

## MEETING AGENDA

**Meeting:** Audit & Risk Committee  
**Date:** January 3, 2019  
**Time:** 8:30 AM  
**Location:** Trust Authority Building, 3745 Community Park Loop, Anchorage  
**Teleconference:** (844) 740-1264 / Meeting Number: 287 291 220 # / Attendee Number: #  
<http://thetrust.webex.com>  
**Trustees:** Laraine Derr (Chair), Verné Boerner, Chris Cooke, Paula Easley, Mary Jane Michael, Jerome Selby, Carlton Smith

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Thursday, January 3, 2019

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<b>8:30a</b>	<b><u>Call Meeting to Order (Laraine Derr, Chair)</u></b> Roll Call Announcements Approve Agenda Ethics Disclosure Approval of Minutes – 10/17/18	6
<b>8:35</b>	<b>Audit Report Approval</b>	hand-out
<b>9:00</b>	<b>Adjourn</b>	

## Future Meeting Dates

### Full Board of Trustee / Program & Planning / Resource Management / Audit & Risk / Finance

#### 2019 / 2020 / 2021

(Updated – October 26, 2018)

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- Program & Planning Committee January 3, 2019 (Thu)
- Resource Mgt Committee January 3, 2019 (Thu)
- Audit & Risk Committee January 3, 2019 (Thu)
- Finance Committee January 3, 2019 (Thu)
- Full Board of Trustee January 30-31, 2019 (Wed, Thu) – JUNEAU
  
- Program & Planning Committee April 17, 2019 (Wed)
- Resource Mgt Committee April 17, 2019 (Wed)
- Audit & Risk Committee April 17, 2019 (Wed)
- Finance Committee April 17, 2019 (Wed)
- Full Board of Trustee May 8, 2019 (Wed) – TBD
  
- Program & Planning Committee July 30-31, 2019 (Tue, Wed)
- Resource Mgt Committee August 1, 2019 (Thu)
- Audit & Risk Committee August 1, 2019 (Thu)
- Finance Committee August 1, 2019 (Thu)
- Full Board of Trustee September 4-5, 2019 (Wed, Thu) – Anchorage
  
- Program & Planning Committee October 16, 2019 (Wed)
- Resource Mgt Committee October 16, 2019 (Wed)
- Audit & Risk Committee October 16, 2019 (Wed)
- Finance Committee October 16, 2019 (Wed)
- Full Board of Trustee November 14, 2019 (Thu) – Anchorage

## Future Meeting Dates

### Full Board of Trustee / Program & Planning / Resource Management / Audit & Risk / Finance 2019 / 2020 / 2021

(Updated – October 26, 2018)

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- |                                |                            |                                 |
|--------------------------------|----------------------------|---------------------------------|
| • Program & Planning Committee | January 3, <u>2020</u>     | (Fri)                           |
| • Resource Mgt Committee       | January 3, <u>2020</u>     | (Fri)                           |
| • Audit & Risk Committee       | January 3, <u>2020</u>     | (Fri)                           |
| • Finance Committee            | January 3, <u>2020</u>     | (Fri)                           |
| • Full Board of Trustee        | January 29-30, <u>2020</u> | (Wed, Thu) – JUNEAU             |
| • Program & Planning Committee | April 22, <u>2020</u>      | (Wed)                           |
| • Resource Mgt Committee       | April 22, <u>2020</u>      | (Wed)                           |
| • Audit & Risk Committee       | April 22, <u>2020</u>      | (Wed)                           |
| • Finance Committee            | April 22, <u>2020</u>      | (Wed)                           |
| • Full Board of Trustee        | May 7, <u>2020</u>         | (Thu) – TBD                     |
| • Program & Planning Committee | August 4-5, <u>2020</u>    | (Tue, Wed)                      |
| • Resource Mgt Committee       | August 6, <u>2020</u>      | (Thu)                           |
| • Audit & Risk Committee       | August 6, <u>2020</u>      | (Thu)                           |
| • Finance Committee            | August 6, <u>2020</u>      | (Thu)                           |
| • Full Board of Trustee        | September 2-3, <u>2020</u> | (Wed, Thu) – Anchorage<br>– TAB |
| • Program & Planning Committee | October 21, <u>2020</u>    | (Wed)                           |
| • Resource Mgt Committee       | October 21, <u>2020</u>    | (Wed)                           |
| • Audit & Risk Committee       | October 21, <u>2020</u>    | (Wed)                           |
| • Finance Committee            | October 21, <u>2020</u>    | (Wed)                           |
| • Full Board of Trustee        | November 19, <u>2020</u>   | (Thu) – Anchorage – TAB         |

## Future Meeting Dates

### Full Board of Trustee / Program & Planning / Resource Management / Audit & Risk / Finance 2019 / 2020 / 2021

(Updated – October 26, 2018)

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- Program & Planning Committee January 6, 2021 (Wed)
  - Resource Mgt Committee January 6, 2021 (Wed)
  - Audit & Risk Committee January 6, 2021 (Wed)
  - Finance Committee January 6, 2021 (Wed)
  - Full Board of Trustee January 27-28, 2021 (Wed, Thu) – JUNEAU
  
  - Program & Planning Committee April 22, 2021 (Thu)
  - Resource Mgt Committee April 22, 2021 (Thu)
  - Audit & Risk Committee April 22, 2021 (Thu)
  - Finance Committee April 22, 2021 (Thu)
  - Full Board of Trustee May 12, 2021 (Wed) – TBD
  
  - Program & Planning Committee August 3-4, 2021 (Tue, Wed)
  - Resource Mgt Committee August 5, 2021 (Thu)
  - Audit & Risk Committee August 5, 2021 (Thu)
  - Finance Committee August 5, 2021 (Thu)
  - Full Board of Trustee September 1-2, 2021 (Wed, Thu) – Anchorage – TAB
  
  - Program & Planning Committee October 21, 2021 (Thu)
  - Resource Mgt Committee October 21, 2021 (Thu)
  - Audit & Risk Committee October 21, 2021 (Thu)
  - Finance Committee October 21, 2021 (Thu)
  - Full Board of Trustee November 18, 2021 (Thu) – Anchorage – TAB

## Future Meeting Dates

### Statutory Advisory Boards – 2019

(Updated – December 18, 2018)

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#### **Alaska Mental Health Board / Advisory Board on Alcoholism and Drug Abuse**

- Executive Committee – monthly via teleconference (First Wednesday of the Month)
- March 4-6, 2019 – Juneau

#### **Governor’s Council on Disabilities and Special Education**

- February 5-6, 2019 – Juneau, with Key Campaign Feb. 7-8
- May 6, 7, or 14, 2019 – ZOOM/Webinar/Teleconference
- Oct 2-3, 2019 - Anchorage (pre-meeting for Autism Ad Hoc on Oct 1)

#### **Alaska Commission on Aging**

- February 11-13, 2019 (face-to-face)
- May 1, 2019 by video/teleconference <tentative>

ALASKA MENTAL HEALTH TRUST AUTHORITY  
AUDIT & RISK COMMITTEE MEETING

October 17, 2018  
8:30 a.m.

Taken at:  
Alaska Mental Health Authority  
3745 Community Park Loop, Suite 120  
Anchorage, Alaska 99508

**OFFICIAL MINUTES**

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Trustees present:  
Laraine Derr, Chair  
Carlton Smith  
Mary Jane Michael  
Chris Cooke  
Paula Easley  
Jerome Selby  
Verne' Boerner

Trust staff present:  
Mike Abbott  
Steve Williams  
Miri Smith-Coolidge  
Kelda Barstad  
Andy Stemp  
Luke Lind  
Michael Baldwin  
Carrie Predeger  
Katie Baldwin-Johnson  
Jimael Johnson  
Valette Keller  
Eric Boyer  
Travis Welch  
Autumn Vea

Also participating:  
Bikky Shrestha

**PROCEEDINGS**

CHAIR DERR calls the Audit and Risk Committee of April 19, 2018 to order and states that all trustees are present. She asks for any announcements. There being no announcements, she asks

for a motion to approve the agenda.

TRUSTEE SELBY makes a motion to approve the agenda.

TRUSTEE MICHAEL seconds.

*There being no objection, the motion is approved.*

CHAIR DERR asks for any ethics disclosures, and moves to the approval of the minutes of April 2, 2018.

TRUSTEE MICHAEL makes a motion to approve the minutes of August 2, 2018.

TRUSTEE BOERNER seconds.

*There being no objection, the motion is approved.*

CHAIR DERR moves to the annual audit presentation and update, recognizing Andy Stemp.

#### **ANNUAL AUDIT PRESENTATION AND UPDATE**

MR. STEMPE states that Mr. Bikky Shrestha from BDO will lead the presentation.

MR. SHRESTHA states that the audit has not yet been completed; the biggest holdup being GASB 75. That allocation has not been obtained by the Trust and is a big number that still needs to be booked in the financial statements. He moves to the statement of net position which is basically like a balance sheet and is on a full accrual basis. He goes through the numbers and states that a majority of the changes are in the investment income. The other big change is the rent and royalties; the rental properties are accounted for as an investment and are adjusted for fair market value every year. He adds that a few of the properties have appreciated a bit in value that was booked this year, which resulted in a bigger number this year. He explains in greater detail.

MR. STEMPE clarifies that when the cash flow report was presented, there was a breakout by the different categories. This showed some volatility in May where the safe investments started showing negative results, and the stock market investments were going very high. He continues, that flipped in June when the safe investments started performing as expected.

MR. SHRESTHA moves to a few findings that will be on the financial statements when completed. He states that the first issue is that cash principals were used to purchase the rental properties instead of sending the money to the Permanent Fund Trust. Since that report states a noncompliance with State statute, it still needs to be reported as a finding. He continues that next is a repeat finding from last year, which will be reported as a significant deficiency.

MR. STEMPE states that this is an appropriate time to comment on the relationship between the Trust and the Department of Finance at the State. He continues that this year there has been a

great deal of communication, support and appreciation in terms of getting things in a timely manner. Although the finding is not liked, it is an upgrade from the prior year and appreciates the acknowledgment of the progress that has been made.

TRUSTEE COOKE asks if all the financial data, the notes and the information on the Legislative Audit will be part of the final audit report.

MR. SHRESTHA replies that it will be.

MR. STEMPT clarifies that there are two sets of financial reports; the basic financial report and the financials as a whole which reflect the capital assets, the land, the other resources of the Trust, and the investment line item which will have the results from the income-generating commercial properties.

TRUSTEE COOKE asks if management is satisfied with the terminology used in the note about the affect of the Legislative Audit, the differences of opinion about the appropriateness of the real estate investment and how that will be treated going forward.

MR. ABBOTT replies that staff is satisfied with this language. He explains that it was the result of an iterative process between the auditor and Mr. Stemp and his team. This audit statement recognizes that concerns were found.

CHAIR DERR asks if Trustee Selby, as head of the Finance Committee, has anything to say.

TRUSTEE SELBY states appreciation for the update and it sounds like Mr. Stemp and BDO worked well together to move it.

CHAIR DERR asks for any other questions. She thanks Mr. Shrestha, and entertains a motion to adjourn.

TRUSTEE SELBY makes a motion to adjourn the meeting.

TRUSTEE BOERNER seconds.

*There being no objection, the motion is approved.*

(Audit and Risk Committee adjourned at 8:56 a.m.)