



MIDCOAST REGIONAL REDEVELOPMENT AUTHORITY

Meeting Minutes of MRRA Special Board Meeting

October 15, 2014

- Present:** John Peters (Chair), Rita Armstrong (Treasurer), Lois Skillings (Secretary), John Moncure, John Kilbourne, Steve Weems, and John Bouchard
- Excused:** Dan Daggett, George Gervais, John Dorrer, Carl Flora
- Staff:** Steven Levesque, Jeffrey Jordan, Kathy Paradis and Michael Russo
- Location:** Brunswick Town Hall
- Time:** 4:00 p.m.

Welcome & Introductions. Board Chair John Peters welcomed the Board, including new board member John Kilbourne, who said he was delighted to be on the Board. Chair Peters then invited the attendees at the meeting to introduce themselves.

FY2014 Financial Audit. Committee Chair Rita Armstrong said she was pleased that the financial committee has been kept apprised of the audit findings. The Finance Committee met on October 6 with Runyon Kersteen and Ouellette (RKO) and voted unanimously to accept its findings and to recommend them to the board.

1. *Audit of the Financial Statements for the Period Ending June 30, 2014*

Hank Farrah and Timothy Gill from Runyon Kersteen and Ouellette were on hand to present the draft audit of the Financial Statements for the period ending June 30, 2014. Hank Farrah advised the Board that the last draft provided to the Board will be in essence the final audit, since there had been no changes made to it. Actual final copies will be mailed out next week to MRRA.

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

Mr. Farrah 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. Farrah reported on the processes used to test internal control procedures and then stated that they did not identify any deficiencies in MRRA's internal control procedures (page 1). He also reported that MRRA'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. Farrah 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. Farrah noted that they did not identify any deficiencies. The report documented that the single deficiency identified last year had been tested again in detail and there were no further violations.

Mr. Farrah stated that MRRA 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. Federal Aviation Administration 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 MRRA'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. Gill 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. Tim reported that their testing of payroll and documentation of appropriate pay levels, the personnel jackets of three temporary employees did not reflect the \$0.50 per hour increase because they returned for a second or third year.

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, 2014, 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. Gill stated that overall Runyon Kersteen and Ouellette has provided MRRA with an unmodified (clean) audit opinion.

Mr. Gill did discuss the work by Mr. Jordan in revaluing the assets at Brunswick Landing that was identified in the audit as a change to fixed assets as an impairment adjustment. Chair John Peters asked that the minutes reflect that the impairment adjustment was attributable to the original estimates of property values based on a Navy derived estimated cost to replace.

Rita said Management Letter provides a good overview of MRRRA's finances. She commended MRRRA's Deputy Director Jeffrey Jordan and Bookkeeper Michael Russo for their work, and also thanked RKO for all their hard work.

Action Item: John Moncure made a motion that the MRRRA Board approve the FY 2014 Audit Financial Statement, as presented by Runyon, Kersteen and Ouellette, which was seconded by John Bouchard. The vote was unanimous of the Board members present.

Action Item: John Moncure made a motion that the MRRRA Board approve the Audit Management Letter, as presented by Runyon, Kersteen and Ouellette, which was seconded by Rita Armstrong. The vote was unanimous of the Board members present.

Action Item: John Moncure made a motion that the MRRRA Board approve the Report to Federal Government, as presented by Runyon, Kersteen and Ouellette, which was seconded by Rita Armstrong. The vote was unanimous of the Board members present.

Action Item: John Moncure made a motion that the MRRRA Board approve the MRRRA Adjusting Journal Entries, as presented by Runyon, Kersteen and Ouellette, which was seconded by Rita Armstrong. The vote was unanimous of the Board members present.

Rita said she was very happy with another clean audit, and again thanked RKO and Jeffrey Jordan, and on behalf of the Board, John Peters echoed her comments.

Other Business: None

Public Comment: None

Adjournment: A motion was made by John Moncure at 4:27 p.m. to adjourn, which was seconded by Steve Weems. The vote was unanimous of the Board members present.

Lois Skillings, Secretary