



MIDCOAST REGIONAL REDEVELOPMENT AUTHORITY

Meeting Minutes of Special Board Meeting

October 17, 2013

- Present:** John Peters (Chair), Rita Armstrong (Treasurer), Lois Skillings (Secretary), John Moncure, Daniel Daggett, John Dorrer, George Gervais, Sande Updegraph, and Steve Weems
- Excused:** Sally DelGreco (Vice Chair) and John Shattuck
- Staff:** Steven Levesque, Jeffrey Jordan, and Kathy Paradis
- Location:** Community Room, 7 Venture Avenue, Brunswick, Maine
- Time:** 7:30 a.m.

John Peters welcomed the Board members.

Executive Session: John Moncure made a motion to go into executive session to discuss personnel matters pursuant to 1 MRSA Section 405(6)(A), which was seconded by Sande Updegraph. The vote was unanimous of the Board members present. At 8:03 a.m. John Moncure made a motion to adjourn from the Executive Session, which was seconded by Steve Weems. The vote was unanimous of the Board members present.

Welcome and Introductions: Chair John Peters welcomed the attendees to the special Board meeting at 8:00 a.m. to discuss the audit report. The attendees introduced themselves.

John Peters noted that the contract with the accounting firm of McDonald Page, MRRA's previous firm for accounting services, had expired. A Request for Proposals was sent out and McDonald Page did not respond because they no longer are performing governmental audits. The firm of Runyon Kersteen Ouellette was awarded the bid for auditing services.

Treasurer Rita Armstrong thanked Hank Farrah, from the accounting firm of Runyon Kersteen Ouellette (MRRA's auditors), for a job well done and for keeping the Finance Committee updated as to how the audit was progressing. She also took the opportunity to thank Deputy Director Jeffrey Jordan for his hard work.

1. Audit of the Financial Statements for the Period Ending June 30, 2013

Hank Farrar from Runyon Kersteen and Ouellette presented the draft audit of the Financial Statements for the period ending June 30, 2013.

a. Letter to the Board of Trustees Regarding Internal Controls and Financial Statements.

Mr. Farrar presented a draft letter to the Board of Trustees reporting Runyon Kersteen and Ouellette's (RKO) findings in relation to testing of internal controls and review of the Financial Statements. Mr. Farrar reported in detail on the processes used to test internal control procedures and then stated that they did not identify any deficiencies in MRRRA's internal control procedures (page 1). He also reported that MRRRA's financial statements are free from material misstatement and their tests disclosed no instances of noncompliance or other matters that are required to be reported under Governmental Accounting Standards Board requirements (page 2).

b. The Letter to the Board of Trustees Regarding Compliance for each Major Program as Required by OMB Circular A-133.

Mr. Farrar then reviewed the second letter to the Board of Trustees regarding the required testing and reporting under the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. This report is intended to test and report on compliance with federal grant requirements. Mr. Farrar noted that they identified one minor deficiency related the CFDA 20.106 Airport Improvement Program. He stated that the Authority drew down funds and did not disburse all of those funds prior to or immediately after receiving those funds (page 4).

Mr. Farrar stated that MRRRA has complied in all material respects with the types of compliance requirements that could have a material effect on each of the other major federal programs (i.e. Office of Economic Adjustment and Economic Development Administration grants). The Letter also stated that RKO did not identify any deficiencies in internal control over compliance (page 5). Finally, the Letter to the Board also reports on the Schedule of Expenditures of Federal Awards. The letter states RKO has audited MRRRA's Financial Statements and issued an unmodified opinion (clean opinion) on those financial statements in accordance with the auditing standards Generally Accepted Accounting Procedures (GAAP) in the United States (page 5).

c. Management Letter

Mr. Farrar then reviewed the Management Letter. The Management Letter stated that RKO considered and reviewed internal control over financial reporting and did not identify any deficiencies in internal controls (page 1). While RKO issued an unmodified opinion on internal controls and the financial statements, they did identify one opportunity for strengthening internal controls and operating efficiency. Hank reported that their testing of debit card expenses revealed that there were four instances in which copies of receipts were not attached to financial records. They recommended that the MRRRA should transition to a credit card or purchase card instead of the debit cards. This would allow MRRRA to refute any fraudulent charges.

d. Financial Report.

The report on Financial Statements begins with a two page letter to the Board of Trustees. The Letter describes both management's and the auditor's responsibility in the preparation of financial statements. Runyon Kersteen and Ouellette stated that *"in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Midcoast Regional Redevelopment Authority as of June 30, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America."*

The Financial Report presents a statement of revenue, expenditures, assets and liabilities of the organization consistent with GASB 34, a format of governmental accounting that presents financial information in a format similar to a private business, rather than the historical method of governmental fund accounting, which did not capitalize or depreciate equipment or infrastructure. Mr. Farrar stated that overall Runyon Kersteen and Ouellette has provided MRRRA with an unmodified (clean) audit opinion.

Board member Dan Daggett asked Deputy Director Jeffrey Jordan if the property valuation issue had been addressed in the audit report. Jeffrey responded that it was addressed in the Financial Report (page 8).

Treasurer Rita Armstrong thanked Hank Farrah and Jeffrey Jordan a job well done, which was echoed by several Board members. Board member John Dorrer added that confidence comes from the information the Board gets on a month-to-month basis, which ensures the finances are being looked over by committee and staff.

Action Item: Rita Armstrong made a motion that the Board of Trustees accept the audit report presented by Runyon Kersteen Ouellette, as recommended by the Finance Committee, which was seconded by Steve Weems. The vote was unanimous of the Committee members present.

Other Business:

1. Dan Daggett said he appreciated the information he learned at the recent Association of Defense Communities' forum in Portland, Maine, especially the reaffirmation that MRRRA is ahead of the curve in base redevelopment.
2. Steve Levesque recognized Denise Clavette, noting that after working as the Town of Brunswick liaison with MRRRA, she is leaving the Town to head up the Kennebunk, Kennebunkport and Arundel Chamber of Commerce. Steve thanked her for her help over the past few years.

Adjournment: A motion was made by Sally DelGreco at 8:35 a.m. to adjourn from the Board meeting, which was seconded by Steve Weems. The vote was unanimous of the Board members present.

Lois Skillings, Secretary