



MIDCOAST REGIONAL REDEVELOPMENT AUTHORITY

Meeting Minutes of MRRA Board Meeting

October 25, 2017

Present: John Peters (Chair), Rita Armstrong (Vice Chair), John Moncure, Steve Weems (Treasurer), Lois Skillings (Secretary), and George Gervais

Excused: John Kilbourne, Carl Flora, and Sharon Eggleston

Staff: Steven Levesque, Jeffrey Jordan, and Kathy Paradis

Other

Attendees: Lennie Burke, Nick Nicholas and Stan Gerzofsky

Location: MRRA Offices

Time: 4:03 p.m.

Welcome & Introductions. Board Chair John Peters welcomed the Board and invited the Board and attendees at the meeting to introduce themselves. The Chair noted that the primary purpose of the meeting was to accept the audit of the financial statements for the period ending June 30, 2017.

Finance Committee Chair Steve Weems noted that MRRA had received an unmodified opinion (clean option) from the accounting firm of Runyon Kersteen and Ouellette (RKO) on the financial statements for the period ending June 30, 2017. Steve Weems asked MRRA's Deputy Director and CFO, Jeffrey Jordan, to present the draft audit. The following documents were discussed in detail:

- a.** *Letters to the Board of Trustees Regarding Internal Controls and Financial Statements.* Jeffrey 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 under the

Governmental Accounting Standards Board (GASB) requirements. Jeffrey advised of the processes RKO used to test internal control procedures and then stated that they did not identify any deficiencies in MRRA's internal control procedures. 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.

b. *The Letter to the Board of Trustees Regarding Compliance for each Major Program as Required by OMB Uniform Guidance.*

Jeffrey Jordan then discussed the second letter to the Board of Trustees regarding the required testing and reporting under the provisions of Office of Management and Budget (OMB) *Uniform Guidance (formerly 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. Jeffrey noted that the RKO review did not find any material deficiencies.

The Letter also stated that RKO did not identify any material deficiencies in internal control over compliance. 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.

c. *Management Letter.* Jeffrey Jordan then reviewed the Management Letter with the Board. The Management Letter stated that RKO considered and reviewed internal control over financial reporting and did not identify any deficiencies in internal controls. While RKO issued an unmodified opinion on internal controls and the financial statements, they did identify the following issues: (1) four variances in payroll between time sheets and hours paid; (2) 21 instances of individual credit card paper receipts had not been signed; (3) there were two instances in TechPlace in which the lease rates had not been increased on the anniversary date of the lease agreement; and (4) intercompany transfers – transfers between the companies did not agree on the unadjusted trial balance.

d. *Finance 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, 2017, 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 like a private business, rather than the historical method of governmental fund accounting, which did not capitalize or depreciate equipment or infrastructure. Jeffrey advised the Board that overall Runyon Kersteen and Ouellette have provided MRRA with an unmodified (clean) audit opinion.

Action Item: Lois Skillings made a motion that the Board of Trustees accept the Audited Financial Statements prepared by Runyon Kersteen and Ouellette for the period ending June 30, 2017, as recommended by the Finance Committee, which was seconded by John Moncure. The vote was unanimous of the Board members present.

Chair John Peters thanked Deputy Director Jeffrey Jordan for a job well done, and expressed his thanks for the work that MRRA’s bookkeeper, Tushima Sims, did during the audit process.

Other Business.

Steve advised the Board that Jonathan Crimmons penned a guest column in the Times Record newspaper this day.

The Sewer District is nearly ready to take over the trunk lines and pump stations – MRRA has a few improvements left to make before this can happen. Steve also said he met earlier in the day with the Navy and the Sewer District to discuss the PFC issue.

Public Comment: The Chair recognized attendee Stan Gerzofsky, who noted that MRRA continues to do good work.

Executive Session: A motion was made at 4:55 p.m. by John Moncure and seconded by Steve Weems to go into Executive Session pursuant to MRSA Sec. 405(6)(C). The vote was unanimous of the Board members present.

At 6:10 p.m. a motion was made and seconded to adjourn from the Executive Session and resume the Board meeting. The vote was unanimous of the Board members present.

Adjournment: A motion was made by John Moncure at 5:30 p.m. to adjourn from the Board meeting, which was seconded by Rita Armstrong. The vote was unanimous of the Board members present.

Lois Skillings, Secretary

Public Comment: None

Executive Session: A motion was made at 5:25 p.m. by Steve Weems and seconded by John Bouchard to go into Executive Session pursuant to MRSA Sec. 405(6)(C). The vote was unanimous of the Board members present.

At 6:10 p.m. a motion was made and seconded to adjourn from the Executive Session and resume the Board meeting. The vote was unanimous of the Board members present.

Adjournment: A motion was made by John Moncure at 6:15 p.m. to adjourn from the Board meeting, which was seconded by Rita Armstrong. The vote was unanimous of the Board members present.

Lois Skillings, Secretary