

**CAPE COD REGIONAL GOVERNMENT - ASSEMBLY OF DELEGATES  
CHAMBER OF THE ASSEMBLY OF DELEGATES  
FIRST DISTRICT COURTHOUSE  
ROUTE 6A, BARNSTABLE, MA 02630**

**APPROVED Journal of Proceedings - June 1, 2016**

Deputy Speaker MCCUTCHEON: The meeting will come to order, please. We'll start the meeting of June 1<sup>st</sup>, 2016, Assembly of Delegates with --

Is anybody recording this meeting besides our usual recording people? No. So, first, we'll have a moment of silence to honor our troops who've died in service to our country and all those serving in our country in the Armed Forces.

(Moment of silence.)

Deputy Speaker MCCUTCHEON: Now we'll have the Pledge of Allegiance.

(Pledge of Allegiance.)

Deputy Speaker MCCUTCHEON: The Clerk will call the roll.

**Roll Call (94.43%): Lilli-Ann Green - (1.27% - Wellfleet), James Killion (9.58% - Sandwich), Marcia King (6.49% - Mashpee), Edward Lewis (4.55% -Brewster), Teresa Martin (2.30% -Eastham), Suzanne McAuliffe (11.02% - Yarmouth), Deborah McCutcheon (0.93% - Truro), Edward McManus (5.67% - Harwich), Brian O'Malley (1.36% - Provincetown), John Ohman (6.58% - Dennis), Patrick Princi (20.92% - Barnstable), Julia Taylor (14.61%- Falmouth), Linda Zuern (9.15% - Bourne). Absent (5.57%): Ronald Bergstrom (2.84% - Chatham), Christopher Kanaga (2.73% - Orleans).**

Clerk O'CONNELL: Madam Speaker, we have a quorum present with 94.43 percent of the Delegates present; 5.57 percent absent.

Deputy Speaker MCCUTCHEON: Okay. Now we need a motion for approval of the Calendar of Business.

Mr. OHMAN: So moved.

Mr. MCMANUS: Second.

Deputy Speaker MCCUTCHEON: All in favor? Aye?

Deputy Speaker MCCUTCHEON: The Calendar's approved.

Deputy Speaker MCCUTCHEON: We need a motion for approval of the Journal of May 18<sup>th</sup>, 2016.

Mr. MCMANUS: So moved.

Ms. MCAULIFFE: Second.

Deputy Speaker MCCUTCHEON: All in favor? Aye?

(Journal approved.)

**Communications from the Board of Regional Commissioners**

Deputy Speaker MCCUTCHEON: Now we're on to Communications from the Board of Regional Commissioners, and I see we have -- the Commissioners are here, two of them, in any event. Good afternoon.

Commissioner FLYNN: Yes, good afternoon. Leo was not able to attend today. I wanted to start by letting you know that -- oh, here's Leo. He always defies my interpretation of his presence anywhere. Come on, Leo.

Deputy Speaker MCCUTCHEON: We just started so.

Commissioner FLYNN: I haven't said a word other than that you were not coming. So --

Commissioner CAKOUNES: Well, I got tied up so I figured I come over and grace them with my presence.

Commissioner FLYNN: Well, I think an important matter to tell you about today is that we recently had four town employees graduate from the Suffolk University Moakley Center for Public Management. They received their certificates and it was a 25-week -- first, I'll tell you who they are. Elaine Davis, Justyna Marczak, Beth Albert from the County-side, and then Briana Kane from the CLC.

And this was a 25-week course. It went from September to May. It consisted of five graduate-level courses taught by experts in the field of budgeting, human resources, leadership, and grants. And the participants were expected to do six hours of classwork and six hours of homework each week. This meant many nights and weekends.

And the completion of the course shows a very high level of dedication and commitment by these four employees, and we and you should be very proud of them taking the time to do this and graduate and be an additional asset to the County. So we're really pleased that they did and that they graduated.

That's all I have to say. Leo, did you have anything you wanted to add? Sheila?

Commissioner LYONS: No.

Commissioner FLYNN: So, that's it for today.

Deputy Speaker MCCUTCHEON: Does anybody have any questions for the Commissioners? Thank you for coming.

Mr. OHMAN: Off the hook.

Deputy Speaker MCCUTCHEON: Go ahead. I'm sorry.

Mr. PRINCI: Was it -- that was awfully -- that's great news that, you know, our staff is getting educated. We have a well-educated workforce which is great. Now do we pay for that or do they pay for that?

Commissioner FLYNN: We did.

Mr. PRINCI: Do you know how much that was?

Commissioner FLYNN: Two thousand per individual.

Mr. PRINCI: Okay.

Commissioner LYONS: This is really their first step going -- I mean if they wanted to pursue an administrator's course, and really it is a pretty thorough curriculum to educate, I mean you could pretty much sort of figure it -- it gives you the basic foundation of being a Town Administrator and it is available every year. This is the curriculum if anybody wants to see it.

I regret that I didn't do it. I did go to a BU course, Management Leadership, last year, and it is something worthwhile for everyone. And if this -- so it's offered every two years. So either yourself or future employees or future people you know, I would highly recommend it. It was really a great course. It did take a lot of work. At night, you know, it was more than six hours from what I could tell from talking to people.

But you're having employees and you're trying to build your teams, it really gives them an education as to not only their job but how all the other jobs and systems work around

them. So it's a great course.

Commissioner FLYNN: And, if I may? I think one thing that they told us about was how important it was for them to understand how municipalities work, how government works at the local level because as a regional government, they are very much involved in providing the regional services. And now they have a much better understanding and the importance of that and what it means to each of the towns because they have a better understanding of how the towns work.

Deputy Speaker MCCUTCHEON: Dr. O'Malley, did I see your hand?

Mr. O'MALLEY: Yes, Madam Speaker. I'm looking to follow up on a subject that came up at our prior meeting concerning the long-term presence of the dredge, and I believe it was in Dennis in Sesuit Harbor, perhaps. I can't remember which inlet it was in. And we were told at that time there was no further information.

It strikes me as -- do we know anymore? When is this going to be rehabilitated? Obviously, it's not in service if it's stuck there.

Commissioner FLYNN: Jack would know.

Commissioner LYONS: Jack would know. We did not discuss that today, so I do not know any further information.

Mr. O'MALLEY: Can we get some information on that at a further meeting?

Commissioner LYONS: Sure.

Mr. O'MALLEY: Thank you.

Deputy Speaker MCCUTCHEON: Any other questions?

Commissioner CAKOUNES: If I can get a hold of our dredge manager -- if I could as the deputy speaker? If I have some information before you guys adjourn today, I'll update you before the meetings over if I can get a hold of him today.

Deputy Speaker MCCUTCHEON: We'd appreciate that. Thank you.

Commissioner CAKOUNES: I'll call him right now.

Commissioner LYONS: Thank you.

Deputy Speaker MCCUTCHEON: Thank you.

#### Communications with Auditors from CliftonLarsonAllen

Commissioner FLYNN: And now our next for communication and discussions with auditors from CliftonLarsonAllen regarding Barnstable County fiscal year '15 financial statements. Would you please state your names for the record?

Ms. JOANNE NELSON: Joanne Nelson, County Accountant.

Mr. MATTHEW HUNT: Matthew Hunt, CliftonLarsonAllen.

Ms. MCAULIFFE: Hi Mary.

Finance Director MCISAAC: Hello, everyone. Mary McIsaac, Finance Director.

Deputy Speaker MCCUTCHEON: Thank you. Just as a preliminary matter; I'm directing this question to the gentleman from CliftonLarson, when was this report published?

Mr. MATTHEW HUNT: The final reports were issued in the end of March.

Deputy Speaker MCCUTCHEON: And are you aware that the Assembly just received this yesterday?

Mr. MATTHEW HUNT: I am not aware of that. I distributed the reports end of March/early April and after that it wasn't really something that I was aware of in terms of the timing of distribution.

Deputy Speaker MCCUTCHEON: Well if it were to be -- if it was only distributed to

the Assembly yesterday, you would agree that people would not be prepared to fully discuss it today?

Mr. MATTHEW HUNT: I really cannot speak to the timing of the issuance of the reports.

Deputy Speaker MCCUTCHEON: I'm not asking you that.

Mr. MATTHEW HUNT: Okay.

Deputy Speaker MCCUTCHEON: I'm asking you -- it's true -- it's fair to say that people would not be prepared to thoroughly discuss it if they only received it yesterday?

Mr. MATTHEW HUNT: That could be a fair statement; sure.

Deputy Speaker MCCUTCHEON: And, therefore, you'd be willing to come back, wouldn't you, if we need you?

Mr. MATTHEW HUNT: Well, that I certainly can say I would certainly be willing to come back, yes.

Deputy Speaker MCCUTCHEON: Okay. Great. Thank you, very much. Anybody else have any questions for this gentleman or for anybody as to this matter? John Ohman.

Mr. OHMAN: Madam Speaker?

Deputy Speaker MCCUTCHEON: Yes, go ahead.

Mr. OHMAN: Usually, Matt will give us his overview first and give us his thoughts on this. And then we may be more enlightened as to the questions that we may ask.

Deputy Speaker MCCUTCHEON: Well, thank you. Why don't we ask you to go ahead and give us your overview. Thank you.

Mr. MATTHEW HUNT: Sounds good. Do you want me to just go, Mary?

Finance Director MCISAAC: Yes

Mr. MATTHEW HUNT: Okay. So, again, thank you for having me here. Matthew Hunt, CliftonLarsonAllen, independent audit firm for Barnstable County here to discuss the FY15 audit and the reports that we issued as part of the audit.

Speaking of questions, I do encourage any questions throughout my presentation. If at any point in time anybody has any question about where I'm getting the information that I'm discussing throughout the reports, I'd certainly be glad to give page number references if I neglect to do so.

So my goal here is to summarize the various audit reports that we issued as part of the FY15 audit. In particular, the financial statements, also a report called the GAO-OMB A-133 reports, commonly referred to as your single audit reports, and also the Management Letter.

First of all, starting with the Financial Statements, first of all our opinion on the financial statements is located on page 2 of the financial statements. The opinion this year is what we refer to as an unmodified opinion that is the best opinion available in an audit. And, essentially, what we're saying with that opinion is that in our opinion based on our audit the County's financial statements are free of material misstatements.

In terms of some of the numbers, getting into some of the numbers, I'd like to start off with what we call your Government-Wide Financial Statements, which start on page 13. Your Government-Wide Financial Statements are considered also referred to as your full accrual financial statements. So those financial statements include long-term assets and liabilities such as your fixed assets, long-term debt, OPEB liability, etcetera.

So some of the highlights on page 13 are your government-wide balance sheet essentially; County assets at the end of the year were about \$52 million. Liabilities were approximately \$87 million. Some of the more substantial liabilities include your net pension

liability, which I'll discuss further in my presentation. That's a new liability that came about in FY15. Long-term debt's about 25 million and your OPEB liability is up to 11.5 million.

What you'll also notice on page 13 is that your overall net position is in a deficit position. The overall deficit is about \$34.8 million. That is actually very common now for many municipalities largely based on the advent of this new GASB 68 and this new net pension liability that came about in FY15. You're seeing a lot of municipalities with deficit-net position on their financial statements because those liabilities are so high, and they're unfunded without any assets.

In terms of your overall change in net position and sort of tying that into this GASB 68 liability, I do want to point out on page 15 you'll see that your beginning net position was actually restated as a result of GASB 68, so your beginning net pension -- excuse me, your beginning balance in net position was also decreased substantially by this GASB 68 liability, which is why you'll see that the decrease in net position for the year on page 15 is only \$-1.4 million is because instead of this new liability all being absorbed in one fell swoop in FY15, there's a beginning balance restatement and then the current year change in net position only reflects the change in the liability for FY15.

So that's really the big takeaway in your full accrual financial statements. And, again, it's very common for municipalities and government's this year with that net pension liability to see deficit positions.

In terms of other portions of your financial statements, I'll refer you to page 16. I'll talk to you about your General Fund. Overall, General Fund fund balance at the end of FY15 is about \$6.9 million. You'll see -- above that number, you'll see various categories of the fund balance Restricted/Committed/Assigned. I want to give you sort of an idea of what those balances represent.

Restrictive Fund Balance is your statutory reserve and also some set asides for life insurance benefits.

Committed Fund Balance is largely made up of reserves for subsequent years expenditures/amounts from FY15 being used to fund the FY16 budget. It also contains about a million dollars of continued appropriations from FY15 into FY16.

Your Assigned Fund Balance is all made up of encumbrances; unspent budget amounts from FY15, leaving you with an unassigned fund balance of about \$2.2 million. That's a slight decrease from the prior year.

One ratio that we think is valuable to be aware of from year to year is a ratio of your unassigned fund balance to your annual expenses. That ratio was about 12.9 percent. In FY15, a slight decrease from the previous year in which that ratio was 13.5 percent.

In terms of overall general fund activity, I think the best statement to look at to see how the general fund performed in FY15 would be your Budget-to-Actual Financial Statement. So I'll refer you to pages 56 and 57.

What you'll see on page 56 in your final budget column towards the bottom, "Net Change in Fund Balance" is about a \$-1.7 million. Sort of the way to interpret that number is to say that if everything happened according to how the budget was structured in FY15, the general fund would have decreased about \$1.7 million. The main reason for that being is that a good portion of your budget was funded by previous year articles and encumbrances being carried forward.

In terms of actual activity, however, your general fund actually did experience an increase as opposed to what was budgeted for. The main factors being if you look at your "Variance" column on page 57, you'll see the differences between budgeted amounts versus

actual activity. You'll see that for revenues; revenues came in about \$1.4 million less than what was anticipated. This is largely due to Registry of Deeds revenues and County deeds excise.

But on the good side, on the positive side, your expenses also came in well under budget. Overall your expenses came in about \$4.2 million under budget and about \$1.6 million of that was carried forward into FY15.

So between the combination of revenues coming in less than expected but also expenses, the same, your overall General Fund fund balance did increase about 1.1 million.

Backtracking to page 16, just giving you some of the highlights of some other funds that are reported within the financial statements.

The Cape Cod Commission Fund fund balance at the end of the year was about 3.2 million. In terms of revenue and expense activity, the largest source of revenues being the Environmental Protection Tax is about 3.2 million. The Cape Cod Commission received about \$700,000 in grant revenues. It also transfers from other grant funds for overhead reimbursement. Overall expenses for Cape Cod Commission were about 3.9 million, and, overall, the Cape Cod Commission Fund experienced an increase of about \$400,000.

Mr. OHMAN: Matt, through the Speaker, where did you get the \$700,000, from the grant?

Mr. MATTHEW HUNT: The grant money that would be on page 18. Sorry; I think I neglected to mention that page reference. Yeah, page 18 is where you get your revenue and expense activity for the Cape Cod Commission. And you'll see there's a line item called "Intergovernmental" under "Revenues" of about 724,000.

Mr. OHMAN: Okay.

Mr. MATTHEW HUNT: Septic Loan Program, shifting back to page 17 on your balance sheet; Septic Loan Program fund balance at the end of the year was a little over \$25 million.

In terms of Revenue Expense Activity on page 19, summary there; loan interest prepayment fees/late fees/ etcetera was approximately 816,000. Your Debt Principal Expense was about 1.2 million. Your Debt Interest Expense was approximately 894,000 but it should be pointed out that your interest on that debt is actually a 0 percent interest. However, for financial reporting purposes, we have to accrue that interest based on standard interest rates these days, and so the offset to that is an Intergovernmental Revenue up top and revenues for the same amount of 894,259.

So just in case anyone was curious as to why they see debt interest expense there even though it's zero percent interest, subsidized interest, that's the reason why. It's just for financial reporting purposes.

In terms of issuance of new bonds and notes as part of the Septic Loan Program, that was 200,000 this year, and there were transfers out of that fund into the administration fund of about 800,000.

Lastly, your Dredge Enterprise Fund; you'll see information on that on pages 22 and 23. Total net position for Dredge Enterprise at the end of the year was about \$1.1 million. Of that amount, a little over 800,000 is considered to be unrestricted in that position.

In terms of revenue and expense activity, revenues and expenses can fluctuate from year to year based on the various projects that are undertaken, but an overall basis your change in net position in the year was a positive \$39,000, which was consistent with previous years.

So those are the highlights of your financial statements. I do want to point out also

within your financial statements within the footnotes there's some information in there that we find a value. So a couple of the footnotes that I wanted to highlight, first of all, Footnote No. 2 on page 36, that footnote discloses various fund deficits that exist as of June 30. The fund deficits are about approximately \$8 million as of June 30. So those deficits are broken down within that footnote table as to those that are expected to be financed by either long-term debt and/or reimbursements versus those that are expected to be fully funded by long-term debt.

And as pointed out at the end of that footnote as of June 30, about \$2.3 million of those fund deficits were being financed by short-term borrowing.

In terms of outstanding debt, page 42, Note 9, contains some information on your long-term debt. Outstanding long-term debt at the end of the year is about 25 million. All of it does relate to Mass. Clean Water Trust Debt issued as part of the Septic Loan Program. It is expected that all the debt service on that debt will be funded by septic loan paybacks.

Note 10 on page 44 related to OPEB. I'm sure you've all heard about OPEB at this point. It's been around now for a few years, so just sort of a quick update. On the OPEB liability, the liability ending year is about \$11.9 million. In terms of the overall increase to the liability from the prior year, the liability increased about \$900,000.

I do want to point out also at the bottom of that footnote table on page 44, excuse me, 45 actually, you'll see a table there that reports a liability of approximately \$29.5 million. The reason why I want to point that out is the difference between that \$29.5 million versus the \$11.9 million you see at the top of the page is because the \$29.5 million is basically your 30-year long-term horizon liability related to OPEB based on an actuarial valuation. Whereas, the \$11.9 million is based on the difference between what you would've paid as part of an annual required contribution if there was an OPEB fund set aside where you had to fully fund it versus the amount that the County's actually paid on the year-to-year basis.

The reason why I wanted to point that different out is, and I'll bring this up in the Management Letter comment, there's an informative Management Letter comment about a couple of statements that are coming out, financial reporting statements that are coming out, which, essentially, for all intents and purposes, this \$29.5 million liability is actually going to be far more representative of what the liability is going to be as reported in the financial statements. So I did want to point out that discrepancy because in a couple years that OPEB liability is going to increase more along the lines of that 29.5.

Lastly, in terms of footnotes, page 49, Note No. 14, I referred to it earlier, GASB Statement No. 68. That is a statement that's been around for a while. We've heard a lot about it. We've included in our Management Letters in years past to inform the County that it's coming down the pike. So FY15 is the first year of implementation.

So Note 14 on 49 is where a lot of the new information from GASB 68 comes about. But really the most important pieces are is that GASB 68 brought forth a new liability that had not been reported previously called your net pension liability. Essentially, what it represents is Barnstable County's portion of the Barnstable County Retirement Association's overall unfunded liability. So Barnstable County Retirement Association obviously has a number of employer units. They are currently underfunded in terms of their pension liabilities. Obviously, they're legally obligated to become fully funded within the next, you know, 15-20 years depending on their time horizon.

So, essentially, this liability that you see on your financial statements is Barnstable County's portion of that unfunded pension liability and it comes to about \$43 million.

One other area that I do want to point out; you hear a lot when it comes to these

liabilities, you hear a lot about what's called a discount rate. That's essentially the expected long-term rate of return on your investments and it does have a major impact on what that liability is going to be.

So I do want to refer you also to page 52 of your footnotes. The table at the bottom what it will show you is it will show you how much of an impact that discount rate can have on your liability. So right now the Barnstable County Retirement Association, as of this financial statement, the assumption is that the assumed rate of return on investments is 7.75 percent. So what this table does here is it shows what the liability would be if that assumption was a percentage point lower or a percentage point higher. And as you can see from the table, it would have a pretty substantial impact on the reporting of that liability. So that's something I also wanted to point out.

So, really, those are the highlights of the financial statements. So before I move on to the other reports that we issued as part of the audit, does anyone have any specific questions about the financial statements?

Deputy Speaker MCCUTCHEON: Yes, John and then Suzanne.

Mr. OHMAN: Matt, just for the record, the Finance Committee is the only people that saw this originally this stuff in past years, and I'm really happy to find that you came to the entire Assembly.

I want to just go back to page 36. I need a lesson as a person who doesn't know as much as you do, obviously, about this. Last year, you concluded something similar to that and I have it in front of me; I don't know, you probably don't. But you had us as funding sources and many things through the Superior Court to replace things for long-term debt and reimbursements.

Essentially, that's stuff that we borrowed but never funded with the bond. And it seems to have been footnoted here and I was wondering why you put it just in one general area as a footnote and not explain to us how devastating it would be to our budget going forward in auditing terms.

Mr. MATTHEW HUNT: Well, when you say why was it put in a footnote that the requirements of the audit report are that any fund deficits have to be reported in footnote disclosures. Those fund deficits have been reported in footnote disclosures for the past several years. As long as those deficits have existed, they have been reported in your footnotes. So not sure if I'm gathering --

Mr. OHMAN: I guess, again, being no where's near as good at this as you are, I just thought that this would be something that would be red-flagged and you'd say, "Oh my God, look what you've done. You've spent a lot of money and haven't borrowed it yet," like in capital letters, but in auditing standards, that's not true?

Mr. MATTHEW HUNT: That's not necessarily the case. And, also, as it relates to these fund deficits, that had been part of our inquiries in prior audits. Our understanding is is that management was aware of these deficits and was aware that they needed to be addressed.

In terms of a reporting requirement, there is no auditing standard or anything of that nature that requires anything more other than if there are fund deficits that they be reported in the footnotes of the financial statements. So that's really what we've done for however long those fund deficits have existed. So that's really the extent of our reporting requirements.

Mr. OHMAN: Thank you.

Deputy Speaker MCCUTCHEON: Suzanne.

Ms. MCAULIFFE: Good afternoon. This is more -- not specifics to the actual numbers but a general overall liability. Would the debt be coming in and it seems like

they're letting you phase it in because you mentioned just that you were allowed to adjust so that the liability would appear as dramatic as it could be if you were just kind of having to face it because of the rules changed just this year. And then we have OPEB hanging out there too.

I'm of the school that at some point liabilities become realities and it has happened in my past experience that they will -- I remember being on -- I can't remember where workers' comp was required to be accounted for.

Do they let you just carry these massive liabilities or are you expected to make movements to fund them?

Mr. MATTHEW HUNT: Pension is one thing, OPEB's another. So I'll start with pension. As you know, there's a legal mandate to have the pension fully funded. Again, I don't know what exact year Barnstable County Retirement Association is planned to be fully funded somewhere in the 2030s, I would imagine.

Finance Director MCISAAC: It's 2036.

Mr. MATTHEW HUNT: There you go. So that's Barnstable County Retirement Association. That's they're going to be fully funded. In theory, financial reporting will coincide with that. So come 2036 if they're fully funded, your financial statements will reflect that; okay?

When it comes to OPEB, there is no legal mandate. There is no legal obligation to fully fund OPEB. I don't necessarily anticipate that happening anytime soon. I'm not a legislator. I wouldn't exactly know. You never know when these things might happen. But, really, OPEB's been around from a financial reporting standard for about 7 years now. So I really don't anticipate any time soon it being a legal obligation to fund the liability. I think operationally, obviously, it's something that any municipality needs to be aware of. It's not just a financial reporting liability. It's not just on a piece of paper.

It is a legitimate liability that needs to be addressed. So whether there's a legal mandate or not, certainly any municipality should be cognizant of it and thinking about it, and thinking about ways in any way, shape, or form that they could at least start to fund the liability. It's obviously a big number. There are very few municipalities in this state that are even close to be fully funded. There's just a few that I'm aware of. But I have seen a lot of municipalities start to set aside some trust funds for OPEB even though it may be nominal amounts. It is something that's considered to be a good practice.

You also, if you set aside some money for OPEB, you do get a benefit in the financial reporting perspective. That discount rate that we just talked about how that sort of can make the liability fluctuate; if you do have money set aside and there is a funding plan in place, depending on the levels of funding you may get an actual increase to your discount rate which will help bring the liability down. But at this point in time there is no legal obligation to fund that liability.

Ms. MCAULIFFE: Can I have follow up?

Deputy Speaker MCCUTCHEON: Yes, you may.

Ms. MCAULIFFE: Do we have a plan in place and are we funding OPEB because I think the discounted rate would be to our advantage.

Mr. MATTHEW HUNT: Sure. It certainly would. We're in the process of examining whether we would recommend an irrevocable trust which is a more standard and boilerplate option for organizing and creating a framework -- to create a fund for -- to cover the OPEB liability. We haven't made a decision about which option we would recommend but we're working on all of the options and looking at administrators who manage funds for

OPEB in order to see what best practices are current and what cities and towns are, you know, are commonly using and looking at evaluating that and seeing it like if the County finances and how we differ from towns what should be our best practice for creating a fund for OPEB and creating our own set of rules for, you know, for growing the fund, for dedicating a stream, if possible, of budgetary money towards the funds. So that when we go in for our bond ratings etcetera that, you know, we're looked in a more favorable light because we have a plan.

Ms. MCAULIFFE: Thank you.

Finance Director MCISAAC: You're welcome.

Deputy Speaker MCCUTCHEON: Whose hand is up down there?

Ms. MCAULIFFE: Ed Lewis.

Deputy Speaker MCCUTCHEON: Ed Lewis.

Mr. LEWIS: It's my understanding based on conversations we've had with the school district -- the Nauset School District and some of the towns that it isn't so much the amount of money that you put aside for OPEB. It's the plan -- it's a percentage that you put aside a certain percentage every year as against it fluctuating so much because it's money that's going to come out of the budget.

So, you know, I don't think you'll ever fully fund all of this stuff because it's sort of the idea of being fully funded is that the town or county or school district is going to go broke. And, therefore, they will have to pay -- at least fund it so they can pay their liabilities. As long as you're paying it on a regular basis whatever the pension liability is for that year.

So I think the plan needs to -- most of the towns, I think, have begun to do this. I know we did it in Brewster and I think Wellfleet's doing it at a bigger rate. But the school district is doing a certain amount as a percentage of their health costs and things like that.

It's really difficult I mean when you talk about the different liabilities whether it's pension or OPEB that -- because the money's got to come from somewhere and it's coming right out of the general fund and it's, you know, whether you're trying to fund everything else, you've got to have a plan that's does it ever year and you can't take that money and put it somewhere else.

Deputy Speaker MCCUTCHEON: Anybody else have any questions? Go ahead, Ed.

Mr. MCMANUS: Yes, on the pension liability, I'm assuming that the pension liability due to the older pension collections not being sufficient, whereas current employees between there and the County's matching contributions to the pension system are sufficient to pay out benefits that are being accrued?

Finance Director MCISAAC: Is that for me?

Mr. MCMANUS: I don't know who it's for.

FINANCE DIRECTOR MCISAAC: Well, it's certainly true that a current employee is paying at a much greater rate of contribution, are more closely funding their own retirement. Certainly if you have 5 percenters and 7 percenters still in your system, 5 percenters are probably not likely working any longer but they certainly have not covered their pension over time, you know, over their careers.

And the other factor that plays -- that has played into it is the dramatic increase or decrease rather in investment earnings from everybody's portfolio.

Mr. MCMANUS: Sure.

FINANCE DIRECTOR MCISAAC: They would never have dreamed for 10 years that there wouldn't come close to any kind of reasonable expectation of funding. So that's certainly been a factor. But we're required to be fully funded by 2036 and having actuarial

work done every two years is redefining the parameters for that in making sure that the numbers deliver full funding by 2036 as the law requires.

Mr. MCMANUS: Okay. Can I continue?

Deputy Speaker MCCUTCHEON: Do you want to continue?

Mr. MCMANUS: Yes.

Deputy Speaker MCCUTCHEON: Yes but -- go ahead.

Mr. MCMANUS: On the OPEB benefits that were -- we have certain retired employees that are owed benefits that there's essentially no fund to pay them out of except our ongoing revenues for current employees. Are we putting aside a fund based on the --

FINANCE DIRECTOR MCISAAC: The future liability?

Mr. MCMANUS: -- the future liability?

Finance Director MCISAAC: There's been no plan --

Mr. MCMANUS: Okay.

Finance Director MCISAAC: -- until this point for that, but we're developing a plan as we're developing, you know, a lot of other procedures with respect to the future finances of the County.

Mr. MCMANUS: Okay.

FINANCE DIRECTOR MCISAAC: Certainly.

Mr. MCMANUS: Thank you.

Finance Director MCISAAC: You're welcome.

Deputy Speaker MCCUTCHEON: All right, Jim, and then I have a couple of questions.

Mr. KILLION: Thank you, Madam Speaker. Just a quick question in that do you have any idea how this will affect the budget going forward in terms of percentages what it's going to cost the County?

Finance Director MCISAAC: Well, you know, we have an idea of what the liability is. We have an idea what the pay-as-you-go number is for us, and I think the reasonable consideration would be a fraction of the pay-as-you-go to start with certainly.

But really for the County and given the budgetary constraints that we have had that we had this past year, I think that, you know, it will all be relative to what kinds of increases we have; what kinds of cutting and efficiencies will be able to effect to raise some money for us to be able to define more clearly a percentage or a dollar amount going forward to be able to try to set monies aside for OPEB because we're dedicated to doing that.

Mr. KILLION: So you will have a plan for FY18 to address this?

FINANCE DIRECTOR MCISAAC: We should have a plan that we bring forward in '17 as our recommendation of how to handle it and it will be embedded in the fiscal '18 budget for sure.

Mr. KILLION: Thank you.

FINANCE DIRECTOR MCISAAC: You're welcome.

Deputy Speaker MCCUTCHEON: Okay. I just have a couple of things and then we'll come back to you, Lilli. Directing you to 18, pages 18 and 19; I'm a little puzzled by the, again, still by the delay in putting the audit out because it seems like some of this information might have been useful when we were talking about the budget.

My understanding is that in the past hard copies would come directly to the Clerk when the audit was available, and she would then pass it out to people and then there would be a substantial period of time before the auditors came in to discuss it. Why was it done differently this year?

FINANCE DIRECTOR MCISAAC: It was done differently this year but my choice because I considered it to be a public document the minute it goes out of our office and without it being agendaed and discussed, I thought that it shouldn't be public.

So when the agenda came out, it was sent out electronically so that every member had it at the same time. And the meetings were agendaed for June 1.

And, hopefully, next year they'll be agendaed much sooner after the audit report comes out but there was a delay in that, mostly due to budget -- mostly due to us working still on the budget in trying to get the budget passed and then dealing with the audit. There are no findings. We have an unqualified opinion. Its boiler plate financial statements and they were public when they were agendaed.

Deputy Speaker MCCUTCHEON: So, let me just get this straight.

Finance Director MCISAAC: Sure.

Deputy Speaker MCCUTCHEON: It's your understanding that until it's agendaed it's not a public document?

FINANCE DIRECTOR MCISAAC: Well it wouldn't be released for discussion until it was agendaed.

Deputy Speaker MCCUTCHEON: All right. I'm not going to argue with you about it. I see on page 18 there's an expenditure for Cape Light Compact and I would take it that the income from that organization might be somewhere in this budget; is that right?

FINANCE DIRECTOR MCISAAC: If you follow across Cape Light Compact --

Deputy Speaker MCCUTCHEON: There's an expenditure there.

Mr. MATTHEW HUNT: I'll be glad to give it back to you if you want to take the potato.

Finance Director MCISAAC: Go ahead, Matt.

Mr. MATTHEW HUNT: Well, the expense is about \$33,000 if you go all the way across. It's not part of your general fund operations. It's part of non-major governmental funds. I don't have detail in front of me. I'd be happy to answer any questions in any more detail after this meeting.

What I would say is that some Cape Light Compact activities in your non-major governmental funds what they would represent is that they would represent County money usually grants, and, again, I don't have the detail in front of me of this 33,000; there are still some funds out there that are county monies but they are managed by the Cape Light Compact department, which is why you would see those expenses being reported in that particular column but they are not part of your general fund budget.

So when you say associated revenues again, without the detail in front of me, let's say it was a grant fund that was county money, it would either be part of the County's revenues or money already received by the County, it would be actually already in your fund balance. But, again, I am just saying in generalities I don't have specific details of the 33,000.

Deputy Speaker MCCUTCHEON: Okay. In order to isolate this particular sum of money, would you have had to look at the various sums of money that come into the Cape Light Compact because that's all run through the County's books; is it not?

Mr. MATTHEW HUNT: Correct.

Deputy Speaker MCCUTCHEON: So how is it chosen that this \$33,000 would appear in this financial statement and the rest of the Cape Light Compact's money would not?

Mr. MATTHEW HUNT: For example, if the County received a grant and it was a County-issued grant, that Barnstable County received a grant and that grant was managed by

the Cape Light Compact department, it gets coded as such within the County's financial statements as part of the Cape Light Compact department and then gets funneled through the financial statements here.

All other Cape Light Compact activities, the majority of them, are in your financial statements on page 25. Page 25 is your agency funds. All the major operations of the Cape Light Compact, the primary operations of Cape Light Compact are reported within this particular financial statement. The reason why it's considered an agency fund is because it's really fiduciary in nature from the County's perspective. So the majority of your Cape Light Compact activities are recorded in this particular financial statement.

Deputy Speaker MCCUTCHEON: Well, just so I understand, you're saying that the revenues for the funds that are attributable to Cape Light Compact that are put through the County's books are only in the order of about \$5.5 million dollars?

Mr. MATTHEW HUNT: No, that's the net effect. What agency funds are, it's a little bit different. The revenues and expenses of an agency fund are not actually reported. So if you look at this particular financial statement, it's really just a balance sheet. So what that \$5 million actually represents is the net of all revenues and expenses throughout the year.

So it does not represent, you know, \$5 million equals revenues; \$5 million -- it's a conglomeration of all your revenue and expense activity combined into one liability account. That's the nature of this kind of fund reporting.

Deputy Speaker MCCUTCHEON: All right. So, you don't actually recall, as you sit here today, what the \$33,000 was for?

Mr. MATTHEW HUNT: To be honest with you --

Deputy Speaker MCCUTCHEON: So you gave us a kind of hypothetical explanation?

Mr. MATTHEW HUNT: Well, 33,000, I mean, it's a very large -- I just don't have the detail in front of me.

Deputy Speaker MCCUTCHEON: I understand that.

Mr. MATTHEW HUNT: I'd be happy to answer that. What I was trying to basically say in general terms that in terms of the breakdown between activities that are considered Cape Light Compact say on this particular financial statement on page 19 versus something that gets reported more on the agency fund on page 25, the distinguishing factor is, and again I'm using an example of a grant because I can recall in the past certain grants that the County's the recipient of the grant, so it's issued in the name of Barnstable County.

But in the past, there have been certain grants that had been administered and managed by the Cape Light Compact, even though they're County grants, they're administered and managed by Cape Light Compact so they get reported in this portion of the financial statements.

Deputy Speaker MCCUTCHEON: Right. But all of those funds are still run through the County's books?

Mr. MATTHEW HUNT: Correct.

Deputy Speaker MCCUTCHEON: Okay. So just in asking a different matter, there's been some discussion in various forums about the County-owned property and income from leases. There is courthouse rental reported here, but is there any other lease income reported anywhere in these financial statements?

Mr. MATTHEW HUNT: Not specifically identified as a line item on these financial statements. There could be some miscellaneous lease income reported in some of the other revenue categories such as departmental is a revenue category so there could be some lease

revenues that are recorded as a catchall in a line item. There wouldn't necessarily be a specific line item for lease income.

Deputy Speaker MCCUTCHEON: But if a piece of County property had been leased to a third-party and the third-party was theoretically paying some kind of rent for it--

Mr. MATTHEW HUNT: Yes.

Deputy Speaker MCCUTCHEON: -- that -- can we agree that should appear in the financial statements?

Mr. MATTHEW HUNT: Yes. If the County's receiving lease payments, they're leasing out a building and receiving lease income payments, yes, that would be flowing through the financial statements, correct, in theory, yes.

Deputy Speaker MCCUTCHEON: And that would be some -- you would have seen it somewhere in these financial statements?

Mr. MATTHEW HUNT: Well, when you see it in the financial statements, I mean, obviously, there's a lot of activity going through these financial statements and it's reported on a summary basis.

Deputy Speaker MCCUTCHEON: Okay.

Mr. MATTHEW HUNT: If it wasn't necessarily significant, there wouldn't be necessarily a specific line item called, "Lease Income" per se, but it could be flowing through the financial statements in another line item. It could just be part of another line item.

Deputy Speaker MCCUTCHEON: And, again, you're not speaking specifically about any lease income; you're just saying hypothetically that would be true?

Mr. MATTHEW HUNT: Well, again, without -- again, and I'd be happy to answer some of these questions; I don't necessarily have all the details of Barnstable County's financial information in front of me at this point in time. So I can't necessarily speak to the fact as to whether there are lease income within the financial statements. There could be and I'd be happy to look into that.

I don't know if Joanne or Mary have anything to add on that particular piece. But in terms of actually seeing it spelled out as a line item in the financial statements, you wouldn't necessarily see that even if there were lease income.

Mr. MATTHEW HUNT: Does anybody have anything to add to that?

FINANCE DIRECTOR MCISAAC: Sure. The nominal monies that are received by the County currently for any leases in effect are comingled in an account that is miscellaneous in departmental revenue. For instance, we receive a dollar a year from a thrift store in Bourne for property in Bourne. Well, that dollar's not going to be appearing on a singular line. It appears as miscellaneous revenue. That's departmental revenue. We have no significant source of revenue from leases.

Deputy Speaker MCCUTCHEON: Well, as I heard, apparently aside from the courthouse rental.

FINANCE DIRECTOR MCISAAC: Well, the courthouse rental is technically a reimbursement of the expenses incurred and justified by the County for the buildings that are occupied by the Trial Courts. The state reimburses us for our expenditures related to their percentage of occupancy of each building.

Deputy Speaker MCCUTCHEON: Okay. So I'm kind of getting to that.

Finance Director MCISAAC: Sure.

Deputy Speaker MCCUTCHEON: You're saying that that just reports -- that item just reports money received from the Trial Court. It doesn't include anything else in that building that might be generating some kind of rent?

Finance Director MCISAAC: It does not. That money strictly comes from the state, which is reimbursements.

Deputy Speaker MCCUTCHEON: Okay. All right. Well, I don't have anything. Does anybody have anything further here? Lilli, go ahead.

Ms. GREEN: It appeared to me, and I'm quite a distance away from the table, that the auditor was referring to a PowerPoint presentation that he put together. And if he does have a presentation, it could be very helpful for us if he wouldn't mind forwarding it to the Clerk?

Mr. MATTHEW HUNT: Sure.

FINANCE DIRECTOR MCISAAC: We can. We can forward it to the Assembly.

Ms. GREEN: Thank you. And the other item; I was looking at the reports as much as I could between yesterday and today, and I was curious on page 53 and 54, you know, "18 Future Implementation" there's a number of statements there that management is evaluating the Statement's future impact on these various items.

Is there a timeline for management to get back to and do they get back to the Finance Committee and the Assembly or to the full Assembly? I'm curious what the process is.

Mr. MATTHEW HUNT: I'll address it in terms of the -- in terms of the footnote disclosure, that's usually pretty standard wording in a footnote disclosure about future pronouncements that management is evaluating the impact on the financial statements.

In terms of the communication from management outside, I can't speak to that. I'm not part of management. But in terms of the wording, that's usually pretty standard language in these types of pronouncements is that, obviously, until a pronouncement is fully implemented, there's always an evaluation period in terms of trying to understand the financial statement impacts. So I just wanted to speak to that, the language in that footnote.

Ms. GREEN: Thank you.

Deputy Speaker MCCUTCHEON: Anybody else? Going once, going twice. Do you have more for us?

Mr. MATTHEW HUNT: There are two other reports.

Deputy Speaker MCCUTCHEON: Okay. Go right ahead.

Mr. MATTHEW HUNT: Not as comprehensive as the other, as the financial statements, but we'll certainly get into those.

Deputy Speaker MCCUTCHEON: We'll muddy through them. Okay. Go right ahead.

Mr. MATTHEW HUNT: Okay. It's called the GAO and OMB A-133 Report is the next one I'd like to talk about. Essentially, it's your single audit. Thank you. Any municipality that has over \$500,000 in federal expenses and federal grants needs to have what is called a single audit.

What essentially that represents is that some of your federal grants are susceptible to a compliance audit in addition to the financial statement audit to see whether or not your grants are being complied with in terms of federal requirements.

So within that report you'll see that the two grants that were tested in this part of our compliance testing was the Home Grant and also the Public Health Emergency Preparedness Grant. You'll also see within that report, pages 6 and 7 or 7 and 8, I believe, the actual detail of all your grants. Really for all intents and purposes, this report we're happy to report there are no findings. There's no compliance issues that we identified as part of our compliance audit on the federal grants. So that's really the essence of that particular report.

Anybody have any questions about that report? Okay.

Lastly, your Management Letter. Your Management Letter contains information about various internal control matters, albeit somewhat benign that we came across that we did want to bring to the County's attention. It should be noted that the County -- we didn't identify any kind of material weakness or any significant deficiencies in internal control. So, really, these recommendations are what I would deem to be best practice recommendations, certainly nothing material to the audit.

Firstly, on page 1 relates to Bank Account Reconciliations. We identified some of the reconciliations. There were very small amounts that were identified as reconciling items. The items were known and known how to address them. However, they weren't cleared out before the end of the month.

So just from a best practice perspective, the recommendation there would be anytime there's a reconciling item it's known as to how to resolve it and clear it out, to clear it out before you do the month-end close.

Then there was also a reconciliation where again there was a really small amount not material to the audit that was a floating reconciling item at the end of the year. So, again, the best practice recommendation there is to have all reconciling items identified and resolved by month end unless it's timing variance such as outstanding checks.

Page 2 relates to what we refer to "Inactive Funds." Essentially there were several funds at the end of the year within the County's financial records in which there was no revenue and expense activity during the year. What we identified in talking with County management is that County management does have a process in place to monitor these types of funds, but we recommend it as best practice is to formalize and document that particular process to, again, maybe make it more formal in terms of how often these funds get analyzed, and also as these funds do get analyzed and addressed to document the resolution of these particular funds.

And then lastly on page 3, "Informational Comment." We sort of got into this a little bit. GASB Statement No. 74 and 75. Our new GASB Statements that are coming out related to OPEB, implementation is 2017 and 2018. Really the essence of these statements, the main essence of this statement is what we talked about a little bit earlier about OPEB about the whole difference between your \$12 million liability as it stands now versus that \$29.5 million liability that you saw in that footnote. That's really going to be what's happening here with this particular statement. These statements is that that liability is going to be more geared towards your unfunded liability as a whole versus the difference between your required contribution annually versus what you actually contribute.

So, again, combine that. They're trying to basically bring it in line with that new pension standard where you're getting that liability of your fully unfunded liability as being put right in the face of your financial statements; GASB is trying to make OPEB the same way so that your OPEB and your pension liability the theory behind it is the same.

So that's really essentially going to be the impact is that you'll see a much larger OPEB liability. Any questions on the Management Letter?

Deputy Speaker MCCUTCHEON: Go ahead, John.

Mr. OHMAN: Thank you, Madam Speaker. So this OPEB and GASB been -- GASB 68 has been coming around. I know it's here now as of this fiscal '15 and it's very difficult to make headway on it. But the biggest problem is if the bonding agencies start to take note of the amount of the deficit in every community, have you heard anything from the bonding agencies? Has there been any rumblings about lowering bond ratings because of GASB 68?

Mr. MATTHEW HUNT: Haven't heard that, and, in fact, the bond rating agencies

have always known about these liabilities and it's been considered as part of their evaluation even though it wasn't on the face of the financial statements, the bond rating agencies were well aware of the fact that -- and it's not just here in Massachusetts obviously; it's across the country that retirement systems -- you're part of a retirement system that isn't fully funded.

So even though GASB 68's the first time that it puts it right on the face of the financial statements, bond rating agencies were aware of these types of liabilities in the past. So that's why in terms of a direct impact on the bond rating agencies, haven't really seen that with implementation of GASB 68 because it's really not telling them anything that they didn't already know.

Deputy Speaker MCCUTCHEON: Anyone else? I just wonder when you referred to in Number 1, the bank account reconciliations, what's a small amount of money?

Mr. MATTHEW HUNT: In this particular instance, we're talking about hundreds of dollars.

Deputy Speaker MCCUTCHEON: Ah, okay. Things are relative.

Mr. MATTHEW HUNT: Things are relative, right. Understood.

Deputy Speaker MCCUTCHEON: Right.

Mr. MATTHEW HUNT: From an audit perspective and from a materiality perspective, it's certainly not anywhere close to what we would deem to be material from an audit perspective?

Deputy Speaker MCCUTCHEON: Uh-huh.

Mr. MATTHEW HUNT: And, again, I do think it's really more of a best practice recommendation. These reconciling items, again, many of them were actually identified and known. It's really just a matter of clearing them out before the month end.

Deputy Speaker MCCUTCHEON: I think a lot of people don't do that, so I'm glad that they do it here. Thank you, very much. Anybody any more questions here? All right. Well, thanks, very much, for coming to us. And I'm sure we'll let you know if people further need any more information about this because of the timing, but I appreciate your time this afternoon.

Mr. MATTHEW HUNT: I appreciate you inviting me here, and I'm happy to answer any other questions that come up, and I'll be happy to pass along the PowerPoint presentations so that you all can get a copy of this as well.

Deputy Speaker MCCUTCHEON: Okay. Thank you, very much.

Mr. MATTHEW HUNT: Thank you.

Deputy Speaker MCCUTCHEON: Oh, Mr. Cakounes; Commissioner Cakounes, you have some information for us, sir?

Commissioner CAKOUNES: Uh-huh. Thank you, Madam Speaker. Before the Commissioners left the table, the question was asked in regards to the dredge and I just want to, first of all, apologize to Dr. O'Malley because as soon as he brought it up, I remembered that two weeks ago he asked me to look into this and I walked out of the room and completely forgot about it.

I was actually sitting with Wayne today for some time and it just completely went out of my head. So I apologize for that. I should've gotten you the information on quicker thing; you asked for it last week.

A couple of things that I found out; I just left -- I did finally get a hold of Wayne and I did get some information for you.

First of all, it was not the dredge that was at Bass River; it was a booster pump barge and a long tube. And, again, try not to ask me too many specific questions on this, but this

booster pump takes the sand and pushes it down this long tube so you can then disperse it either in another area up on a beach or another site.

It was moved there with anticipations of using it. After a survey was done, they found that there was not enough material on that particular job to use that piece of equipment there, so they subsequently had to do another method. And then they actually moved that piece of equipment to Harwich.

So I know Mr. O'Malley -- Dr. O'Malley doesn't represent Dennis but it's no longer in Dennis's eyesight. It's over in Harwich and it's going to be used or it's anticipated being used in Harwich.

What was mentioned -- the statement was mentioned, and I'm not sure if Dr. O'Malley said it or if I had said it or if somehow it got reported that the dredge itself was broken down, and I'm here to report to you that that is not the case. The dredge itself, as a matter-of-fact, right now is on way to Sesuit Harbor and it's being scheduled to do some work over there. And then I did not get the remaining schedule of where the dredge is going after that.

I do want to tell everyone though that through -- it's, again, the booster pump, which is the one that caused a little bit of a ruckus over in Bass River is now in Harwich. From there it is scheduled to go back there to do some work in Yarmouth but not until September.

So the only thing I do want to say for the record is that these pieces of equipment are not the prettiest pieces of equipment but they are essential to keeping our waterways open. And, unfortunately, some of the people who live along these riverways or who boat and recreation go up and down have to bear with us in that in order to keep those waterways open, we need to use these pieces of equipment there.

And, hopefully, that answered your question, Dr. O'Malley.

Mr. O'MALLEY: Through you, Madam Speaker. Yes, it answers my question, and, really, it was not so much concern about the unsightliness, although that's real, as the understanding that if the dredge was out of commission there was revenues we weren't going to be seeing. So I'm glad to hear that that's not the case.

Commissioner CAKOUNES: Well I didn't get any of those phone calls concerned of the revenue that we were losing, but I did get a number of ones that were tired of looking at it so.

Deputy Speaker MCCUTCHEON: Go ahead, Mr. McManus.

Mr. MCMANUS: As Leo said, the dredge, itself, is necessary to maintain our harbors being opened. The importance of a booster pump is, especially its use in Harwich, is to make sure that the dredged material that is pumped out of the harbors is then put to another use by renourishing beaches along the coast.

Otherwise, they would have to -- the only other option, in Harwich, is it comes out of the harbor and they pump it offshore like the Army Corps does when they come in the last time they were in to do dredging in Saquatucket Harbor. All of that material went, basically, offshore rather than nourishing beaches.

Commissioner CAKOUNES: If I don't get an answer back when I say I'm going to, please, email me within a day or so because it's because I completely forgot. And, again, I apologize for that. Again, you guys asked before and I said I'd get you that information. That's why I ran out today and got it.

Deputy Speaker MCCUTCHEON: Thank you for doing that, Leo. We appreciate it.

Commissioner CAKOUNES: Okay.

Communications from Public Officials

Deputy Speaker MCCUTCHEON: Do we have any communications from Public Officials?

Administrator YUNITS: Madam Speaker, as promised, I'm going to try to give you at least monthly updates on some of the issues that you don't normally address.

And I will follow up Leo's request and make sure we email you the dredge schedule. It's always subject to change based on weathering needs, but it will give you an outline anyway.

There are a few things that I think we should talk about; Route 6 and the rest area, particularly as it relates to down county. It's an important thing on our agenda. I do want to tell you that DOT and Mass. Highway couldn't have been better to date. They've been listening to us, working with us, trying to find solutions. Right now, they're running a proposal up the flagpole.

Obviously, if it's going to come to us and whether by license or by easement so that we can bid it out for a private vendor to construct and operate a rest stop at that area at that site with a tourist information center in it, we'll have to do it this fall, no later, or we won't be open next spring. But we're working on it regularly.

As it relates to the sheriff and the tower; Albert Camus wrote, "The struggle to the heights is enough to fill a man's heart. One must imagine Sisyphus happy."

Every time I look at that hill I think of that. Obviously, we're still profoundly separate in our opinions as to who owns the revenue to that tower.

Today, the sheriff filed an appeal of DCAM's ruling last week, so we'll stay on it and try to keep you posted on it.

Mr. LEWIS: It's nice that you give a column to the Cape Cod Times on every one of these so that you can have an opinion, Jeff can have an opinion, and the public can have an opinion.

Administrator YUNITS: Yes.

Mr. LEWIS: Because there are no ads these days so they fill that way.

Administrator YUNITS: Well, the bottom line is that everything that occurred on the tower was done with the approval of the County, all the leases, the reconstruction, the maintenance is done by the actual vendors out there on the poles, AT&T, Nextel, and SoCo (phonetic) workers, that's Verizon.

Under the contracts and the leases -- and the Commissioners did reserve; they added an explicit caveat in the last order approving the leases that said if your situation with the sheriff changes, the sheriff and the state changes, we have a right to revisit the revenues' lease. So it's not just implied; it's expressed that everybody at the table understood that the County owned the tower. And it was never changed, formally changed by the state, and that's really what it comes down to.

Mr. OHMAN: Madam Speaker.

Deputy Speaker MCCUTCHEON: Go ahead.

Mr. OHMAN: I read it in the Cape Cod Times, so it must be true. (Laughter) The sheriff has claimed that he spends hundreds of thousands of dollars to maintain that tower. Is there any evidence that he does spend that kind of money?

Administrator YUNITS: I'd be very interested in seeing that evidence. The leases call for the private vendors on those poles to pay for the maintenance. If the sheriff had some

maintenance costs, it was to his particular unit that he still uses free and we don't charge him, obviously, for that; we never will, I don't think.

But there are other -- there are incidental expenses. Remember, the sheriff keeps his data in Open Cape in the racks. All that data has to be carefully protected. It's protected through security. It's protected through cooling. It's still in the transmitted there. So there are charges from Open Cape to the sheriff but that's the normal course of business and that has nothing to do with the tower. But aside from that, I don't know any expenses.

The next item would be on the Strategic Plan the 15<sup>th</sup>, two weeks from today, is when we're going to host that meeting. And Bob Lawton will be sending something out to the Commissioners and all of you trying to garner your feedback on what you'd like to see on the agenda within the next few days.

So, please, if you think you can make it and you want to be part of it, take a look at what Bob sends you and give us your feedback.

Mr. MCMANUS: What's the time?

Administrator YUNITS: The 15<sup>th</sup> I believe at 12:30.

Mr. LEWIS: Up at the tower .

Administrator YUNITS: Yes, up on the hill by the tower.

We have our first courthouse meeting. The Commissioners have charged us with the duty of trying to put together a plan with the Trial Court on the future of our site here, and we're going to start working on that next week. Paul Niedzwiecki and I will be having our first meeting just to set up the scheduling and some type of subcommittee to work on that.

I think Mary Pat did an elegant job mentioning the graduation the other day. Really, it was impressive and it's always great to see County employees doing what it can to learn more and to have more confidence and be better about what we do in our jobs. So, it's a great program and great professors. I was impressed.

So that's about it for now unless you've got questions relative to other -- oh, I'd be crazy if I didn't mention the EPA situation.

As you know, the Environmental Protection Agency has been dealing with this emerging contaminant, as they call it, called PFOS. PFOS are chemicals that were widely used in a ton of products, from the clothes you wear, baby clothes, baby sheets, strollers. It was also used in fire retardant fuels. Believe it or not, it's actually in the mechanisms in the wells. It's in polyvinylchloride pipes. PFOS has become a very common place chemical.

Two weeks ago EPA determined that the levels of acceptable PFOS in wells was to be reduced by 66 percent. So it dropped the level -- acceptable level from .20 to .07. Wells all across the country have been shut down because of this ruling and not just the wells in Barnstable but wells across the country. Even the city of Pittsfield lost 50 percent of their wells last weekend -- Westfield; I'm sorry.

So it's a growing concern. I made a commitment to the town of Barnstable to Town Council a couple weeks ago based on conversations that I've had with our County Commissioners that this has to be a priority to clean up the Fire Academy site without a doubt and to work with the town of Barnstable on this issue.

When this new information came forth, I contacted the head of the Brownfields Loan Program in Boston for EPA and was advised that Barnstable and Barnstable County would not be eligible for Brownfields grants for this particular problem.

But he did say that EPA has created a real, real dilemma with this new ruling and he does expect that there will be help forthcoming. We just don't know when or where. It's almost become a Congressional issue now.

The manufacturers of this foam have not been held accountable except in a few courts recently in West Virginia. There was a \$343 million settlement with 3M who is the principal manufacturer of the PFOS because of the contamination of wells in a particular county down there.

So it's going to gather national attention but it's a huge problem for a number of communities that have airports, wastewater treatment plants, closed landfills, big laundromats that are on septic. And most of those now are very well regulated and controlled. But, historically, they were not so this PFOS did emit and grow.

The trouble with PFOS is it's not biodegradable. It sticks to molecules. It sticks to airborne dust. It sticks to water, and it travels wherever those particles go. There's no way to biodegrade it. There's no way to -- to burn it, you have to burn it at 900 degrees.

So it's going to be an issue that we're going to be living with for a while. And it can come out anywhere. It can come out of septic tanks where moms washed clothes for years because it's in everybody's clothes. It's in your Teflon pans. And, as I said, it's probably in your well mechanisms so. Ed.

Deputy Speaker MCCUTCHEON: Go ahead, Ed.

Administrator YUNITS: Sorry. He was playing me.

Mr. LEWIS: Sorry, Madam Speaker.

Deputy Speaker MCCUTCHEON: Go right ahead.

Administrator YUNITS: He was looking right at me.

Mr. LEWIS: Thank you, Madam Speaker. Have you read any reports what this PFOS, P-F-O-S, whatever, because it is in so many different things, and I have to believe the 3M company has some representatives in Washington. Do they have any results of what this does? I mean they say it's a contaminant; in what respect? I mean God forbid it causes cancer. Do they have any -- or just on the chemical that's in there, do they know what it does if they're banning it?

Administrator YUNITS: The EPA, to date, has not called it a carcinogen. They have found that it can cause disability and learning disorders in kids. And I haven't read any of the particular studies of how they came to those conclusions.

I do know that across the country where PFOS has been identified as a contaminant, particularly around DOD, Department of Defense, airbases in the waters around in those communities. They were trying to get to our levels to call it safe, the levels we were at before this new ruling came out. Now it's going to be almost impossible for some of those military bases. Needless to say, the Department of Defense didn't know this was coming and they're not happy about it either.

But the direct cause and effect as to illnesses is really not defined and that's part of the problem with EPA coming up with this ruling.

Mr. LEWIS: I would assume, just to continue, having spent 35 years in the textile business, we used a lot of dyestuffs and textile mills traditionally throughout the world are usually built next to rivers.

Enough said.

Deputy Speaker MCCUTCHEON: Okay. So Dr. O'Malley and -- go ahead.

Mr. O'MALLEY: Thank you. All the feedback on that, I think the concern about PFOS is that it acts as an endocrine disruptor. That is to say the body perceives -- perceives it as affecting its endocrine system as a hormone of some sort. And that's one of the reasons why Silent Spring has been so engaged in that study.

I also have a question for you. What's involved in getting it out of the water? It's a

chemical absorption and then what are we left with that then has to be disposed of?

Deputy Speaker MCCUTCHEON: If you know.

Mr. O'MALLEY: What's the technicalities on that one?

Administrator YUNITS: Well, the carbon filters seem to be working on the Mary Dunn wells when we use them. As far as getting it out of the ponds, it's going to be a lot more difficult.

Mr. O'MALLEY: No. I was actually referring to what happens with the carbon filtered material? Where do you have to go to get rid of that?

Administrator YUNITS: Yeah, you'd have to get Tom in here to -- Tom and George in here to talk about that. It's a little more technical but as I said --

Deputy Speaker MCCUTCHEON: I think we're ranging kind of far afield from something from our agenda when we talk about any other people.

Administrator YUNITS: I can say this though; we have looked into incinerating it and the answer has been no. We've looked into burring it at landfills and we haven't got a positive response yet.

Deputy Speaker MCCUTCHEON: Okay. So, anybody? Okay. Thank you, very much.

Administrator YUNITS: Thank you. Okay.

Deputy Speaker MCCUTCHEON: All right. Now we're going to ask for any comments from the members of the public? Hearing none.

### Assembly Convenes

Deputy Speaker MCCUTCHEON: The Assembly will now convene.

Deputy Speaker MCCUTCHEON: Are there any committee reports? Hearing none.

### Report from the Clerk

Deputy Speaker MCCUTCHEON: Report from the Clerk.

Clerk O'CONNELL: Thank you, Madam Speaker. Just briefly, I want to let you know that your next agenda for the June 15 meeting will not be available to you or posted until June 13. I will not be able to do it until that day. You probably will not get any emails forwarded from me up until that day, so I don't want you to think there's something wrong --

Deputy Speaker MCCUTCHEON: This is a roundabout way to tell you she's going on vacation.

Clerk O'CONNELL: It's not like I'm falling off the face of the earth. I will be back.

And at the next meeting, I believe the Speaker has intended to schedule a presentation to the Assembly on the Community Rating System. I think it was Mike Maguire who was in here that talked about the program that Bill Clark had started with that grant funded position. And I think someone also from the Cape Cod Commission will accompany that individual here to do a presentation, expecting it's going to be about 15 or 20 minutes long, and whatever else the Speaker determines needs to be on the agenda for that day.

And that's all I have.

Other Business

Deputy Speaker MCCUTCHEON: Okay. Any other business? Suzanne.

Ms. MCAULIFFE: Through you, Madam Speaker, am I to understand when the Clerk is on vacation or ill or not available that all our communication is halted? Or if something comes into Barnstable County for us, is there someone who is your backup who will review it and email it to us?

Mr. LEWIS: We get regular communications from Ron Beaty.

Clerk O'CONNELL: Well, some years ago in an effort to save money, the County did away with an assistant position and made my position full-time. So on occasion and I always manage to try when I have access available to check my email in case there are those things that require some type of emergency response.

But typically what I do is post a notice on the Assembly door. I also put an away message on the email, and, typically, I've seen instances where people get a response if I'm not available. They have the option to email you directly if they'd like because they have access to your email information.

So, if they get a response and it's something that they feel you should have within a day or two and can't wait, they have the option to email you directly and I think that's happened sometimes.

Ms. MCAULIFFE: Madam Speaker.

Deputy Speaker MCCUTCHEON: Yes.

Ms. MCAULIFFE: I would like to pose -- to request a future agenda item to discuss backup for the Clerk so that she doesn't have to be on vacation checking her email and providing the continuing business.

I think it would be a clerical duty to check email that perhaps we could designate someone at the County, so I would like that to be put forth before the Assembly to see if that's something that they would like to consider.

Deputy Speaker MCCUTCHEON: Well to the extent I can order it, I do.

Ms. MCAULIFFE: And then my other item is I would like to also work out with the Director of Finance a mechanism by which we can get our audits in a time that we can actually look through them. I felt like I was flying blind even though we had them yesterday; I don't read that amount of material, especially that dense very well.

So if we could work with the Director of Finance and try and figure out a way where we can have these so that we can actually digest them before we have a discussion that would be very helpful. Thank you.

Clerk O'CONNELL: I just want to let the Assembly know that when I can I do check emails and, honestly, I don't have a problem with that. I just hate to say to you that I definitely will be able to if I can't. And because it's not a staycation, I don't know what my opportunity will be but I'd like to --

Deputy Speaker MCCUTCHEON: I think this is a matter that we can discuss. It's an administrative matter and we will discuss it. I think it's been raised so that's enough.

Anything else anybody wants to bring forward? Hearing none.

Ms. MCAULIFFE: Ed.

Mr. MCMANUS: As you all probably received forwarded on from our trustee Clerk the announcement of the Cape Cod Selectman's Association upcoming breakfast next Friday. The Speaker's going to be --

Mr. LEWIS: It's next Friday.

Ms. MCAULIFFE: The Auditor.

Mr. MCMANUS: -- yes, right, is the state auditor. And I had an opportunity to talk with her last weekend. And in our conversation, I said, you know, this is mainly about your services from municipalities but you are coming to Barnstable County and everybody knows that you are -- your office is looking into some County matters that you may want to be prepared to answer some questions. So she said she would be fully prepared to talk about whatever comes up.

Deputy Speaker MCCUTCHEON: Okay. Well I think that's a notice issue. We're not going to discuss what she might discuss. Okay.

Mr. MCMANUS: Well, I might be of interest for the members of the Assembly to --

Deputy Speaker MCCUTCHEON: No, I think that's right. I entertain a motion to --

Ms. MCAULIFFE: Move to adjourn.

Deputy Speaker MCCUTCHEON: -- adjourn. Second?

Ms. KING: Second.

Deputy Speaker MCCUTCHEON: All in favor?

Whereupon, it was moved, seconded, and voted to adjourn the Assembly of Delegates at 5:20 p.m.

**Submitted by:**

**Janice O'Connell, Clerk  
Assembly of Delegates**

List of materials used at the meeting:

- Business Calendar of 6/1/16
- Unapproved Journal of Proceedings of 5/18/16
- Certificate in Management Program brochure
- Audit summary presentation CliftonLarsonAllen
- Barnstable County FY15 Financial Statements
- Barnstable County FY15 GAO-OMB Reports
- Barnstable County FY15 Indirect Cost Report
- Barnstable County FY15 Management Letter