



---

**DRAFT MINUTES OF THE  
FINANCE COMMITTEE MEETING**

Thursday, December 9, 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 4:30 pm.**

Chair Buck Donovan 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, Buck Donovan, Kyle Hanlon, Sam Haupt, John Duval, Marianne Sniezek, Tom Matuszko, Kate Hill-Tapia, Fred Schubert, and David Irwin, Adelson.

**II. Approval of Minutes of the Finance Committee meeting of May 06, 2021**

Sam Haupt moved to approve the May 6, 2021 meeting minutes, which Kyle Hanlon seconded. It was approved by roll call vote from Sam Haupt, John Duval, Malcolm Fick, and Kyle Hanlon, with Buck Donovan and Fred Schubert abstaining.

**III. FY2021 BRPC Audit Review by Adelson**

Presentation by David Irwin, Adelson & Company P.C.:

Dave gave an overview of BRPC's F.Y. 2021 Audit.

Page 3 & 4 – Independent Auditors' Report – This is the opinion of Adelson's audit of the Commission's financials for FY21. Dave explained management's responsibility is to follow accounting principles and the auditor's responsibility is to conduct the audit according to Federal and State governmental auditing standards.

Opinion – Adelson did not have to adjust the financial statements, and no material weakness was found. The Commission's financials fairly represent the governmental activities in FY21. The Commission has maintained good

fiscal management of its operations. Dave reported that no significant financial reporting control problems were noted during the current year's audit. Adelson has a good clean opinion.

The following section (page 5) is the Management's Discussion and Analysis. Adelson reviews this section and ties the numbers to what is reported. The agency budget and post-employment benefits estimated liability must be reported. Also included in the audit is supplementary information for reporting federal money spending reported to the Federal Government. Adelson tested Federal money and had a good clean opinion. Adelson tests internal controls for cash management, recording expenses, payroll, revenue, systems, and compliance to Grant terms of the contract. Adelson did not find any issues with internal controls.

Page 5-1 to 5-6 GASB requires Management's discussion and analysis to provide a narrative to go with the numbers. The discussion summarizes all the financial data in the financial statements and the Budget versus actual numbers, conditions, or a large project Tom wants to discuss.

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

Assets - Cash and Equivalents for FY21 totaled \$411,783  
 Accounts Receivable out to the \$1,432,250, \$13,832 were not collected as of 12.9.2021  
 Accounts Payable \$523,880 was paid  
 Prepaid expenses are for insurance.

- Restricted cash and equivalent are for the Brownfields loan of \$275,000 paid.
  - Brownfields notes receivable - Powerhouse Loan \$165,165 (\$150,000 plus interest 15,156) due within one year.
  - Brownfields notes receivable, less current portions = \$264,705 (see page 15)
- |  |                  |
|--|------------------|
| Total notes receivable   | \$4,825,237      |
| Allowance for potential uncollectible -<br>(Powerhouse not paid on time) | <u>(395,376)</u> |
| Net total  | \$429,861        |
| <br>   |                  |
| Amount due in one year   | <u>\$165,165</u> |
| Amount due after one-year  | <u>\$264,704</u> |

Capital assets-net - \$27,439 there was a decrease over FY20 related to a decrease in depreciation.

Current Liabilities - Advanced grant revenue of \$864,803 is more than FY20 of \$475,392. Income will be recorded when the work is completed.  
 Noncurrent liabilities - Post-employment benefits other than pensions are \$1,148,563. The estimated liability, the decrease of \$50,346 from last year, is due to the higher commission contribution in FY2021, staff changing insurance, the returns on the funds, 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 estimates. The Commission pays the retirees health benefit from its operating funds and not from the trust. Also included is accrued leave totaling \$120,975 that is more than FY21.

Net Position – If you take the Unrestricted (deficit) of (\$963,345) and add back in the estimated post-employment benefits liability of \$1,148,563, the Commission's net position would have been \$185,218. BRPC has a positive working fund balance minus the OPEB obligation, an estimated number.

Page 7 – Statement of Activities – Allowance for potential uncollectible accounts (395,376).

Page 8 – Statement of Revenue, Expenditures, and the change. This statement looks at the information by putting the Revenues first. Under revenue is the State pension assistance of \$641,582; this is the State's contribution. The local and other programs increased from \$2,055,391 to \$3,113,414 due to additional aid related to Covid, such as economic planning and assistance, Environmental projects related to climate change hazard mitigation, and municipal vulnerability.

Dave explained the Fund balance: BRPC's contracts are cost reimbursements. The only money BRPC can add to the Fund Balance is from the General Fund. The excess of revenues over expenditures (change in the BRPC's General Fund) in FY21 was \$79,468. This does not include the Brownfields Fund Balance.

The Brownfields Loan Fund column shows the Brownfields Funding Balance is \$704,861.

Page 9 – Budget to Actual shows a surplus of \$29,121. The cash surplus is the Commission's revenues over its expenses. There was an accounting adjustment for the fund balance change of \$79,467 - \$50,346 for the OPEB change that equals \$29,121.

Page 10 to13 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 to15 – Restricted Brownfields Loans show loan activity. The loans totaled \$825,237 in FY2021. Loans due within one-year total \$165,156.

Loans due after one-year total \$264,705. The change for an allowance for potential uncollectible accounts was for the Powerhouse not paid within the loan terms (\$350,000 plus \$43,375 interest = -\$395,375).

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 2021.

Page 17 – Shows the schedule for leases and the increases until the year 2026. The FY2022 Approved Budget was \$4,493,869.

Page 18 - 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 a contribution of \$641,583 in FY2021. GASB requires that special funding paid on behalf of BRPC be recognized. The notes describe BRPC's benefits, the portion paid by BRPC, and the percentage the employees pay for the benefits. The retiree's share of the benefits is 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. FY21 total OPEB Liability of \$2,143,937 change of \$99,374 to \$1,149,563 equals the total OPEB Liability for FY21. The Sensitivity of the Net OPEB Liability shows if the discount rate and the Healthcare Cost trend rates are changed by 1% lower or 1% higher, what the estimated OPEB Liability would be. Adelson does a reasonable check on the numbers that the actuary calculates.

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 data 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 FY20, the overhead rate was 140%.

Page 28 to 31 – Schedule of Revenue and Expenditures by Grant/Contract Activity, MassDOT requires this schedule to be included in the Commission's Audit. This schedule was prepared by Marianne and checked by Adelson.

Page 32 & 33 – Adelson Letter to the Commission Members – Internal Control over Financial Reporting.

Page 34 & 35 – Adelson to the Commission Members – Reporting on Compliance for each Major Federal Program.

Page 36 – Summary of Auditor's Results – this page results from Adelson's testing of the Commission's financials, including Federal Awards.

Page 37 – 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. Adelson had a good clean opinion. The MassDOT contract was tested for fiscal year FY21. 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 38 – Notes to schedule of Expenditures of Federal Awards

Page 39 – Audit Distribution Single Audit Clearinghouse, DPH Emergency Preparedness Bureau, and Office of Transportation Planning

David explained the management letter on page 3. The comments and recommendations in this letter are based on Adelson's observations during their review.

Comments and Recommendations:

There are no comments and recommendations for the year ended June 30, 2021.

The Status of Prior Year Recommendations:

As recommended, the Commission is regularly contacting each entity that has borrowed from the Brownfields Revolving Loan Fund. The Commission is sending the borrowers quarterly account statements and requesting updates on the status of the projects, including such items that may impact the maturity date of the loans.

Dave Irwin asked if there were any questions.

Committee members asked about the fund balance. Dave referred to page 8, the changes to the fund balance. The potential uncollectable is an accounting loss for the Brownfields fund only; the Commission had a surplus.

If not repaid, the allowance for potential uncollectable accounts of \$395,376 for the Powerhouse loan cannot be reloaned. The accounting adjustment was taken in Fiscal 2021. On page 29, Schedule of Revenue and Expenditures by Grant, dpt#166.09 EPA, the expenditure of \$21,639 is for other EPA activities.

Tom explained that BRPC is asking for an extension on the loan (\$350,000 plus interest \$45,375 = \$395,376). BRPC is not at risk. The Revolving loan fund would incur the loss, and there would not be the ability to loan that money to others. If the loan is repaid, the potential uncollected would be reversed. If the loan is not paid, nothing needs to happen accounting-wise.

Dave emphasized that the BRPC Administrative staff provided Adelson everything they needed promptly. BRPC has good controls over financial reporting and does a very good job keeping track of a tremendous amount of financial activity. Having no adjustments to an audit is "fantastic." Buck agreed.

Tom noted that he is proud of Marianne and the quality of her team's work. He mentioned the potential for significant Brownfields funding (up to \$10 million) in the federal Infrastructure Bill.

Buck asked for a motion.

Malcolm Fick moved to approve the FY2021 BRPC Audit, which Fred Schubert seconded. It was unanimously approved by roll call vote from Sam Haupt, Buck Donovan, John Duval, Malcolm Fick, Fred Schubert, and Kyle Hanlon.

#### **IV. Recommend FY23 Assessments to the Commission**

The Assessments for FY2023 are calculated on the Resident Population for Minor Civil Divisions in Massachusetts from April 1, 2010, to April 1, 2020.

The Finance Committee needs to recommend the assessments to the Commission for approval at January 20, 2022, meeting. The options are no increase, 1% increase, or a 2.5% increase.

After a discussion, Buck asked for a motion.

Sam Haupt moved to recommend a 2.5 % increase for the FY2023 Community Assessments on January 20, 2022, which Kyle Hanlon seconded. It was

unanimously approved by roll call vote from Sam Haupt, John Duval, Malcolm Fick, Buck Donovan, Fred Schubert, and Kyle Hanlon.

Tom said that BRPC could provide towns with draft assessments upon request to help with budget planning.

**V. State Retirement Update (Employer portion)**

Tom explained that the state treasurer's office is still trying to get the RPAs to pay the employer's portion. They proposed legislation to get the RPAs to pay. The Massachusetts Association of Regional Planning Agencies (MARPA) hired a lobbyist and has filed its own legislation. Both bills have been filed; they could sit in committee or move forward. The other RPA's have received large bills for past amounts due. BRPC has not.

**VI. Trust Balance**

Mission Square (formerly ICMARC) Trust Balance of \$1,092,718.48 as of 12/3/2021 offsets the unfunded liability of \$1,148,563.

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

**VII. Bank Update**

Tom explained BRPC's account had three fraudulent checks drawn. The bank has refunded the money. Marianne is working with the bank to add another layer of security to the checking account. All checks will be loaded into the banking system and compared to outgoing checks or ACH before clearing. BRPC must approve exceptions. Currently, BRPC and the bank are monitoring the account.

**VIII. Other Business - None**

**IX. Next Meeting - May 2022 to recommend the FY2023 Budget.**

**X. Adjournment**

The meeting was adjourned at 5:26 pm by a motion made by Malcolm Fick and seconded by Sam Haupt.

Attachments:

- Unapproved Minutes of Finance Committee Meeting of May 06, 2021
- FY2021 DRAFT BRPC Audit (Financial Statements & Supplementary Information)
- BRPC Management Letter Draft 12.6.2021
- Adelson Letter to Commission Members Draft 11.22.2021
- FY2023 Community Assessments DRAFT
- Mission Square (formerly ICMARC) Trust Balance 12/3/2021