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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Dukes County Pooled OPEB Trust Fund
Vineyard Haven, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Dukes County Pooled OPEB Trust Fund, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Dukes County Pooled OPEB Trust Fund's basic financial statements, and have issued our report thereon dated November 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dukes County Pooled OPEB Trust Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dukes County Pooled OPEB Trust Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Dukes County Pooled OPEB Trust Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a significant deficiency.

Board of Trustees
Dukes County Pooled OPEB Trust Fund

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dukes County Pooled OPEB Trust Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Dukes County Pooled OPEB Trust Fund's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Dukes County Pooled OPEB Trust Fund's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Dukes County Pooled OPEB Trust Fund's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
November 14, 2025

DUKES COUNTY POOLED OPEB TRUST
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2025

2025 – 001

Type of Finding:

- Significant Deficiency in Internal Control Over Financial Reporting

Condition: During our audit, we identified that the June monthly employer reporting schedule contained inaccuracies in the allocation of net position across employers. Specifically, a cash reconciling item amount was excluded from the schedule resulting in incorrect distribution across employers.

Criteria or specific requirement: Employer reporting schedules should accurately reflect allocations of all activity to ensure fair presentation of net position.

Effect: Schedule was amended and participating employer reports were corrected.

Cause: The error occurred due to lack of controls surrounding the review controls over the allocation process.

Recommendation: We recommend that the Trust implement enhanced review controls surrounding the components included in the monthly employer reporting schedules and ensure amounts are reconciled to the trial balance.

Views of responsible officials and planned corrective actions: The finding on the internal controls was triggered by a bank error which was executed on the last day of the fiscal year, and therefore could not be corrected until the first day of the new fiscal year. The result was that a deposit duly made by the Trust on June 30, 2025 was inexplicably reversed by the bank, and then corrected on July 1. While the Trust's financial accounting treated this as a deposit made but in transit, the allocation schedule was based on the June 30, 2025 bank balance per the bank statement, which did not include that deposit. This led to an understatement of the overall investment balance in the Trust, upon which the allocations between employers were based. The Trust's Treasurer did not perceive the full implications of this discrepancy between the financial accounting and allocation calculations.

In order to improve on the internal controls which allowed this discrepancy, the Trust is developing a method by which the Treasurer will independently calculate the employer allocations, as a cross-check against the allocation received each month from the investment consultant. In addition, the Trust is actively exploring transitioning the financial recordkeeping role of the Treasurer to an accounting firm, while retaining the signatory and money transfers powers in the role of Treasurer. It is expected that this additional step will ensure against such an error in future, and that separating the roles of recordkeeping from signatory will further improve overall internal controls.