their position on 6/30/14. Chris confirmed that. Kathy, Noreen and Melanie signed as Chair, Treasurer and Secretary/Clerk respectively. Kathy said that she will prepare a cover page.

Chris said that we will need a Service Organization Control report, SOC1, from Rockland, which would inform us of any deficiencies their internal and external controls have identified. Larry asked, like what? Chris said such as security weaknesses or breaches that could impact us. Chris also discussed the newly released GASB (Government Accounting Standards Board) number 73 and 74. GASB 67 and 68 put new disclosure requirements on pensions systems and towns. The new GASB 73 and 74 will require these same disclosures for OPEB Trusts and will phase in 2016 and 2017. At that time each member unit will require this information for their audit. It was discussed that only units with assets in the Pooled Trust will be able to use the Pooled Trust's audit for their disclosures. Noreen said that she thought this would be a big incentive for units who haven't yet to join the Pooled Trust.

There was considerable discussion of the units that have OPEB assets but haven't yet joined the Pooled Trust; i.e. the Trust isn't the custodian of their OPEB assets. Chris said he was glad the issue was brought up because he will take those assets out of audit schedule. Noreen said that she will ask Linda Bournival, of KMS, our actuary, to segregate the data by member and

non-members of the Pooled Trust. Chris said that these changes will require one more draft of the audit. That ended the conference call.

Curt said that he ask Rockland for the SOC1 report. Larry said that Tisbury will be meeting with their auditor first and then the selectmen make a decision about joining the Pooled Trust. There was discussion of the provision for a unit to exit the Trust which Kathy said had been a provision that Edgartown required in the initial draft of the by-laws. She also said that she will modify the Trust document to reflect the changes that were adopted by final vote at the June 3rd meeting, and post it on the website.

Actuarial Study deadline

As previously discussed, there is a deadline for units to send their updated data for the study. Noreen will send an email letting each unit know that to be included in the actuarial study; the data must be received by August 28, 2015. This will allow Linda Bournival to begin her work and the study can be completed early enough that units will have it for their audits.

Expense Invoicing

Curt said that the expense invoices cover each unit's portion of the actuarial study and the fiduciary insurance. He will send out those invoices within the next few days. It was discussed that this first audit will be paid for from investment returns but in the future it will also be in the budget. Curt said he will ask Chris Rogers what the cost of the next audit will be.

The next meeting was set for October 2, 2015 at 9:00 am at the Dukes County Meeting Room and the primary agenda will be the actuarial study.

The meeting was adjourned at 10:28 am.

Respectfully submitted, Melanie Becker, Secretary/Clerk

Approved: November 18, 2015