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COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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January 28, 2014

Mr. Paul D. Brodeur, Chairman
Falmouth Retirement Board
80 Davis Straits
Suite 102
Falmouth, MA 02540

REFERENCE: Report of the Examination of the Falmouth Retirement Board for the three year period from January 1, 2009 through December 31, 2011.

Dear Chairman Brodeur:

The Public Employee Retirement Administration Commission has completed a follow-up review of the findings and recommendations contained in its audit report of the Falmouth Retirement System for the most recent period referenced above. We conduct these visits as a regular part of the oversight process. They are designed to ensure the timely implementation of corrective action for the recommendations cited in that report. The results are as follows:

1. The Audit Report cited a finding that a review of Board member attendance revealed a significant level of absenteeism in years 2009 and 2010.

Follow-up Result: A review of the minutes of the Board meetings for the period subsequent to the completion of the audit reveals no excessive absenteeism. This issue is considered resolved. The position on the Board, which is appointed by the Board of Selectmen, is still vacant.

2. The Audit Report cited a finding that an examination of refunds to members during the 2009 through 2011 audit years indicated that two of the refunds sampled showed that an incorrect amount of interest was returned to the members. The two former members were originally given refunds based on the regular interest rates being applied to the years they worked when they actually qualified for the 3% interest rate. The refunds were calculated prior to the program change being implemented by PTG which resulted in the incorrect calculation.



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Follow-up Result: A review of the current refunds shows that the program change has been implemented and the correct percentage is being applied to refunds for members who voluntarily terminate with less than ten years of creditable service. Refunds have been paid to those members whose refunds were incorrectly calculated.

This issue is considered resolved.

The Commission wishes to acknowledge the effort demonstrated by the staff of the Falmouth Retirement System to correct the deficiencies cited in the most recent examination of the system.

Thank you for your continued cooperation in this important matter.

Sincerely,

Joseph E. Connarton
Executive Director

cc: Falmouth Retirement System Board Members