

**DEVENS ENTERPRISE COMMISSION**

**Financial Statements**

**June 30, 2019**

**(With Accountants' Report Thereon)**

Devens Enterprise Commission  
Table of Contents

	<b>Page</b>
<b>Independent Auditors' Report</b>	1,2
<b>Management's Discussion and Analysis (Required Supplementary Information)</b>	3-5
<b>Basic Financial Statements</b>	
• Statement of Net Position – Proprietary Funds	6
• Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	7
• Statement of Cash Flows - Proprietary Funds	8
<b>Notes to the Financial Statements</b>	9-15
<b>Required Supplementary Information</b>	
• Schedule of the Devens Enterprise Commission's Proportionate Share of the Collective Net Pension Liability – Massachusetts State Employees' Retirement System	17
• Schedule of the Devens Enterprise Commission's Proportionate Share of the Collective Net Other Post Employment Benefits Liability – Massachusetts State Employees' Retirement System	18
• Notes to the Required Supplementary Information	19-21

INDEPENDENT AUDITORS' REPORT ON GENERAL PURPOSE FINANCIAL STATEMENTS -  
DEVENS ENTERPRISE COMMISSION

Board of Directors  
Devens Enterprise Commission  
33 Andrews Parkway  
Devens, Massachusetts 01434

**Report on the Financial Statements**

We have audited the Statement of Net Position of the Devens Enterprise Commission as of June 30, 2019 and the Statements of Revenues Expenses and Changes in Net Position and Cash Flows for the year ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Devens Enterprise Commission, as of June 30, 2019 and the results of its operations and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the retirement system schedules listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We

have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Giusti, Hingston and Company*

Giusti, Hingston and Company

Certified Public Accountants

Georgetown, Massachusetts

December 5, 2019

***Devens Enterprise Commission  
Management's Discussion and Analysis  
Required Supplementary Information  
June 30, 2019***

As management of the Devens Enterprise Commission, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Devens Enterprise Commission for the fiscal year ended June 30, 2019.

**Financial Highlights**

- The assets of the Devens Enterprise Commission exceeded its liabilities at the close of the most recent fiscal year by \$1,730,593 (*net position*).
- The Commission's total net position decreased by (\$79,027) or (4.4%).
- At the end of the current fiscal year, the balance in the unrestricted net position account was \$1,711,286, or 209.1% of total expenses.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction of the Devens Enterprise Commission's basic financial statements.

***Proprietary funds.*** The Devens Enterprise Commission maintains one proprietary (enterprise) fund type. The Devens Enterprise Commission was established to expedite and regulate the orderly conversion and redevelopment of Fort Devens to non military uses in compliance with the Devens Reuse Plan.

**Financial Analysis**

**Net Position**

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed net position for the past two fiscal years.

	<b><u>2019</u></b>	<b><u>2018</u></b>
Current Assets	\$ 1,907,176	\$ 1,965,365
Capital Assets	9,307	11,034
Total Assets	1,916,483	1,976,399
Current Liabilities	177,901	161,758
Noncurrent Liabilities	7,989	5,021
Total Liabilities	185,890	166,779

	<u>2019</u>	<u>2018</u>
Net Position:		
Net Investment in Capital Assets	9,307	11,034
Restricted	10,000	10,000
Unrestricted	1,711,286	1,788,586
Total Net Position	<u>\$ 1,730,593</u>	<u>\$ 1,809,620</u>

The net position of Devens Enterprise Commission decreased by \$79,027 or 4.4%.

### Changes in Net Position

The following condensed financial information was derived from the Statement of Revenues, Expenses, and Changes in Net Position. It reflects how the entity's net position has changed during the fiscal year.

<b>Revenues</b>	<u>2019</u>	<u>2018</u>
Permits and Other Fees	\$ 468,994	\$ 824,842
Taxes	148,676	136,849
Miscellaneous	3,197	-
Intergovernmental	107,428	138,890
Earnings on Investments	10,952	8,645
<b>Total Revenues</b>	<u>739,247</u>	<u>1,109,226</u>
 Expenses		
Personnel	310,262	286,601
Non Personnel	506,285	494,345
Depreciation	1,727	1,868
Total Expenses	<u>818,274</u>	<u>782,814</u>
Increase (Decrease) in Net Position	<u>\$ (79,027)</u>	<u>\$ 326,412</u>

### Tax Revenues

Beginning in fiscal year 1995, the Commonwealth of Massachusetts provided grant revenues to the Commission to help fund operations. The grants were continued through fiscal year 1998. From fiscal year 1998 through fiscal year 2004, the Commission's only source of revenue was permit fees. Starting in fiscal year 2005, the Commission began receiving 2% of all Devens related tax revenue received by the Massachusetts Development Finance Agency (MassDevelopment).

## Financial Analysis of the Commission's Funds

### Proprietary Fund

**Enterprise Fund** – The June 30, 2019 year-end net position of the Commission was \$79,027 less than the prior year's net position. In fiscal year 2018, the net position increased by \$326,412.

The following table reflects the trend in all the components of net position for the past ten years.

<u>Fiscal Year</u>	<u>Total Net Assets</u>	<u>Invested in Capital Assets Net of Related Debt</u>	<u>Restricted</u>	<u>Unrestricted</u>
2019	\$1,730,593	\$9,307	\$10,000	\$1,711,286
2018	1,809,620	11,034	10,000	1,788,586
2017	1,483,208	12,902	10,000	1,460,306
2016	1,532,832	3,104	10,000	1,519,728
2015	1,496,885	-	10,000	1,486,885
2014	1,757,952	658	10,000	1,747,294
2013	1,380,690	4,607	10,000	1,366,083
2012	1,199,058	8,555	-	1,190,503
2011	1,391,962	-	-	1,391,962
2010	1,685,476	-	-	1,685,476

### Capital Asset and Debt Administration

**Capital assets.** The Devens Enterprise Commission's investment in capital assets as of June 30, 2019, amounts to \$9,307 (net of accumulated depreciation). The investment in capital assets includes office equipment, a web page and an Eco Star manual.

### Debt

Currently, the Commission does not have any long term or short term debt.

### Fiscal Year 2020 Budget

The Commission's fiscal year 2020 budget will be \$757,384. This represents an increase of \$47,915 from the 2019 budget.

Devens Enterprise Commission  
Statement of Net Position  
Proprietary Funds  
June 30, 2019

	<u>Enterprise</u>
<b>Assets</b>	
Current:	
Cash	\$ 1,863,618
Accounts Receivable:	
Miscellaneous	50
Pass Through Receivable	39,894
Prepaid Expenses	3,614
Noncurrent:	
Fixed Assets (Net of Accumulated Depreciation)	<u>9,307</u>
Total Assets	<u>1,916,483</u>
<b>Liabilities</b>	
Current:	
Accounts Payable	46,860
Wages Payable	33,635
Pass Through Payable	9,350
Guarantee Deposit Payable	88,056
Noncurrent:	
Compensated Absences Payable	<u>7,989</u>
Total Liabilities	<u>185,890</u>
<b>Net Position</b>	
Net Investment in Capital Assets	9,307
Restricted	10,000
Unrestricted	<u>1,711,286</u>
Total Net Position	<u><u>\$ 1,730,593</u></u>



Devens Enterprise Commission  
Statement of Revenues, Expenses and  
Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2019

	<u>Enterprise</u>
Operating Revenues:	
Permits and Other Fees	\$ 468,994
Taxes	148,676
Intergovernmental	107,428
Miscellaneous Income	<u>3,197</u>
Total Operating Revenues	<u>728,295</u>
Operating Expenses:	
Personnel Services	310,262
Contracted Services	123,399
Insurance	14,833
Employee Benefits	71,879
Other Operations	112,836
Pension Expense	83,338
Depreciation	<u>1,727</u>
Total Operating Expenses	<u>718,274</u>
Operating Income	<u>10,021</u>
Nonoperating Revenues (Expenses):	
Funding Devens Eco-Efficiency Center	(100,000)
Earnings on Investments	<u>10,952</u>
Total Nonoperating Revenues (Expenses)	<u>(89,048)</u>
Changes in Net Position	(79,027)
Total Net Position, July 1, 2018	<u>1,809,620</u>
Total Net Position, June 30, 2019	<u>\$ 1,730,593</u>

Devens Enterprise Commission  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2019

**Cash Flows from Operating Activities:**

Receipts from Customers and MassDevelopment	\$ 621,947
Payments to Employees	(310,000)
Payments to Return Guarantee Deposits	5,126
Payments to Vendors	(308,790)
Net Cash Flows Provided (Used) by Operating Activities	8,283

**Cash Flows from Non Capital Related Financing Activities:**

Funding to Devens Eco-Efficiency Center	(100,000)
Net Cash Flows Provided (Used) by Non Capital Related Financing Activities	(100,000)

**Cash Flows from Capital and Related Financing Activities:**

Acquisition of Capital Assets	-
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	-

**Cash Flows from Investing Activities:**

Earnings on Investments	10,952
Net Cash Flows Provided (Used) by Investing Activities	10,952

Net Increase (Decrease) in Cash and Cash Equivalents	(80,765)
--	----------

Cash and Cash Equivalents, July 1, 2018	1,944,383
Cash and Cash Equivalents, June 30, 2019	\$ 1,863,618

**Reconciliation of Operating Income to Net Cash Provided (Used) by**

**Cash Flows from Operating Activities:**

Operating Income (Loss)	\$ 10,021
Adjustments to Reconcile Net Income to	
Net Cash Provided by Operating Activities:	
Depreciation Expense	1,727
Decrease (Increase) in Accounts Receivable	(23,010)
Decrease (Increase) in Prepaid Expenses	434
Increase (Decrease) in Other Liabilities	5,470
Increase (Decrease) in Compensated Absences Payable	2,968
Increase (Decrease) in Guarantee Deposits Payable	5,126
Increase (Decrease) in Accounts Payable and Wages Payable	5,547
Net Cash Flows from Operating Activities	\$ 8,283

Devens Enterprise Commission  
Notes to Financial Statements  
June 30, 2019

1. Reporting Entity

The Devens Enterprise Commission's general purpose financial statements include the operations of all organizations for which the Board of Directors exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Based on the aforementioned oversight criteria, the Devens Enterprise Commission was the only entity included in the accompanying general purpose financial statements.

2. Summary of Significant Accounting Policies

The accounting policies for financial reporting purposes of the Devens Enterprise Commission conform to generally accepted accounting principles for local governmental units. The following is a summary of the significant accounting policies:

A. Fund Accounting

The Commission reports its financial activities in one proprietary fund type in order to comply with the limitations and restrictions placed on both the resources available and the services provided.

This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges or fees. The Commission receives a percentage (2%) of the tax revenue collected by the Massachusetts Development Finance Agency.

B. Basis of Accounting

The accompanying financial statements have been prepared and presented on the accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when the related liability is incurred.

Revenue Recognition

In accordance with Governmental Accounting Standards Board Statements, fees charged for permits are considered revenue when they are earned.

Expenses

Expenses are reported when the related liability has been incurred.

### 3. Pension Plan

#### A. Plan Description

##### *Special Funding Situation*

Certain employees of the Commission are members of the Massachusetts State Employees' Retirement System (MSERS), a cost sharing multiple-employer defined benefit pension plan administered by the Commonwealth. The MSERS financial information is included in the Commonwealth of Massachusetts' Comprehensive Annual Financial Report (CAFR) as a trust fund in the fiduciary fund type. The CAFR includes financial statements and the required supplementary information. The financial report is available on the internet at:

<http://www.macomptroller.info/comptroller/docs/reports-audits/cafr/cafr-fy18.pdf>

In addition, a separate report of the audited Schedules of Employer and Nonemployer Allocations is issued. That reports may be obtained by writing to the State Retirement Board, 1 Ashburton Place, 12<sup>th</sup> Floor, Room 219, Boston, MA 02108.

Pension benefits and administrative expenses paid by the MSERS are the legal responsibility of the Commonwealth. This legal requirement constitutes a Special Funding Situation under Governmental Accounting Standards Board Statement #68. The Commonwealth of Massachusetts is responsible for 100% of the Devens Enterprise Commission's share (\$632,577) of the net pension liability.

#### B. Benefits Provided

MSERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirement for all contributory Public Employee Retirement Systems. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MSERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MSERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Member contributions for MSERS vary depending on the most recent date of membership:

<u>Hire Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/96 to present	9% of regular compensation
1979 to present	an additional 2% of regular compensation in excess of \$30,000

C. Proportionate Share of the Pension Expense

The Commission's proportionate share of the pension expense for fiscal year 2019 was \$83,338. In accordance with Governmental Accounting Standards Board, Statement #68, the financial statements recognize that amount as intergovernmental revenue and a pension expense. The recognition of these amounts does not change operating income or net position.

4. Other Post Employment Benefits

Special Funding Situation

Eligible employees of the Commission may receive other post employment benefits (health insurance) when they retire. The other post employment benefits and administrative expenses are the legal responsibility of the Commonwealth. This legal requirement constitutes a Special Funding Situation under Governmental Accounting Standards Board Statement #75. The Commonwealth of Massachusetts is responsible for 100% of the Devens Enterprise Commission's share (\$738,434) of the net other post employment liability.

The Commonwealth of Massachusetts administers a single-employer defined Postemployment Benefits Other Than Pensions (OPEB) Plan (the Plan). Benefits are managed by the Group Insurance Commission (GIC) and investments are managed by the Pension Reserves Investment Management (PRIM) Board. The financial information is included in the Commonwealth of Massachusetts' Comprehensive Annual Financial Report (CAFR) as a trust fund in the fiduciary type. The CAFR includes financial statements and the required supplementary information. In addition, a separate report of the audited Schedules of Employer and Nonemployer Allocations is issued.

Management of the Plan is vested with a board of trustees, which consists of 7 members including the Secretary of Administration and Finance (or their designee), the Executive Director of the GIC (or their designee), the Executive Director of the Public Employee Retirement Administration Commission (PERAC) (or their designee), the State Treasurer (or their designee), the Comptroller (or a designee), 1 person appointed by the Governor and 1 person appointed by the State Treasurer. The members elect 1 person to serve as chair of the board. The Plan is administered by the board of trustees and is reported as an OPEB Trust Fund in the Commonwealth's financial statements and does not issue a stand-alone audited financial report.

For the fiscal year ended June 30, 2019, the Commission's proportionate share of the collective Other Post Employment Benefits expense was \$18,590. Accordingly, the accompanying financial statements include the required adjustments, which have increased both Intergovernmental revenues and the Employee Benefits expenditures by that amount in the financial statements. The net effect of this adjustment does not change the excess of revenues and other financing sources over expenditures and other financing uses for the year ended June 30, 2019, or fund balance/net position at June 30, 2019.

**Benefits provided.** Under Chapter 32A of the Massachusetts General Laws (MGL) the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care/benefit costs, which are comparable to contributions required from employees.

**Contributions.** Employer and employee contribution rates are set in MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2018, (the measurement date) retirees contribute between 0% and 20% of premium costs, depending on the date of hire.

**Actuarial Assumptions.** The total OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of January 1, 2018 rolled forward to June 30, 2018. This valuation used the following assumptions:

- The discount rate used to measure the OPEB liability for June 30, 2018, was 3.95% (3.63% in the prior valuation). The rates were based on a blend of the Bond Buyer Index rate (3.87%) and the long term expected rate of return on plan assets of 7.35%. The plan fiduciary net position was not projected to be available to make all future benefit payments for current plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2025. Therefore, the long term expected rate of return on plan assets was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2018.
- The following healthcare cost trend rates: (1) 8.0% decreasing by .05% each year to an ultimate rate of 5.5% in 2023 and then decreasing by 0.25% to an ultimate rate of 5.0 in 2025 for medical (previously 8.5% decreasing by .05% each year to an ultimate rate of 5.0% in 2024 for medical), (2) healthcare costs are offset by reimbursements for Employer Group Waver Plans per year which are assumed to increase 5.0% and (3) 5.0% for administrative costs.
- The mortality rate was in accordance with the RP 2014 Blue Collar Mortality Table projected with scale MP-2016 from the central year, with females set forward one year.

**Long term rate of return.** Investment assets of the Plan held by the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2018 are summarized in the following table:

	Target <u>Allocation</u>	Expected Real Rate of <u>Return</u>
Global Equity	39.00%	5.00%
Portfolio Completion Strategies	13.00%	3.70%
Core fixed income	12.00%	0.90%
Private Equity	12.00%	6.60%
Value Added Fixed Income	10.00%	3.80%
Real Estate	10.00%	3.60%
Timber/Natural Resources	4.00%	3.40%
	<u>100.00%</u>	

**OPEB Plan Fiduciary Net Position.**

Detailed information about the OPEB plan’s fiduciary net position is available in the Commonwealth of Massachusetts financial report. The financial report is available on the internet at:

<http://www.macomptroller.info/comptroller/docs/reports-audits/cafr/cafr-fy18.pdf>

5. Cash and Investments

A. Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Commission’s deposits may not be returned to it. The Commission does not have a formal deposit policy for custodial credit risk. As of June 30, 2019, none of the Commissions’ bank balance of \$1,625,996 was exposed to credit risk.

Investments

As of June 30, 2019, the Commission had \$241,490 invested in the State Treasurer’s Investment Pool (Massachusetts Municipal Depository Trust).

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### Credit Rate Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission does not have a formal policy relating to credit risk.

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Commission does not have a formal policy that limits the amount it may invest in a single issuer.

## B. Capital Assets

Capital assets (office equipment) are reported in the accompanying financial statements. The Commission, also, reported assets for its web page and EcoStar manual. Such assets are recorded at historical cost. Donated capital assets are recorded at their acquisition value.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets lives is not capitalized.

Depreciation and amortization are charged using the straight line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Office Equipment	3-10
Web Page	3
Eco Star Manual	3

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets Being Depreciated or Amortized:				
Office Equipment/Video Upgrade Conference Room	\$ 25,875	\$ -	\$ -	\$ 25,875
Web Page	15,507	-	-	15,507
EcoStar Manual	7,200	-	-	7,200
Total Capital Assets Being Depreciated	<u>48,582</u>	<u>-</u>	<u>-</u>	<u>48,582</u>
Less Accumulated Depreciation and Amortization for:				
Office Equipment/Video Upgrade Conference Room	14,841	1,727	-	16,568
Web Page	15,507	-	-	15,507
EcoStar Manual	7,200	-	-	7,200
Total Accumulated Depreciation	<u>37,548</u>	<u>1,727</u>	<u>-</u>	<u>39,275</u>
Total Fixed Assets, Net	<u>\$ 11,034</u>	<u>\$ (1,727)</u>	<u>\$ -</u>	<u>\$ 9,307</u>



6. Tax Revenues and Cash Reserve Guarantee

In addition to revenues from permits, the Devens Enterprise Commission (DEC) is entitled to an amount of money that is equal to two percent (2%) of the total of all taxes and all General Management Service fees received by the Massachusetts Development Finance Agency (the Agency) for a fiscal year in accordance with the “**Tax Plan for the Devens Enterprise Zone**”. Taxes include property taxes, motor vehicle excise taxes, local option room occupancy taxes and other taxes that may be included in the plan. Such monies will be paid to the DEC not later than December 31 of the following fiscal year.

As of March 31 of any given year, if the DEC’s cash reserve is forecast by the DEC to fall below \$250,000 by June 30 of that year, the Agency shall pay to the DEC an amount of money sufficient to restore the cash reserve to a balance of \$250,000. Said amount is to be paid on or before July 31 of that year.

7. Compensated Absences

A. Vacation Leave

Full time employees earn paid vacation time in accordance with the following schedule:

Less than 5 years employment	10 days
After 5 years employment	15 days
After 10 years employment	20 days
After 15 years employment	25 days
After 20 years employment	30 days

Employees earn 1/12 of their annual vacation allowance for each full month worked. All employees must use at least 50% of their annual vacation time. A maximum of ten (10) days unused vacation time may be carried over to the next fiscal year. When an employee terminates, he/she will be compensated for their earned but unused vacation allowance. The liability for accumulated compensated absences is reported in the accompanying financial statements.

B. Sick Leave

Employees are granted fifteen (15) days of sick leave every July 1st. Sick leave can accumulate up to sixty (60) days. Upon termination, unused sick leave is not "bought back" by the Commission. As a result, an accumulated sick leave liability is not reported.

8. Related Party Transactions

The Devens Enterprise Commission entered into related party transactions with the Devens Eco-Efficiency Center, Inc. (a nonprofit organization). The Executive Director of the Commission is the President of the Devens Eco-Efficiency Center, Inc. (D.E.E.C.). In addition, two members of the Commission’s Board of Directors, also serve as members for the D.E.E.C. The Commission provided the D.E.E.C. with funding in the amount of \$100,000.

# **REQUIRED SUPPLEMENTARY INFORMATION**

Required Supplementary Information  
Schedule of the Devens Enterprise Commission's Proportionate Share of the Collective Net Pension Liability  
Massachusetts State Employees' Retirement System  
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commission's proportionate share of the collective pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	<i>This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.</i>				
Commission's proportionate share of the collective net pension liability (asset) (\$)	\$ -	\$ -	\$ -	\$ -	\$ -					
State's proportionate share of the collective net pension liability (asset) associated with Commission (\$)	\$ 632,577	\$ 601,662	\$ 642,249	\$ 534,624	\$ 336,532					
Total	\$ 632,577	\$ 601,662	\$ 642,249	\$ 534,624	\$ 336,532					
Commission's covered payroll	Not Available	Not Available	Not Available	Not Available	Not Available					
Commission's proportionate share of the collective net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%					
Plan fiduciary net position as a percentage of the pension liability	67.91%	67.21%	63.48%	67.87%	76.32%					
Commission's expense and revenue recognized for Commonwealth	\$ 83,338	\$ 77,851	\$ 89,195	\$ 59,783	\$ 23,931					

**See Notes to the Required Supplementary Information**

Required Supplementary Information  
Schedule of the Devens Enterprise Commission's Proportionate Share of the Collective Net Other Post Employment Benefits Liability  
Massachusetts State Employees' Retirement System  
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commission's proportionate share of the collective other post employment benefits liability	<u>0.00%</u>	<u>0.00%</u>	<i>This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.</i>							
Commission's proportionate share of the collective net other post employment benefits liability (asset) (\$)	\$ -	\$ -								
State's proportionate share of the collective net other post employment benefits liability (asset) associated with Commission (\$)	<u>\$ 738,434</u>	<u>\$ 848,747</u>								
Total	<u>\$ 738,434</u>	<u>\$ 848,747</u>								
Commission's covered payroll	Not Available	Not Available								
Commission's proportionate share of the collective net other post employment benefits liability (asset) as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>								
Plan fiduciary net position as a percentage of the other post employment benefits liability	<u>7.38%</u>	<u>5.39%</u>								
Commission's expense and revenue recognized for Commonwealth	<u>\$ 18,590</u>	<u>\$ 50,763</u>								

**See Notes to the Required Supplementary Information**

Devens Enterprise Commission  
Notes to the Required Supplementary Information  
June 30, 2019

1. Pension Plans

*Special Funding Situation*

Certain employees of the Commission are members of the Massachusetts State Employees' Retirement System (MSERS), a cost sharing multiple-employer defined benefit pension plan administered by the Commonwealth. The MSERS financial information is included in the Commonwealth of Massachusetts' Comprehensive Annual Financial Report (CAFR) as a trust fund in the fiduciary type. The CAFR includes financial statements and the required supplementary information. In addition, a separate report of the audited Schedules of Employer and Nonemployer Allocations is issued. Those reports may be obtained by writing to the State Retirement Board, 1 Ashburton Place, 12<sup>th</sup> Floor, Room 219, Boston, MA 02108.

Pension benefits and administrative expenses paid by the MSERS are the legal responsibility of the Commonwealth. This legal requirement constitutes a Special Funding Situation under Governmental Accounting Standards Board Statement #68. The Commonwealth of Massachusetts is responsible for 100% of the Devens Enterprise Commission's share (\$632,577) of the net pension liability.

Benefits Provided

MSERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirement for all contributory Public Employee Retirement Systems. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MSERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MSERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

## 2. Other Post Employment Benefits

### Special Funding Situation

Eligible employees of the Commission may receive other post employment benefits (health insurance) when they retire. The other post employment benefits and administrative expenses are the legal responsibility of the Commonwealth. This legal requirement constitutes a Special Funding Situation under Governmental Accounting Standards Board Statement #75. The Commonwealth of Massachusetts is responsible for 100% of the Devens Enterprise Commission's share (\$738,434) of the net other post employment liability.

The Commonwealth of Massachusetts administers a single-employer defined Postemployment Benefits Other Than Pensions (OPEB) Plan (the Plan). Benefits are managed by the Group Insurance Commission (GIC) and investments are managed by the Pension Reserves Investment Management (PRIM) Board. The financial information is included in the Commonwealth of Massachusetts' Comprehensive Annual Financial Report (CAFR) as a trust fund in the fiduciary type. The CAFR includes financial statements and the required supplementary information. In addition, a separate report of the audited Schedules of Employer and Nonemployer Allocations is issued.

Management of the Plan is vested with a board of trustees, which consists of 7 members including the Secretary of Administration and Finance (or their designee), the Executive Director of the GIC (or their designee), the Executive Director of the Public Employee Retirement Administration Commission (PERAC) (or their designee), the State Treasurer (or their designee), the Comptroller (or a designee), 1 person appointed by the Governor and 1 person appointed by the State Treasurer. The members elect 1 person to serve as chair of the board. The Plan is administered by the board of trustees and is reported as an OPEB Trust Fund in the Commonwealth's financial statements and does not issue a stand-alone audited financial report.

***Benefits provided.*** Under Chapter 32A of the Massachusetts General Laws (MGL) the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care/benefit costs, which are comparable to contributions required from employees.

Employer and employee contribution rates are set in MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2018, retirees contribute between 0% and 20% of premium costs, depending on the date of hire.

3. Schedule of Commission's Proportionate Share of the Collective Net Pension Liability

Since the Commonwealth of Massachusetts is statutorily responsible for 100% of the actuarially determined employer contribution for pensions, the Commission has a special funding situation. Therefore, the Commission does not recognize a net pension liability. This schedule provides information about the state's proportionate share of the collective net pension liability associated with the Commission and the plan's fiduciary net position as a percentage of the total pension liability. It, also, details the Commission's revenue and expense recognized from the Commonwealth's support. As more information becomes available, this will be a ten year schedule.

4. Schedule of Commission's Proportionate Share of the Collective Other Post Employment Benefits Liability

Since the Commonwealth of Massachusetts is statutorily responsible for 100% of the actuarially determined employer contribution for other post employment benefits, the commission has a special funding situation. Therefore, the Commission does not recognize a net other post employment benefits liability. This schedule provides information about the state's proportionate share of the collective net other post employment benefits liability associated with the Commission and the plan's fiduciary net position as a percentage of the total other post employment benefits liability. It, also, details the Commission's revenue and expense recognized from the Commonwealth's support. As more information becomes available, this will be a ten year schedule.