



Boston Public Health Commission

2016 Audit - Board Exit Conference

October 14, 2016

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Agenda

- Executive Summary
- Financial Statements
- Reports on Internal Control over Financial Reporting and on Compliance
- Reports on Federal Awards
- Management Letter



Executive Summary

- Majority of fieldwork occurred between the middle and end of September
- Management and staff were responsive to all inquiries
- Financial statements currently in draft format; awaiting finalization of net pension liability
- Federal grants portion of the audit is in process with an expected completion date in November 2016



Executive Summary

- Unrestricted net deficit at year-end totaled \$184M
- Operating revenues decreased 4% while operating expenses increased 3%
- Long-term obligations total \$241M
- Current ratio/working capital is 2.6
- No findings in internal control over financial reporting and compliance



Financial Statement Structure

- Before we get into the numbers, your financial statements are structured as follows:
 - Auditors' report/opinion
 - Financial statements and footnotes
 - Required supplementary information
 - Supplementary information



Opinion

- Opinion
 - Unmodified (consistent with prior years)
 - ◇ Best opinion available
 - Other Matters
 - ◇ Management has not included Management's Discussion and Analysis



Statement of Net Position

	6/30/2016	6/30/2015	Change (\$)	Change (%)
Assets and Deferred Outflows of Resources				
Current assets	\$ 61,889	\$ 65,849	\$ (3,960)	-6%
Capital assets	26,480	25,639	841	3%
Noncurrent assets	42,214	41,472	742	2%
Deferred outflows of resources	28,572	8,876	19,696	222%
Total Assets and Deferred Outflows	159,155	141,836	17,319	0
Liabilities and Deferred Inflows of Resources				
Current liabilities	23,717	30,071	(6,354)	-21%
Noncurrent liabilities	284,740	257,333	27,407	11%
Deferred inflows of resources	11,734	7,283	4,451	61%
Total Liabilities and Deferred Outflows	320,191	294,687	25,504	9%
Net Position				
Net investment in capital assets	22,518	23,585	(1,067)	-5%
Unrestricted	(183,554)	(176,436)	(7,118)	4%
Total net position	\$ (161,036)	\$ (152,851)	\$ (8,185)	5%



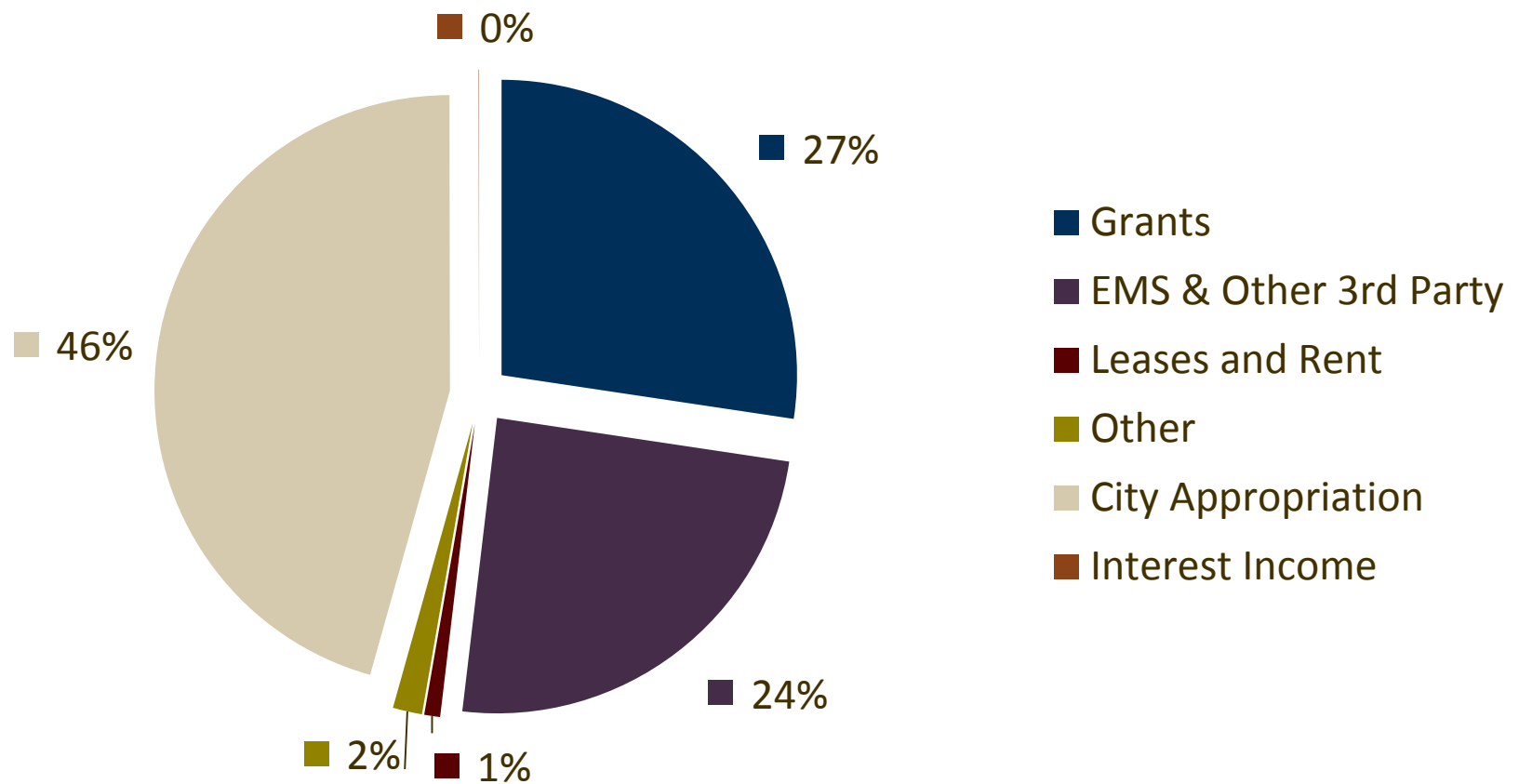
Statement of Revenues, Expenses & Changes

	6/30/2016	6/30/2015	Change	Change (%)
Operating Revenues	\$ 97,289	\$ 101,248	\$ (3,959)	-4%
Operating Expenses	187,566	182,285	5,281	3%
Operating Income	(90,277)	(81,037)	(9,240)	11%
Nonoperating Revenues (Expenses), Net	81,717	69,846	11,871	17%
Capital Contributions	375	375	-	0%
Change in net position	(8,185)	(10,816)	2,631	-24%
Net position, beginning of year, as restated (2015)	(152,851)	(142,035)	(10,816)	8%
Net position, end of year	\$ (161,036)	\$ (152,851)	\$ (8,185)	5%



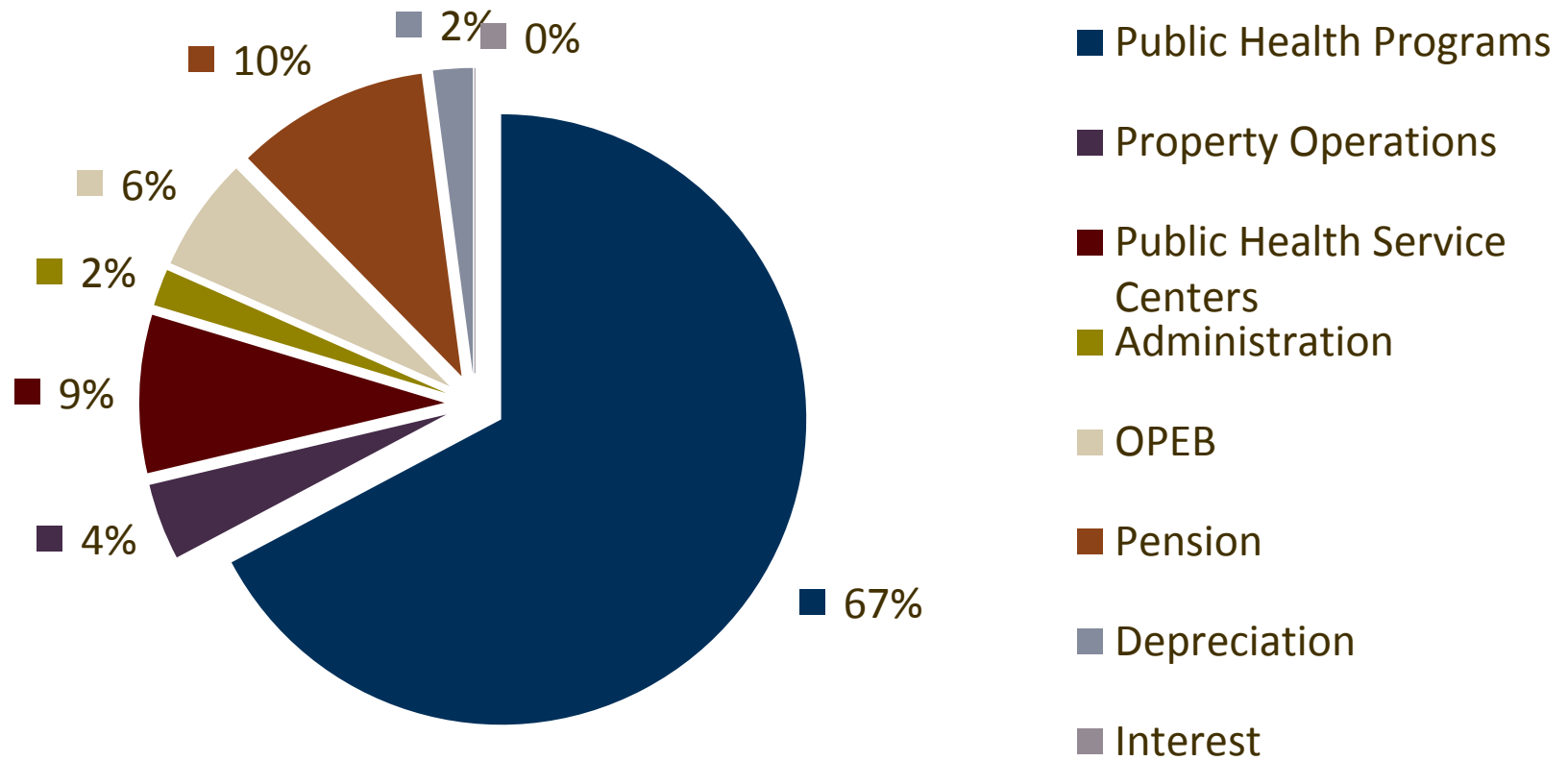
Revenues by Funding Source

Operating and Nonoperating Revenue



Expenses

Operating and Nonoperating Expenses



Significant Footnotes

- Leases (Lessor) (Note 6)
 - Commission is currently re-negotiating BMC lease
 - Mallory Building lease through 2096
 - ◇ \$1,7M received up front
 - ◇ \$1.4M recorded as unearned revenue at 06/30/16
 - ◇ Recognizing revenue of \$18k/year
 - Future minimum lease payments for Northampton Square (Phases 1 and 2) total \$144M



Significant Footnotes

- Notes Receivable (Note 7)
 - Mattapan Heights and Northampton Square developments (through the respective nonprofits)
 - \$42M (including accrued interest) outstanding and due between 2042 and 2065
 - All amounts have been deferred and not included in revenue and net position



Significant Footnotes

- Other Post-Employment Benefits (Note 10)
 - Total unfunded liability is \$98M (based on 06/30/15 actuarial valuation)
 - ◇ \$11M of assets accumulated as of actuarial valuation date
 - Net OPEB obligation recorded at 06/30/16 - \$86M
 - OPEB expense totaled \$11M
 - Contributions totaled \$4M
 - ◇ Represents 37% of annual expense



Financial Highlights

- Pension Plan (Note 11)
 - Commission's proportion of SBRS net pension liability totals 7.7151 %, or \$151M
 - ◇ Based on December 31, 2015, Measurement Date
 - Pension expense totaled \$19M
 - Deferred outflows of resources totals \$29M
 - ◇ Changes in assumptions, proportion and difference between expected and actual earnings
 - Deferred inflows of resources totals \$12M
 - ◇ Changes in assumptions and proportion



Report on Internal Control over Financial Reporting and on Compliance and Other Matters

- Required by *Government Auditing Standards*
- Must report on the following:
 - Significant deficiencies or material weaknesses in internal control over financial reporting
 - Material noncompliance related to laws, regulations, contracts and grant agreements
- Results
 - No findings reported



Reports on Federal Awards

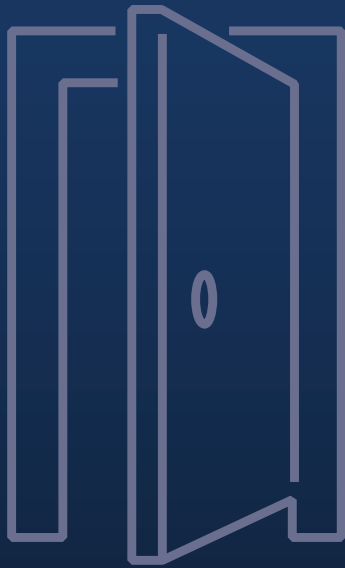
- Total federal awards - \$32M
- Major Programs tested
 - HIV Emergency Relief Project Grants
 - Partnerships to Improve Community Health
 - National Bioterrorism Hospital Preparedness Program
- An opinion on major federal award program compliance and findings (if applicable) will be issued when our procedures are complete



Management Letter

- Parking Revenue
 - System generated reports are not being received and used as a basis for recording transactions
 - Inability to reconcile cash receipts to transaction reports or test completeness of transactions
- Grant Billing
 - Untimely billing of certain grants
 - Instances identified where billings were performed for the entire fiscal year after year-end





**Special thanks to the Commission's staff during
the 2016 audit**

Questions?

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