

REGION 9 BOARD OF EDUCATION

Special Audit Committee Meeting

August 2, 2016 - 2:00 PM

MINUTES

Committee Members: Walter King (*in person*) and Todd Johnson (*by telephone*)

Administration: Peg Sullivan

Public: Scott Bassett, Audit Partner RSM

Mr. King called the meeting to order at 2:02PM in the Joel Barlow High School Main Office Conference Room.

Motion: To approve May 4, 2016 minutes. Todd Johnston, seconded by Wally King. Vote: All in favor.

Discussion and Possible Action:

Audit Status: Mr. Bassett reported that field work started several weeks ago, and will resume in early September. He doesn't anticipate any delay due to the State Teacher's Retirement Plan information as we experienced last year. He discussed materiality and internal control review and stated there is one new accounting standard which should have minimal impact on the audit; It relates to additional investment disclosures. Mr. Bassett asked if the committee members had any knowledge of fraud in the district. Mr. King responded that he is not aware of any.

The process and frequency for adding new vendors was discussed.

The audit procedures for 1099 payees were discussed.

The June, 2016 budget variances were briefly discussed and Mr. King requested a monthly summary report be prepared, explaining the significant variances.

The committee members reviewed the Board of Education outside professional services account which includes the audit fee and legal fees. Legal fees for the 2015-16 year were \$27,000 over budget. The committee members reviewed the conference and travel accounts for teachers and administrators.

Public comments: none

Committee comments: none

Adjourned at 2:41p.m.

Submitted by:

Peggy Sullivan
Director of Finance & Operations

INST: M2016000466
REC'D 08/04/2016 09:43:48 AM
CHRISTINE HALLORAN TOWN CLERK EASTON CT

Motion: To Instruct USI to sell all funds currently invested in Pioneer Equity Income A Fund, JP Morgan US Large Cap Core Plus A, JP Morgan Large Cap Growth A Funds and purchase shares in Vanguard 500 Index Admiral Fund. Jim Sanders, seconded by Wally King. Vote: Unanimous.

Mr. DeRosa noted that the Ivy Asset Strategy Fund has been underperforming due to bad stock selection.

Motion: To instruct USI to sell all shares of Ivy Asset Strategy A and purchase proportionate shares in Voya Global Real Estate R6 and Allianz GI Convertible Institutional Funds to balance the investments consistent with the IPS policy. Jim Sanders, seconded by Wally King. Vote: Unanimous.

C. Fee Structure. Mr. DeRosa stated that all A class shares will be converted to institutional shares this quarter and fees will be noticeably reduced.

D. Investment Policy Statement was signed by Wally King, Committee Chairman.

E. Review of Plan Actuarial Assumptions – The committee members discussed the alternative actuarial assumptions for the interest rate for plan liabilities and the salary scale.

Motion: To instruct the USI actuary to change the interest rate for plan liabilities from 7.25% to 6.75% and to change the salary scale from 5% to 4% for the July 1, 2016 actuarial valuation. Paul Coppinger, seconded by Jim Sanders. Vote: Unanimous.

5. Public Comment: None

6. Committee Member Comment: None

Motion: To adjourn was made by Jim Sanders, seconded by Paul Coppinger, and approved unanimously.

Meeting adjourned at 7:05 p.m.

Next regular meeting will be on October 24, 2016 at 5:30 p.m.

Submitted by,

Peggy Sullivan
Director of Finance & Operations