



Barnstable County

Regional Government of Cape Cod

Finance Department

Memorandum

To: Ms. Suzanne McAuliffe, Speaker

Assembly of Delegates

From: Mary T. McIsaac

Re: Cape Light Compact separation and termination

The Administrative and Finance departments of the County provided services to the Cape Light Compact under the Inter-Governmental Agreement, a joint effort of towns and counties, and the subsequent Administrative Services Agreement between the County and the Cape Light Compact.

Over months of time in 2017, both County officials and Cape Light Compact officials discussed the goals and objectives of both parties and a decision was made to terminate the administrative services agreement. This termination agreement was for the effective date of June 30, 2017 with the option of an extension thru December 31, 2017. No extension was requested, and the June 30th date remained the effective date. Separation of a long-standing relationship involving a myriad of factors takes time and the separation will be completely reflected on the County's financial statements as component pieces are resolved.

Since that time the Cape Light Compact has reinvented itself as a Joint Powers Entity, has relocated its operations from the County Complex to Yarmouth and has successfully petitioned for membership in the Barnstable County Retirement Association and the Cape Cod Municipal Health Group. Effective on July 1, 2017 employees of the Compact and their retirees were eligible for health and dental insurance through the Cape Light Compact JPE. Effective on January 1, 2018, the Cape Light Compact Joint Powers Entity, is a unit member of the Barnstable County Retirement Association. No administrative services are being provided to the JPE or its employees.

The County's auditors have been retained to provide a review of the Compact's cash as of the audit date (June 30, 2017) and subsequent activity through the last date of field work of the review. This review is expected to be completed in March 2018. The review of the Cape Light Compact's accounts has always been conducted concurrently with the audit of the County's records.

With respect to Retirement and the Other Post-Employment Benefits (OPEB) obligations of its' employees and the county liability, the administrator of the Cape Light Compact JPE successor to the Cape Light Compact and its Board have acknowledged and confirmed the liabilities of employees belong to the JPE. As a unit of the Barnstable County Retirement Association, the JPE will report its salary obligations as all other units do and PERAC will approve an individual assessment for FY2020 to the JPE. The County's Assessment will be reduced and the financial statements and accompanying notes will reflect the same. The retirees of the Compact have



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been transferred to the unit and those members will also be included in the Cape Light Compact JPE unit's calculation. The Segal Consulting Group performs the OPEB actuarial review and calculation for Barnstable County. The latest report which is dated June 2016 includes the employees and retirees of the Cape Light Compact. The reports are prepared every two years and therefore 2018 will be the first opportunity to amend data to remove the Cape Light Compact. These amended results will be reflected in the financial statements and accompanying notes for the year ended June 30, 2018.

We have provided for your further review the following documents as follows:

1. The audited financial statements of the Cape Light Compact for the year ended December 30, 2016
2. The detailed account history from the records of the County for the Cape Light Compacts accounts for the period of January 1, 2017 to June 30, 2017 redacted for proprietary information that is not public record.

We are happy to provide the Assembly with the auditor's report of their review when the report is completed.