



Boston Public Health Commission

2017 Audit - Board Exit Conference

November 15, 2017

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Agenda

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



Executive Summary

- Fieldwork began September 6
- Requested audit information provided piecemeal which has delayed the audit process
- Financial statements currently in draft form:
 - Significant Open Items:
 - ◇ Net Pension Liability Reports – Boston Retirement System
 - ◇ IT Assessment
 - ◇ Trinity Receivable Dispute
- Federal grants portion of the audit is in process with an expected completion date of December 2017



Executive Summary

- Unrestricted net deficit at year-end totaled \$189M
- Operating revenues increased 5% while operating expenses remained consistent with the prior year
- Long-term obligations total \$305M
- Current ratio/working capital is 2.85



Opinion

- Expected to be unmodified (consistent with prior years) with a explanatory paragraph for the omission of Management's Discussion and Analysis



Statement of Net Position

	6/30/2017	6/30/2016	Change (\$)	Change (%)
Assets and Deferred Outflows of Resources				
Current assets	\$ 61,441	\$ 61,889	\$ (448)	-1%
Capital assets	25,100	26,520	(1,420)	-5%
Noncurrent assets	42,703	41,934	769	2%
Deferred outflows of resources	27,858	28,572	(714)	-2%
Total Assets and Deferred Outflows	157,102	158,915	(1,813)	(0)
Liabilities and Deferred Inflows of Resources				
Current liabilities	21,574	23,716	(2,142)	-9%
Noncurrent liabilities	283,236	284,460	(1,224)	0%
Deferred inflows of resources	21,541	11,734	9,807	84%
Total Liabilities and Deferred Outflows	326,351	319,910	6,441	2%
Net Position				
Net investment in capital assets	20,231	22,558	(2,327)	-10%
Unrestricted	(189,480)	(183,553)	(5,927)	3%
Total net position	\$ (169,249)	\$ (160,995)	\$ (8,254)	5%



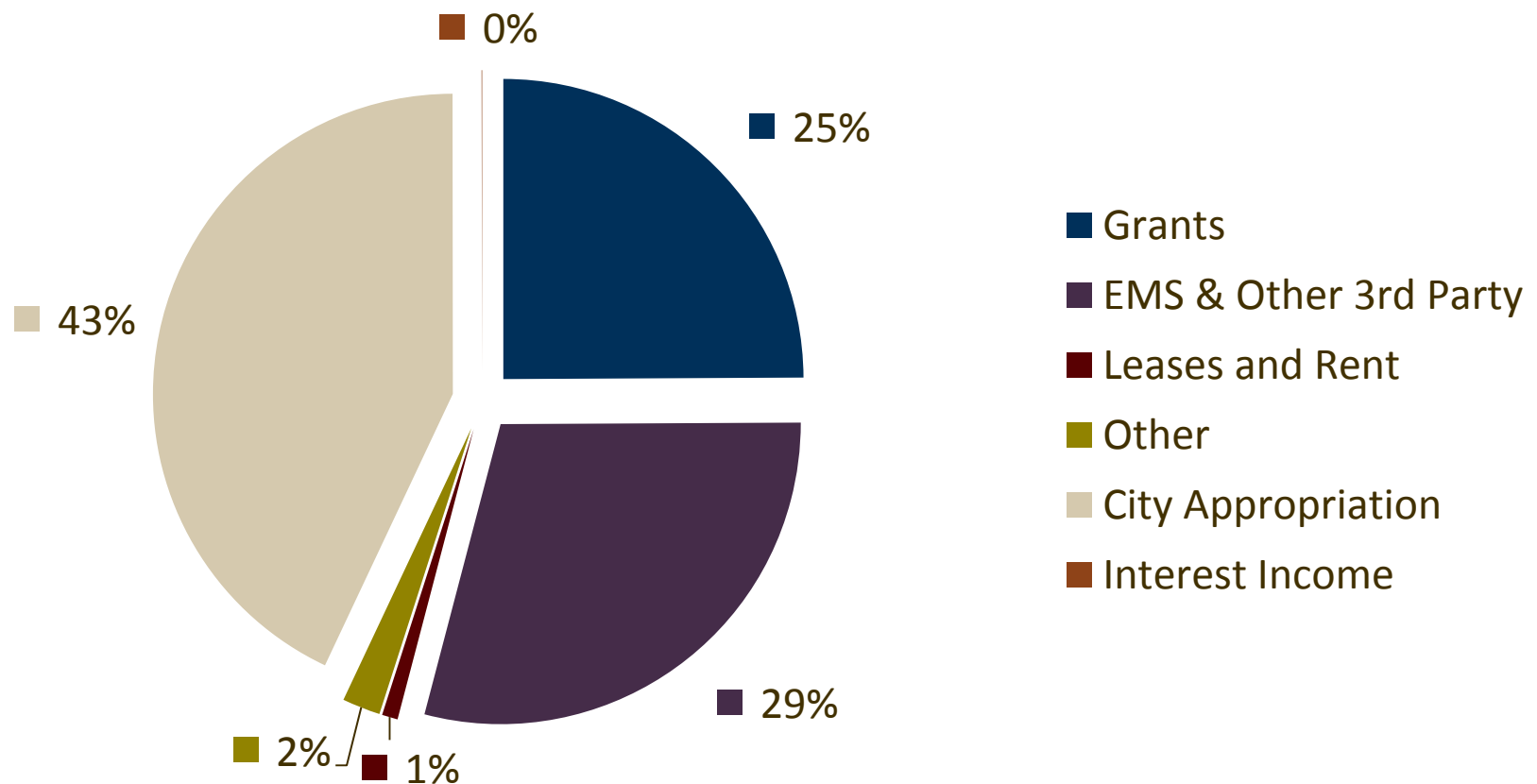
Statement of Revenues, Expenses & Changes

	6/30/2017	6/30/2016	Change	Change (%)
Operating Revenues	\$ 102,514	\$ 97,299	\$ 5,215	5%
Operating Expenses	188,839	187,942	897	0%
Operating Income	(86,325)	(90,643)	4,318	-5%
Nonoperating Revenues (Expenses), Net	77,705	82,084	(4,379)	-5%
Capital Contributions	366	415	(49)	-12%
Change in net position	(8,254)	(8,144)	(110)	1%
Net position, beginning of year	(160,995)	(152,851)	(8,144)	5%
Net position, end of year	\$ (169,249)	\$ (160,995)	\$ (8,254)	5%



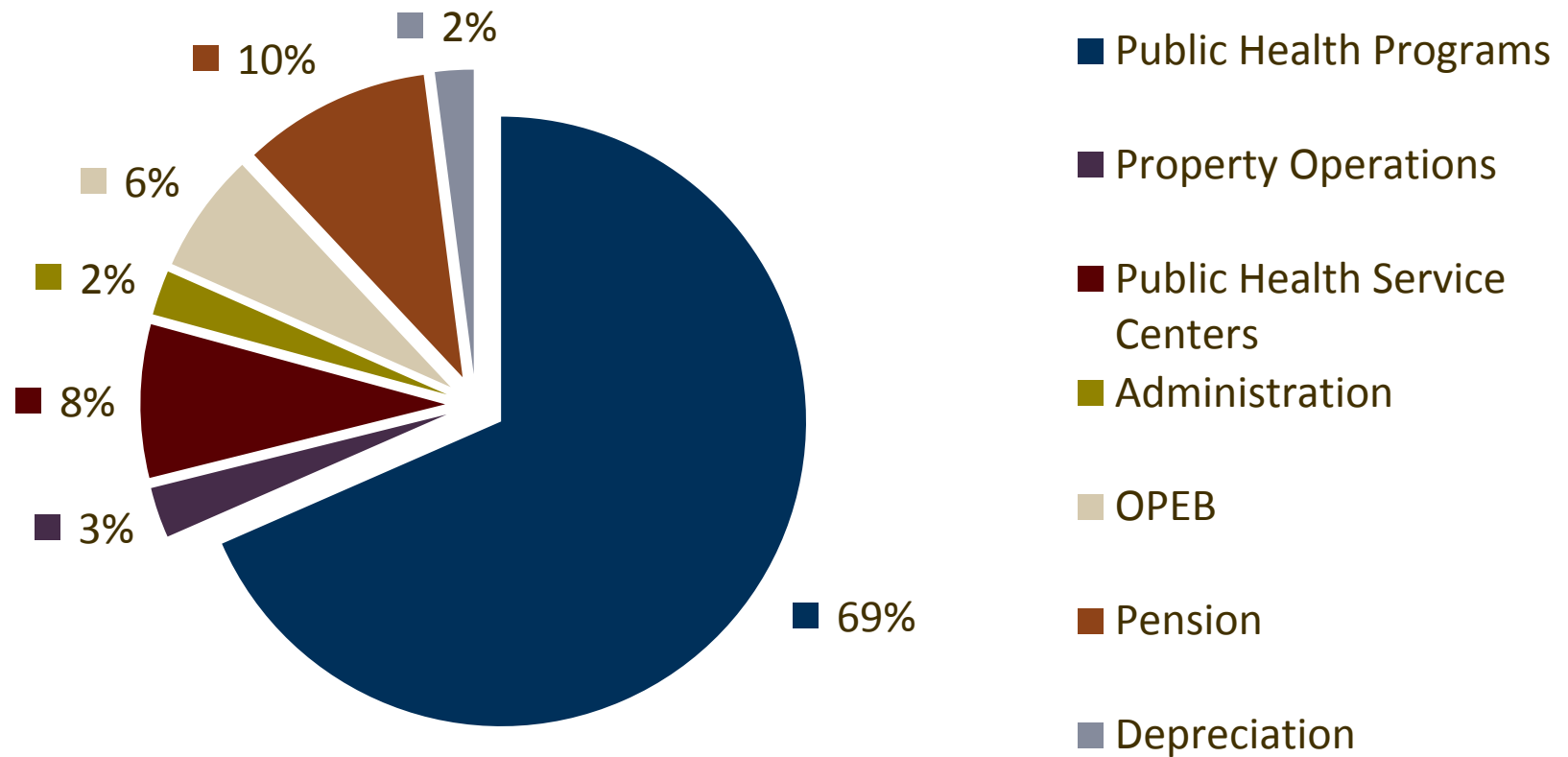
Revenues by Funding Source

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
 - ◇ \$1.6M received up front
 - ◇ \$1.4M recorded as unearned revenue at 06/30/17
 - ◇ Recognizing revenue of \$18k/year
 - Future minimum lease payments for Northampton Square (Phases 1 and 2) total \$142M



Significant Footnotes

- Notes Receivable (Note 7)
 - Mattapan Heights and Northampton Square developments (through the respective nonprofits)
 - \$42.7M (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 06/30/17 - \$93.5M
 - OPEB expense totaled \$12M
 - Contributions totaled \$4.6M
 - ◇ Represents 38% of annual expense



Financial Highlights

- Pension Plan (Note 11)
 - Commission's proportion of SBRS net pension liability totals 7.8753 %, or \$141M
 - ◇ Based on December 31, 2016, Measurement Date
 - Pension expense totaled \$19M
 - Deferred outflows of resources totals \$28M
 - ◇ Changes in assumptions, proportion and difference between expected and actual earnings
 - Deferred inflows of resources totals \$22M
 - ◇ Changes in assumptions, proportion and difference between actual and expected experience



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

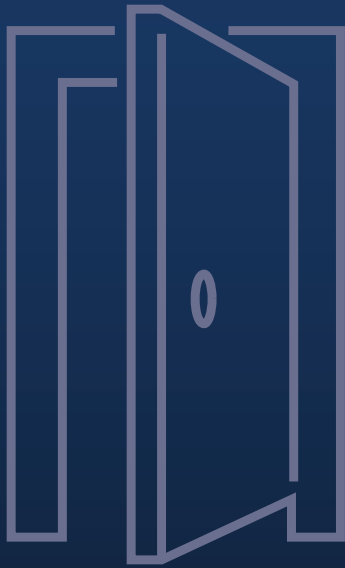
- Required by *Government Auditing Standards*
- Must report on the following:
 - Significant deficiencies or material weaknesses in internal control over financial reporting
 - Material noncompliance related to laws, regulations, contracts and grant agreements
- Results
 - Currently evaluating the impacts of findings identified during our audit process



Reports on Federal Awards

- Total federal awards - \$33M
- Major Programs tested
 - HIV Emergency Relief Project Grants
 - PPHF: Racial and Ethnic Approaches to Community Health
- An opinion on major federal award program compliance and findings (if applicable) will be issued when our procedures are complete





Questions?

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