



FINANCE COMMITTEE MINUTES - REVISED

Thursday, December 14, 2023, 4:30 pm.

This was a Virtual Meeting as allowed by Ch. 2 of the Acts of 2023, extending certain provisions of the Open Meeting Law, G.L. c.30 sec.20, until March 31, 2025.

I. Call to Order

The meeting was called to order at 4:32 pm.

Chair Buck Donovan called the meeting to order. Staff member Kate Hill Tapia read the Open Meeting Law statement.

Roll Call - Buck Donovan, Sam Haupt, Sheila Irvin, John Duval, Kyle Hanlon
Also present: Malcolm Fick (ex-officio member), Marianne Sniezek, Tom Matuszko, Kate Hill-Tapia, David Irwin from Adelson & Company PC, and James Gt Barrington.

II. Vote to approve the Minutes of the Finance Committee Meeting of November 13, 2023

Sam Haupt moved to approve November 13, 2023, meeting minutes, which Sheila Irvin seconded. It was approved by a roll call vote from Buck Donovan, Sam Haupt, Sheila Irvin, and John Duval. Kyle Hanlon abstained.

III. FY2023 Audit Review & Management letter comments by Adelson and Vote to approve.

Presentation by David Irwin, Adelson & Company P.C.
Dave gave an overview of BRPC's FY 2023 Audit.

Page 3 & 5 – Independent Auditors' Report – This is the opinion of Adelson's audit of the Commission's financials for FY23. Adelson completed the audit and had a clean opinion. The statements are in accordance with the GAAS and Government Auditing Standards. The financials accurately represent the Commission financial position. The Financials are the responsibility of management. The audit must comply with government standards and federal standards based on the type funding BRPC receives. Adelson must test very specific federal testing. Testing was done on federal and federal pass-through funds. Adelson issued a clean opinion. Dave explained they issued a clean opinion on the audit and the federal testing. The opinions will be published to the federal and state government.

Opinion – Adelson's review found no deficiencies or weakness, a good clean opinion.

Page 6-1 to 6-5 - Management's Discussion and Analysis. Adelson reviews this overview section and ties the numbers to what is reported.

Page 7 - Statement of Net Position - Assets

Current Assets Total – FY23 \$4,441,748 vs. FY22 \$2,910,642

- Operating Accounts - Cash and Equivalents for FY23 \$1,048,179.
- Restricted cash and equivalents
 - Brownfields Fund (EPA) of \$391,352
 - Home Modification Fund (CEDAC) of \$60,041
 - Berkshire Public Health Alliance (Insurance reimbursement) of \$1,131,283*
 - Project Accounts Receivable of \$1,697,603 as of 12/6/2023, \$123,204.74 has not been collected) Less receivables than the previous year.
- *Dave noted the \$1,131,283 is restricted cash. BRPC is the fiscal agent, and another board controls the spending of those funds. Money passes through BRPC.
- Prepaid expenses of \$113,290 are for insurance.
- There are no Brownfields or Home Modification notes none are due within one year.

All bank accounts are reconciled monthly, and Adelson confirms the cash with the bank. Adelson did not find anything unusual.

Noncurrent assets -FY23 \$5,695,384 vs. FY22 \$4,238,071

- Brownfields and Home Modification Loan Program note receivable, (page 16-17) Due after one year \$604,868.
- * Allowance for potential uncollectible accounts Powerhouses (\$371,454) pg. 17
- Capital assets-net - \$14,057. There was a decrease from FY22 of \$16,974 related to depreciation (page 17).
- Lease-related assets -future rent for Suites 201 & 202 (Pg 19) FY23 \$634,711 vs FY22 \$730,455. Less accumulated amortization of (95,744). New standard in FY2022.

Liabilities

Current Liabilities – FY23 \$3,715,632 vs FY22 \$2,199,086

- Accounts Payable \$491,014. Increase over last year. All testing done no issues.
- Berkshire Public Health Alliance (insurance reimbursement) FY23 \$1,131,283 vs. FY22 \$611,368 – restricted money.
- Due to Grantors - \$464,179 – most of this money was due to a DPH Public Health Excellence grant that was unspent. The \$419,426 was returned to DPH in August.
- Advanced grant revenue of \$1,450,373 is more than FY22, which was \$1,087,259. Income will be recorded when the work is completed. The increase is due to more contracts.

Noncurrent liabilities - \$3,916,844

- Contingency fund for Public Health \$9,000
- Accrued Leave FY23 \$139,103 vs FY22 \$119,321
- Lease-related obligation (pg. 19) future lease payments of FY23 Total lease Liability (Ste 201 & 202) \$665,913 minus 2024 Principal payments Ste 201 of \$47,830, minus Principal payments Ste 202 of \$32,426 = \$585,657 Lease Obligation.
- Post-employment benefits other than pensions are \$615,793 less than FY22, \$923,524. The estimated liability is a decrease of \$307,731 from last year. The liability is calculated on an actuary report and then recorded. The discount rate used was higher and the contributions reduced the liability.

Net Position – FY23 \$630,199 VS.FY22 \$321,227

- Invested in capital assets, net of related debt (Depreciation) FY23 14,057 vs. FY22 \$16,674
- Restricted Brownfields Loan Fund and Home Modification loan funds (new FY23) FY23 \$1,040,645 vs. FY22 \$1,067,110
- Unrestricted (deficit) –FY23 \$(424,503) vs. FY22 (\$762,857)

Net Position –

FY23 If you take the Unrestricted (deficit) of (\$424,503) and add back in the estimated post-employment benefits liability of \$615,792, the Commission's net Position would have been \$191,289. BRPC has a positive working fund balance minus the OPEB obligation, an estimated number.

Page 8 –

Statement of Activities –

FY23 Allowance for potential Brownfields uncollectible accounts (\$11,517) (interest) compared to FY22 35,439 for Brownfields Loan Fund.

Page 9 – Statement of Revenue, Expenditures, and the change. This statement looks at the information by putting the Revenues first. State and federal programs revenue FY23 \$3,191,927 vs. FY22 \$3,337,268. Under revenue is the State pension assistance of \$362,053; this is the State's contribution. The local and other programs FY23 \$2,374,926 vs FY22 \$2,636,013. Dave explained they did a lot of testing and found no issues.

Dave explained the Fund balance:

FY23

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 FY23 was \$335,437. The \$335,437 does not include the Brownfields Fund Balance. The Brownfields Loan Fund column shows the Brownfields Restricted Funding Balance is \$1,015,777 and the Home Modification Loan Fund (CEDAC) Restricted fund balance is \$24,868.

Page 10 – Statement of Revenue and Expenditures (Budget to Actual)

FY23 Budget to Actual schedule shows a gain of \$27,706. The cash gain is the Commission's expenses over its revenue. If you take out the accounting adjustment for the state pension and OPEB the fund balance change shows and actual gain of \$27,706. (see page 14):

Government Fund (DPT. 10)	\$335,437
Adj State pension revenue	(\$362,063)
Adj State pension expenses	\$362,063
OPEB entry	(\$307,731)
Gain	\$27,706

Pages 11 to 13 are notes on the Financial Statements. There have not been any significant changes to the Commission's policies. In FY22 the Commission added the Lease Related Assets and Obligations for accounts for leases in accordance with GASB Statement No. 87.

Page 14 – General Fund there was a gain of \$27,706. Custodial Credit Risk Related to deposits shows the bank's cash amount at the end of the year of \$2,799,821. Cash was confirmed.

Page 15 – 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 15 – Project Receivables and Restricted Loan Fund descriptions

Project Receivables

State and Federal Receivables	FY23 \$1,083,646 vs. FY22 \$738,400
Other Programs Receivables	FY23 \$ 631,957 vs. FY22 \$1,057,786
Total	FY23 \$1,697,603 vs. FY22 \$1,795,886

Descriptions of the Restricted Loan Fund Programs – Brownfield and Home Modification.

Page 16 Restricted Brownfields Loans (EPA) show loans 2023 vs 2022.

Greylock Works - Loans 1, 2, 3, 4. 0% interest.

- 2023 & 2022 \$150,000
- 2023 & 2022 \$100,000
- 2023 & 2022 \$150,000
- 2023 & 2022 \$180,000

Powerhouse Loans - 4% interest.

Loan 1 \$350,000	2023 = 194,298	2022 = \$188,781
Loan 2 \$150,000	2023 = 177,156	2022 = \$171,156

Page 17 Restricted Home Modification Loan Program (CEDAC) shows

new loan activity for 2023.

Home Modification Loans (CEDAC)

Loan 1 \$49,099 2023 = 14,513

Loan 2 \$20,705 2023 = 10,355

Brownfield Notes and Home Modification receivable(loans) totaled:

FY23 \$976,322 vs. \$939,937 in FY2022.

Allowance for potential uncollectible accounts:

FY23 \$371,454 vs. \$359,937

FY23

Powerhouse Loan #1 \$350,000

Partial payment (212,110)

Interest accrued \$56,408

Loan #1 \$194,298

Powerhouse Loan #2 \$177,156

Powerhouse Loans \$371,454* potential uncollectible

*Note: Dave pointed out from an accounting perspective. Adelson took a conservative approach and recorded \$371,454 was to record a possible non-payment. Allowance for Potential uncollectible (\$371,454).

Page 18 – Lease Related Assets and Obligations (new in FY22 GASB 87)

Dave pointed out the new requirement for leases in FY22 on page 19.

The Commission has leases for the facility space expiring in 2032.

The lease liability is reduced by the (Principle) payments made.

Page 19 – The Commission amortizes the lease asset in a straight-line method over the term of the lease.

Lease arrangements

Facility rent, Suite 201 – new lease Dec 2021 expires 11/30/2026. There is a renewal option for an additional five years, extending the lease until 11/30/2031. The Commission pays the prorated share of the utilities.

Facility rent, Suite 202 - new lease Dec 2021 expires 11/30/2026. There is a renewal option for an additional five years, extending the lease until 11/30/2031. The additional five years are not included in the measurement of the lease asset and related obligation. The Commission pays the prorated share of the utilities.

As of June 30, 2023, the future obligation for rent payments is \$665,913 vs. FY22 of \$740,022.

Ste 201 until 2032 \$544,926

Ste 201 until 2027 \$120,987

Total \$665,913

Dave pointed out that all the numbers tie to the balance sheet and are required to be on the balance sheet.

A. Other Postemployment Benefits

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 22 - The fair Market value of the trust as of June 30, 2023, was \$1,223,011.

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

Page 23 – Required Supplemental Information Schedule of OPEB

On 6/30/2023, the Commission reported a payable (payment due) for an outstanding contribution to the OPEB plan of \$34,762.

Contributions are a change in the net OPEB liability.

FY22 total OPEB Liability of \$923,524 change of (\$307,731) to \$615,793 equals the total OPEB Liability for FY23. The Commission contributed \$138,008 to the trust. The Sensitivity of the Net OPEB Liability shows what the estimated OPEB Liability would be if the discount rate and the Healthcare Cost trend rates were changed by 1% lower or 1% higher. Adelson does a reasonable check on the numbers that the actuary calculates.

Page 42 – Summary of Auditor's Results – this page results from Adelson's testing of the Commission's financials, including Federal Awards. There were no findings or questioned costs for the year ending June 30, 2023. Dave explained the Commission is a low-risk auditee. A low-risk auditee requires less testing. BRPC has been a low-risk auditee for several years. This opinion is reported to the federal government.

Page 43 & 44 – Schedule of Expenditures of Federal Awards

Federal Funding – The federal spending must be reported 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. Adelson did very specific testing of things using a Compliance Supplement. A clean opinion will be sent to the Federal government by Adelson.

David explained the management letter on page 3. The comments and recommendations in this letter are based on Adelson's observations during their review. There were no problems during the audit. This was added control.

Comments and Recommendations for the year ended June 30, 2023

Comments and Recommendations

1. The Commission uses a third-party payroll service provider to process payroll, complete required payroll tax filings, and withhold and remit payroll taxes on behalf of the Commission. While the Commission does receive copies of the payroll returns after they are prepared, there is currently no formal procedure in which the Commission verifies the payroll returns are actually filed and the payroll taxes remitted to the appropriate government agencies.

Recommendation:

The Commission should implement a procedure in which the submission of the applicable payroll returns, and payment of the taxes is verified. This may be accomplished by obtaining a confirmation receipt from the payroll service provider that the payroll returns and taxes were transmitted to, and accepted by, the applicable government agencies. The Commission may also obtain access to the Federal EFTPS and Mass Tax Connect websites to verify payment of the taxes. This should be performed on a quarterly basis after each filing is due.

Action Taken:

The Commission has made the following changes and added the following language to its financial policies and procedures:

The Commission has access to the Mass Tax Connect website. The Commission has included in its procedures to verify the payment of Massachusetts quarterly taxes. The Commission also has obtained access to the Federal EFTPS to verify federal tax payments and included in its procedures to verify the payments of Federal quarterly taxes.

Status of Prior Year Recommendations

1. As recommended, the Organization adopted a policy to review and evaluate all lease agreements to ensure proper treatment with ASU 2016-02, *Leases*.

Draft 11/17/2023

Dave Irwin asked if there were any questions.

Dave stated the audit went smoothly and no issues were found.

Buck asked for a motion and if there were any questions.

John asked about the repayment of \$449,426 back to DPH and if there was a negative impact. Tom replied there was no negative impact on the DPH Public Excellence (Shared Services) grant. We did not have the personnel at the time. We are continuing to get funds for Public Health and hiring more staff.

Malcolm asked about the MassDOT overhead rate. MassDOT does audits. BRPC

has not audited BRPC in years. The note on page 6-4 regarding MassDOT uses the overhead rate from the prior year. We continue to have an amount due to grantors. This amount due or owed is not paid back until MassDOT performs and audits. Potential due to MassDOT is on the books. BRPC's rate has remained at 140% for years. BRPC eliminated this issue by keeping the rate at 140%. We did try asking to destroy records and eliminate the due to grantor and it did not work.

Kyle Hanlon moved to approve the FY2023 BRPC Audit, which Sam Haupt seconded. It was unanimously approved by roll call vote from Buck Donovan, Sam Haupt, Sheila Irvin, John Duval, and Kyle Hanlon.

IV. OPEB Trust Balance and Fund Fact Sheets - Update and Discussion

Marianne explained the Mission Square (formerly ICMARC) Trust Balance of \$1,282,643.23 as of 12/06/2022. In the audit at the end of June 2023 the balance was \$1,223,011. Also included in the packet were the Fund Fact sheets showing the funds' performance year to date and past 10 years.

V. Vote to Approve Investment Policy Statement and Discussion

Tom explained Adelson has recommended the Commission have an Investment Plan to protect the money in the trust for Other Postemployment Benefits. This is the best business practice.

The committee discussed the draft statement. It was agreed that Tom would ask BRPC's legal counsel to review the draft investments statement to ensure the draft statement is compliant with the Mass General Law and the section of indemnification of BRPC staff and Commission committee members. Paying Mission Square for a review is also a possibility to review BRPC's Investment Funds to the Draft Investment Policy Statement to ensure that our current Investment Funds comply with the draft statement.

VI. State retirement (employer portion) update

Tom recapped the state retirement employer portion which BRPC is currently exempt from.

Tom explained that the current committee chair wants to force a decision on the proposed legislation requiring RPAs to pay the employer's portion of state retirement. Tom thinks there will be a compromise requiring the RPAs to contribute 2% or 3%, to be negotiated with the Retirement Board. This will be addressed at next week's statewide RPA meeting.

VII. Next Meeting – May 2024 to recommend FY25 Budget or sooner if needed.

VIII. Adjournment

The meeting was adjourned at 5:18 pm by a motion made by Sheila Irvin and seconded by Kyle Hanlon. Adjourned by roll call vote from Buck Donovan, Sam Haupt, Sheila Irvin, John Duval, and Kyle Hanlon.

Attachments:

- Unapproved Minutes of Finance Committee Meeting of 11.13.2023
- FY2023 DRAFT BRPC Audit (Financial Statements)
- BRPC Management Letter Draft (comments & recommendations)
- Adelson Letter to 2023 Audit Commission Members Draft
- Mission Square (formerly ICMARC) Trust Balance 12/06/2022
- Mission Square Fund Fact Sheet (Aggressive, Moderate and Conservative)
- BRPC Investment Policy fir OPEB DRAFT for Approval 12.13.2023
- Mission Square Employer Investment Program (EIP) – Meet your Retiree Health Care Obligations Flyer