

BERKSHIRE REGIONAL PLANNING COMMISSION

Management Letter

June 30, 2022

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Adelson & Company PC

CERTIFIED PUBLIC ACCOUNTANTS

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November 25, 2022

To the Commission Members of the
BERKSHIRE REGIONAL PLANNING COMMISSION
1 Fenn Street, Suite 201
Pittsfield, MA 01201

Dear Commission Members,

In connection with our audit of the financial statements of Berkshire Regional Planning Commission as of June 30, 2022, we have made a review of the Organization's accounting, financial, and administrative policies and procedures. While the primary objective of such a review is to afford us a basis of determining the scope of our audit procedures, it nevertheless presents us with an opportunity to submit, for your consideration, suggestions for changes in procedures, which in our opinion, would strengthen internal control or contribute to the improvement of operating efficiency.

The review was not designed for the purpose of expressing an opinion on internal accounting control, and it would not necessarily disclose all weaknesses in the system.

The Commission has maintained good fiscal management of its operations. No significant financial reporting control problems were noted during the current year's audit examination.

We would like to express our thanks and appreciation to Berkshire Regional Planning Commission and its personnel for the cooperation given us during the course of our audit.

Sincerely,

ADELSON & COMPANY PC

Comments and Recommendations

1. With the implementation of GASB Statement No. 87, *Leases*, the Commission must review and evaluate all lease and similar contract agreements (i.e. embedded leases) on an annual basis to determine if right-to-use assets or long-term lease receivables need to be reported on the Commission's Statement of Net Position. For contracts meeting the definition of a lease, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Recommendation:

As a best practice, the Commission should adopt a policy in their Accounting Policies and Procedures Manual to review and evaluate all lease and similar contract agreements to assist in determining lease treatment according to GASB Statement No. 87, *Leases*. This policy should also require documentation of certain criteria, such as the terms of the lease/contract, term length (including all renewal options), discount rate, variable payments, and residual values in a single spreadsheet. This spreadsheet should also be made available to the auditors at year-end.

Action Taken:

The Commission has added the following language to its financial policies and procedure:

Annually, the Commission reviews and evaluates all leases and similar contract agreements to determine lease treatment in accordance with GASB 87, *Leases*. In accordance with the standard, the Commission, as a lessee, is required to recognize intangible right-of-use assets and corresponding lease liabilities for all leases that are not considered short-term. Leases that meet the following requirements will not be considered short-term: 1) the maximum possible lease terms(s) is non-cancelable by both lessee and lessor, and is more than 12 months, and 2) the annual lease payment is greater than \$5,000. All information shall be organized to include the lease terms, term length, renewal options, discount rate, variable payments and residual values and shall be made available to external auditors at year-end. A lease liability spreadsheet should be maintained along with supporting leases. Type of leases may include (office space, copier, software, or a vehicle). In addition, the project setup form has been updated to include the tracking of any lease agreements for new contracts

Status of Prior Year Recommendations

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