



APPROVED MINUTES OF THE **FINANCE COMMITTEE MEETING**

Monday March 29, 2021

Virtual Meeting as allowed by Massachusetts Governor Charlie Baker's Executive Order dated July 16, 2020 suspending certain provision of the Open Meeting Law, G.L. c.30 sec.20.

I. Call to Order

The meeting was called to order at 4:00 p.m.

Chair, Malcolm Fick started the meeting by reading a statement regarding the Open Meeting Law. BRPC records all meetings. Others may record the meeting after informing the chair. Any documents presented must be left with the Chair of the meeting.

Roll Call - Malcolm Fick, Kyle Hanlon, Sheila Irvin, Sam Haupt, John Duval, Marianne Snizek, Tom Matuszko Kate Hill-Tapia and David Irwin, Adelson.

II. Approval of Minutes of the Finance Committee meeting of November 05, 2020

Kyle Hanlon moved to approve the minutes of the November 5, 2020 meeting which was seconded by Sam Haupt. It was unanimously approved by roll call vote from Sam Haupt, John Duval, Malcolm Fick, Sheila Irvin, and Kyle Hanlon.

III. FY2020 BRPC Audit Review by Adelson

Presentation by David Irwin, Adelson & Company PC:

Dave gave an overview of BRPC's FY 2020 Audit.

Page 3 & 4 – Independent Auditors' Report – This is the opinion of our audit of the Commissions financials for FY20. Dave explained management's responsibility and the auditor's responsibility.

Opinion – Adelson did not have to make any adjustments to the financial statements. The Commissions financials fairly represent the governmental activities in FY20. The Commission has maintained good fiscal management of its operations. No significant financial reporting controls problems were noted during the current year's audit. Adelson has a good clean opinion.

The next section (page 5) is the Management's Discussion and Analysis. Adelson reviews this section and ties the numbers to what is being reported.

The agency budget and post-employment benefits estimated liability must be reported. Also, included in the audit is supplementary information for the reporting of Federal money spent that is reported to the Federal Government. Adelson tested Federal money and had a good clean opinion. Internal controls are tested for cash management, recording of expenses, payroll, revenue, systems and compliance to Grant terms of contract. Adelson did not find any issues with internal controls.

Page 5-1 to 5-6 Management's Discussion and analysis is required by GASB that management provide a narrative to go along with the numbers. Tom and Marianne wrote this section. This summarizes all the financial data in the financial statements and discusses budget versus actual numbers, \$527,885 conditions or a large project that Tom wants to discuss.

Page 6 – Statement of Net Position – (Balance Sheet)

Assets - Cash and Equivalents for FY20 out of the \$934,300 Accounts Receivable as of 3/29/2021 \$133 is uncollected. Prepaid expenses are for insurance. Restricted cash and equivalent is due within one year for the Brownfield loan of \$275,000 that was paid. Brownfield notes receivable due within one year is Powerhouse Loans of \$350,000 plus interest for a total of \$381,375.

Capital assets-net - \$55,465 there was a decrease over FY19 related to a decrease in depreciation.

Current Liabilities - Advanced grant revenue of \$475,392 is more than FY19 of \$346,716. – Income will be recorded when the work is done.

Noncurrent liabilities – post-employment benefits other than pensions \$1,198,909. This is an estimated liability. The increase of \$70,179 over last year is due to the change in staff adding insurance, going from individual plans to family plans and a change in the discount rate. There is no requirement for the Commission to put money into a trust. The changes in assumptions will change the calculation from year to year. Staff eligible for benefits and the amount of money in the trust will also affect the calculations. Also included is accrued leave totaling \$103,693 that is more than FY19.

Net Position – If you take the Unrestricted (deficit) of (\$1,070,838) and add back in the estimated post-employment benefit liability of \$1,198,909, the Commissions net position would have been \$128,071 BRPC has a positive working fund balance minus the OPEB obligation, which is an estimated number.

Page 7 – Statement of Activities

Page 8 – Statement of Revenue, Expenditures and the change. Looks at the information by putting the Revenues first. Under revenue is the State pension assistance of \$583,654. This is the State's contribution.

Page 9 – Budget to Actual shows a slight surplus of \$4,137. The Commission Revenues and Expenses basically broke even.

Page 10 to 13 are notes to the Financial Statements. There have not been any significant changes to the Commission's policies.

Page 13 - Custodial Credit Risk Related to deposits – shows the amount of cash in the bank at the end of the year. Cash was all confirmed.

Page 14 – Project receivables for State and Federal receivables compared to the prior year. The Restricted Brownfields Loan Fund – Notes Receivable lists all the revolving loans.

Page 14 to 15 – Restricted Brownfield Loans show loan activity. The loans totaling \$805,236 in FY2020. Loans due within one-year total \$381,375. Loans due after one-year total \$423,861.

Page 16 – Changes in assets – Increases and decreases in leasehold improvements and furniture and fixtures.
Notes Payable – The Commission has a line of credit of \$230,000. No money was due at the end of June 2020.

Page 17 – Shows the schedule for leases and the increases until year 2022. The FY2020 Approved Budget was \$3,434,072. Retirement Plan – BRPC is in a special funding situation where the State makes payments to the retirement system on behalf of the Commission. BRPC recorded that contribution of \$583,654 in FY2020. GASB requires that special funding paid on behalf of BRPC be recognized.

Page 18 – The notes describe BRPC's benefits and the portion paid by BRPC and the percentage the employees pay for the benefits. The retiree's portion of the benefits are funded by the organization and not paid out of the trust. Adelson agrees not to make payments out of the trust until the OPEB liability is funded.

Page 19 – Actuarial Method and Assumptions used to calculate the total OPEB liability.

Page 20 – Required Supplemental Information Schedule of OPEB Contributions are a change in the net OPEB liability. FY19 total OPEB Liability of \$1,853,907 change of \$654,988 to \$1,198,909 equals the total OPEB Liability for FY20. The Sensitivity of the Net OPEB Liability shows if the discount rate and the Healthcare Cost trend rates are changed by 1% or 2%, what the estimated OPEB Liability would be. Adelson does a reasonable check to the numbers that are calculated by the actuary.

Page 21 – Schedule of Changes in Net OPEB Liability and Related Ratios.

Page 22 – Schedule of OPEB Contributions

The schedules are required to be in the audit. The schedules take the information in the notes and lay it out in the required format.

Page 23 to 26 – Supplementary information that is required to show the information in different formats, by revenue, expenses, budget to actual contracts. Schedule of Program Revenues (details for State and Federal Revenues), Schedule of Expenditures (details for expense categories), Schedule of Fringe Benefits, Schedule of Administrative Expenses, Schedule of Other Program Expenses. These summaries are prepared by Marianne and checked by Adelson. The supplementary information ties back to the income statement.

Page 27 – Cost Allocation Method – The overhead rate was 140%, in FY19 the overhead rate was 140%

Page 28 to 30 – Schedule of Revenue and Expenditures by Grant/Contract Activity, MassDOT requires this schedule to be included in the Commission's Audit. This schedule is prepared by Marianne and checked by Adelson.

Page 31 & 32 – Adelson Letter to the Members of the Commission – Internal Control over Financial Reporting

Page 33 & 34 – Adelson to the Members of the Commission – Reporting on Compliance for each Major Federal Program

Page 35 – Summary of Auditor's Results

Page 36 – Schedule of Expenditures of Federal Awards

Federal Funding – The federal spending must be reported back to the Office of Management and Budget through the Federal Clearing House via an electronic filing by Adelson. Adelson also does an opinion for Federal Awards because if there is more than \$750,000 in federal spending, a single audit must be done. The MassDOT contract was tested for fiscal year FY20. Adelson did very specific testing of things using a Compliance Supplement and a clean opinion was sent back to the Federal government by Adelson.

Page 37 – Notes to schedule of Expenditures of Federal Awards

Page 38 – Audit Distribution Single Audit Clearinghouse, DPH Emergency Preparedness Bureau and Office of Transportation Planning

David explained the management letter on page 3 and page 4. The comments and recommendations in this letter are based on our observations during our review.

Comments and Recommendations:

1. During the past few years, the Commission's Brownfields revolving loan fund program has grown, with five notes receivable totaling \$805,236 outstanding at June 30, 2020. The maturity date varies for each note, but is determined in part by project stabilization and/or the sales of commercial and residential units at each project property.

Recommendation:

The Commission should keep in regular contact with each borrower and monitor the project completion to determine whether repayment is due.

Action Taken:

The Commission will send quarterly statements to all borrowers requesting updates on the status of projects including such items that may impact the maturity date (i.e., unit sales, project stabilization), and whether the projects are on track for repayment by the current maturity date.

The Status of Prior Year Recommendation.

1. As recommended, the Commission has properly documented all loan agreements and amendments.
2. As recommended, the Commission has familiarized themselves with GASB 87 and has documented all lease agreements.
3. As recommended, the Commission has cyber-security policies and procedures in place.

Internal controls are excellent. There was no need for any adjusting entries. Adelson had a good clean opinion.

Malcolm asked if there were any questions.

Sam asked about the Brownfields obligations. David explained the loan agreements states "collateralized by security interest in the borrower's assets". John asked if any loans were at risk. Tom explained the bank has threatened to foreclose on a loan (\$350,000 plus interest \$31,375 = \$381,375). BRPC is not at risk. The Revolving loan fund would incur the loss and there would not be the ability to loan money to others.

John asked about the Fund Balance. The accumulative Fund balance is \$128,071. In FY20 BRPC's surplus of \$4,137 as added to the Fund balance. BRPC's contracts are cost reimbursements the only money BRPC can add to the Fund Balance is from the General Fund.

Malcolm asked for a motion.

Kyle Hanlon moved approve the FY2020 BRPC Audit which was seconded by John Duval. It was unanimously approved by roll call vote from Sam Haupt, John Duval, Malcolm Fick, Sheila Irvin, and Kyle Hanlon.

IV. Co-sponsorship of SD.1334 - An Act Relative to Regional Planning Agencies

Tom explained this Act is related to other RPA's that received large bills from the state for the employer's portion of retirement. Tom may ask all to write letters to support this bill.

V. Vacation and Compensatory Time Balances

Tom wanted to inform the Committee that there are a few staff who have exceed the limits for Vacation and Compensatory time and he is considering how to resolve this. There is a cap on vacation of 140 hours and Compensatory time of 35 hours. Due to COVID the limits were relaxed. Tom would work with individual staff for an option of a combination of a payout or continued carryover of unused time with a goal that all staff would be below the established limits no later than June 30, 2022, provided the public health emergency is lifted early enough in FY 22.

David Irwin commented it is normal to do payouts of accrued time.

This will be discussed at the Executive Committee Meeting on Thursday.

VI. Increase Capitalization Limit

Malcolm asked for a motion to recommend to the Executive Committee to increase the depreciation threshold from \$1,000 to \$2,500.

Sam Haupt moved to recommend to Executive Committee the increase to the Capitalization limit to \$2,500 was seconded by Kyle Hanlon. It was unanimously approved by roll call vote from Sam Haupt, John Duval, Malcolm Fick, Sheila Irvin, and Kyle Hanlon.

VII. Trust Balance

The balance of \$885,039.38 as of 3/23/2021 offsets the unfunded liability of \$1,198,909.

BRPC continues to contribute to the trust. BRPC does not pay retiree benefits from trust.

VIII. Other Business - None

IX. Next Meeting - The next meeting will be May 6, 2021 after the Executive Committee to recommend the FY2022 Budget.

X. Adjournment

The meeting was adjourned at 4:54 pm by a motion made by Kyle Hanlon and seconded by Sam Haupt.

Attachments:

- Unapproved Minutes of Finance Committee Meeting of November 05, 2020
- FY2020 DRAFT BRPC Audit
- SD.1334 An Act Relative to Regional Planning Agencies
- Draft Capitalization Policy
- ICMARC Trust Balance 3/23/2021