

**UP-ISLAND REGIONAL SCHOOL COMMITTEE  
OF MARTHA'S VINEYARD  
5:00PM, Monday, July 1, 2109  
Martha's Vineyard Regional High School  
Library Conference Room**

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Present: Chair – Skipper Manter, Roxanne Ackerman, Kate DeVane, Robert Lionette,  
Others: Supt's Shared Services Office: Matt D'Andrea, Richie Smith,  
Amy Tierney,  
Chris Rogers – CilftonLarsonAllen, Golden,  
Press – MVTV – Dusko Stajic,  
Recorder: Marni Lipke                      \*Late arrivals or early departures

**Call to Order**      (Agenda item #II)

The Up-Island Regional School Committee (UIRSC) meeting was called to order.

- (Recorder's Note: *Discussions are summarized and grouped for clarity and brevity*).

**Auditors Report**      (See documents on file & 5/7/18 Minutes)      (Agenda Item #III)

Mr. Chris Rogers of reviewed the June 30, 2018 Audit terms of engagement and components:

- whether UIRSD financial statements were in accordance with Generally Accepted Accounting Principles (GAAP),

- report on internal financial controls, and

- a management letter based on the Audit.

- Government Accounting Standards Board (GASB) 75 was now in force and consequently the full Other Post Employee Benefit (OPEB) liability was reported on the books.

- The Financial Statements received an Unmodified Opinion (the best) and there were no findings on internal controls.

- The net accrual position was negative \$13,600,000 due to long-term liabilities (pension and OPEB), which after capital asset investment and restricted funds showed an unrestricted balance of negative \$15,700,000.

- The General Fund balance of \$250,000 after assignments and commitments had an unassigned total of \$42,000.

- The School Choice Fund balance was \$287,000. The Capital Improvement Fund negative \$665,000 would shift into a surplus as the borrowing note was paid off.

- The net OPEB liability was \$13,100,000 as of the 2016 actuarial study which was mandated to be repeated for the 2019 audit. The UIRSD had \$1,500,000 in the Dukes County OPEB Pooled Trust at a discount rate of 4.4%. The actuarial study used a large number of variables to calculate the liability so the reported figures were fairly vulnerable to fluctuations, for example a 1% increase in the discount rate would substantially reduce a liability while a 1% discount rate reduction could significantly increase it. Healthcare cost trends were another factor. The more assets the UIRSD had, the higher the discount rate—\$0 assets were calculated at bond index rate.

- The net pension liability was \$1,000,000 and the same principles applied, i.e. a 2019 actuarial study and discount rate variables. Once the pension liability was paid off the payments could be shifted to pay down the OPEB liability.

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• The management letter presented three comments; two of the previous year's comments (vendor warrant sequence and census data) had been resolved.

1) Use/procedure for Excess and Deficiency (E & D) (new) - Department of Elementary and Secondary Education (DESE) issues a directive requiring Town approval for all E & D appropriation (see 8/18/19 Minutes p.4 #E). To avoid the now cumbersome E & D administrative process, the Auditors recommended an operating budget reserve line item for extraordinary or unforeseen expense. Later in the meeting the UIRSC discussed a number of issues.

- Mr. Skipper Manter strongly reprimanded Mr. Rogers for not highlighting the regulation in previous years. Mr. Rogers noted that Massachusetts Dept. of Revenue (DOR) approved previous years' E & D details without comment so it was not judged to be an issue. In addition it was noted that many Massachusetts school districts operated by the previous E & D standard.

- The DESE guidance directive was instigated by a new DOR staff member with previous school business administration experience.

- The reserve line item funding level was a policy decision, however when asked, Mr. Rogers recommended a level of not less than 5%, which was considered below the minimum for businesses—other Massachusetts districts set 2%-5% levels. There was a UIRSC proposal for multiple reserve funds (one in each part) based on the history of spending. It was also suggested that lack of reserve funds, diminished the frequency of emergencies.

- The three non-regional Island school districts did not have E & D but reverted to Town funds for overages, however the three-town nature of the UIRSD made this very complicated.

- This year's E & D was very low (~ \$46,000); on being asked Mr. Rogers expressed his concern that in an emergency lack of cash flow would have to initiate borrowing. There was a suggestion that the rest of the budget be cut instead.

• The OPEB E & D practice as well as reserve line items would be a future agenda item.

2) Information Technology (IT) (repeat) – An external vulnerability assessment had not been performed (being addressed), the operating system was at the end of its life and needed to be updated, as did password management, vendor management policy, and peripheral devices—work stations were not disabled. Mr. Rogers briefly described the impact of malware and ransomware. The UIRSC requested an IT update as a future agenda item.

3) Capital Asset Management (repeat) – was still in Excel but other software would facilitate accounting with automatic updates. Staff was being trained in the new module.

**Topics Not Reasonably Anticipated by the Chair - None** (Agenda Item #VIII)

**Adjournment**

• *ROBERT LIONETTE MOVED TO ADJOURN AT 5:25PM; ALEX SALOP SECONDED; MOTION PASSED UNANIMOUSLY.*

**continued >**

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Meetings/Events

**UIRSC – 5:00PM, Monday, July 15, 2019 - Chilmark**

MVRHSC - 5:00PM, Monday, August 5, 2019 - Location TBD (Handbook)

**Documents on File:**

- Agenda 7/1/19
- Sign In Sheet 7/1/19
- CliftonLarsonAllen LLP letter re: Up-Island Regional School District 2018 Audit (6 p.)  
3/28/19
- Up-Island Regional School District 2018 School Committee Exit Conference July 1, 2018  
(10 p.)
- Up-Island Regional School District Financial Statements and Required Supplementary  
Information, June 30, 2018, (53 p., + covers & blanks) 3/28/19
- Up-Island Regional School District Management Letter June 30, 2018, (8 p., + covers &  
blanks) 3/28/19

**Minutes approved 7/15/19.**