

Upper Delaware Council
OPERATIONS COMMITTEE MEETING MINUTES
November 28, 2017

Committee Present: Jim Greier, Alan Henry, Jeff Dexter, Aaron Robinson, Harold Roeder, Jr., Larry Richardson, Fred Peckham, Dave Dean
Committee Absent: None
NPS Partner: None
Staff: Laurie Ramie, Cindy Odell, Pete Golod
Guests: Roger Saumure, Richard Eckersley

The UDC's Operations Committee held its monthly meeting on Tuesday, November 28, 2017 at the Council office in Narrowsburg, NY. Chairperson Greier called the meeting to order at 7:08 p.m.

Approval of October 24 Meeting Minutes: A motion by Henry seconded by Roeder to approve the October 24 meeting minutes was carried. There was no public comment on the agenda.

FY 2017 Financial Review Report by Richard Eckersley, CPA – Eckersley and Ostrowski, LLP: Richard Eckersley referred members to the draft copies of the Independent Accountants' Review Report and IRS Form 990 for FY 2017 provided in their packets. He asked that the draft IRS Form 990 be reviewed and approved by the full Council in order for it to be issued in final form. The Statement of Financial Position, the Statement of Activity and Change in Net Assets, and the Functional Allocation of Expenses/Expenditures in the draft Independent Accountants' Review Report were reviewed. Eckersley spoke of the Park Service's legal reversionary interest in the Council's fixed assets. He stated this is why the fixed assets remain in the temporarily restricted fund and the cash does not. Eckersley noted that a financial review is negative assurance, a representation that particular facts are believed to be accurate since no contrary evidence has been found, whereas an audit is positive assurance, a statement as to what the CPA believes. A brief discussion about the journaling of depreciation being a conventional journal entry took place. Eckersley also reviewed the Statement of Cash Flow and Notes to Financial Statements which he explained are important to readers who aren't familiar with the Council. He referred to Note 7 which states, "Management has noted no significant events occurring subsequent to September 30, 2017 through November 8, 2017 (the date the accountants' audit report was available for issue) which would have a material effect upon these financial statements". He added that he does not want to issue a final financial report until some conclusion to the Park Service inquiry into the unrestricted fund issue is resolved. Henry asked Eckersley if he has any concerns as to who may be reviewing the documents that will be sent to the Park Service. Eckersley said no, anyone can look at his firm's work. He noted that his firm is peer-reviewed every three years. He added that for most of the years, the UDC was under what is called an A133 Audit, which meant that automatically, in every peer review, that audit had to be reviewed. He stated that somebody knowledgeable in the profession should be able to pick up his firm's work papers and come to the same conclusions. Eckersley said that the financial report this year is pretty straight forward. He asked members if there were any questions on the financial review report and the Form 990 for this year. Ramie questioned the difference in the unrestricted fund balance from last year. He replied that the Council spent just over \$314,000 this year and the revenue was just under \$307,000. Ramie stated that staff is always very careful to stick to the \$300,000 budget awarded by the Park Service. A brief discussion about depreciation as calculated in the expenses took place.

Greier shared his frustration about the NPS inquiry into the UDC's unrestricted funds.

Saumure asked for further explanation of the difference in the unrestricted fund balance. Eckersley said that anything in excess of the \$300,000 plus other income reduces the unrestricted funds. He noted again that the Park Service has the reversionary interest in the property. Greier asked, "Where can the federal government get a 55,000-acre parcel of recreation area for \$300,000 a year?" He said this Council is needed to be the "buffer" between the landowners and the National Park Service. Eckersley spoke of the Tocks Island Dam project and said this Council was established to avoid a repeat of that and it has worked for 30 years.

Henry stated that our unrestricted fund provides the working capital necessary for the UDC to pay bills while awaiting monthly reimbursement from the Federal award. Eckersley said that right now, those

funds are acting as the Council's bank. Eckersley said the unrestricted funds will fluctuate depending on other revenues and that it will change according to how the liabilities change based on the accrual accounting method used. He explained this to members.

Eckersley submitted letters for review and signatures. The correspondence included the delivery letter, a management representation letter, adjustment of journal entries for the year, and an engagement letter for next year. Eckersley stated that his fee will increase by \$2,000 for next year to reflect their standard rates. Eckersley shared some history of the Single Audit Act.

Robinson asked what the normal time window is for the review of financial records. Eckersley told him the IRS can go back three years civilly and seven years if they suspect there is fraud as long as you file tax returns. Ramie said for our inquiry, we were told it is also based on the terms of the Cooperative Agreement; in this case it is four years prior to the start of the last Cooperative Agreement which for us was 2015. Henry questioned how far back we are going with the documentation for this unrestricted fund review. He was told 30 years.

Eckersley referred to his draft November 27 letter to the Council regarding the National Park Service Inquiry provided in members' packets. He asked members to review the letter. It contains general conclusions and specific conclusions along with three schedules to support the conclusions. He reviewed the general conclusions point by point including number 12 which read, "During the thirty years through September 30, 2017 the Council gathered non-federal funds from a variety of sources. These non-federal funds were used in part to subsidize expenditures in the support of the River Management Plan that were in excess of the annual awards of the National Park Service." Eckersley then covered the specific conclusions point by point. He reported that over the years the total River Management Plan expenditures by the Council were \$9,452,960 while the total federal grant awards totaled \$8,999,134. The Schedule 3, "Summary of Non-Federal Revenue", was reviewed. A brief discussion by members about their frustration with this review took place. Ramie stated the letter that the UDC is proposing to send incorporates Eckersley's conclusions in it. Eckersley said that it is the beauty of the Upper Delaware that we are all working for. He added that he may get frustrated with the process, but he always goes back to "what's best for the river?" Robinson shared his frustration with the time and expense it took to compile 30 years of records for this inquiry. Ramie referred to the draft letter dated November 28 to Heidi Sage, chief of the Financial Assistance Policy Branch for NPS, provided in members' packets. She said it is our official response to the inquiry. She reviewed the letter paragraph by paragraph with members as well as the attachments which included the report to the UDC from Eckersley and Ostrowski, LLC; Schedule 1: Summary of Federal Grant Revenues; Schedule 2: Summary of Functional Expenses/Expenditures; Schedule 3: Summary of Non-Federal Revenue; Calculations & Receipts: Reimbursement of Interest from UDC to NPS, 1988-2010; Grants and Major Donations to the Upper Delaware Council, 1988-2017; NPS Trends in Budget of UPDE and UDC, 2000-2017 (prepared by Karen Henry); UDC-NPS Cooperative Agreements and Associated Modifications; UDC Audits/Financial Review, FY 1988-2017; Annual UDC Functional Allocation Worksheets; UDC Annual Reports, FY 1988-2017; UDC Five-Year Operating Programs, FY 1988-2020; UDC Annual Work Plans, FY 1988-2018; and SF-424 Application for Federal Assistance, last 7 years, FY 2012-2018. Ramie referred to the cc list which includes our Park Service contacts at the Northeast Region as well as the local unit, and our federal and state elected officials. She asked members if they feel the Operations Committee has the authority to act on this letter or whether we need to convene a special meeting of the full Council in advance of the NPS December 1st deadline to respond. Members agreed that the financial affairs of the Council are under the purview of the Operations Committee. Saumure asked if the costs incurred in responding to this inquiry have been figured. Ramie said we are in the process of gathering these calculations. Henry suggested these costs be noted in the response letter to the National Park Service. A motion to send the UDC's letter with the inclusion of the costs to date was made by Richardson, seconded by Henry and carried. Staff and committee members thanked Eckersley for his work on this issue.

Executive Director's Report and Monthly Calendar: Ramie reported that the 4th Quarter and the FY 2017 Financial and Progress Report with documentation were submitted to the National Park Service on October 18. She said this was kicked back with a request for corrections on October 30th. These answers were supplied and we await final approval.

Ramie noted that as far as we understand, our FY 2018 Federal Funding is not being held up as a result of this financial probe despite what has been reported. She said the reason our funding is not yet available, is because the Northeast Regional Office has not finalized the processing of our application. She

said that this paperwork was also kicked back on November 22. She revised and resubmitted the FY 2018 application on November 24 after spending 8 hours responding to the questions on the budget, narrative, and SF-424 forms. The package was originally submitted on September 26, Ramie added. Once it is approved, Modification 6 to the Cooperative Agreement will be capped at approximately 18.9% of the full funding award to cover the current Continuing Resolution period of 10/1-12/8/17. She provided the amount currently owed to the Council from October and November expenditures.

Ramie said we have confirmed the NPS-UDC Workshop for December 9th. A copy of the proposed agenda was included in members' packets. She noted the workshop is by invitation only.

Ramie reported that she, Al Henry, Steve Adams and Harold Roeder, Jr. traveled to Wilkes Barre, PA on November 16 to meet with U.S. Senator Patrick Toomey's Regional Manager Frank Mazza. A copy of the agenda for that meeting was provided in members' packets. She said that Mazza allotted them plenty of time and they were able to cover all the items on the agenda. She said the meeting was about building a relationship with this office and informing them about our organization. Roeder shared his thoughts on the meeting. He noted it was extremely worthwhile and he thinks the Council needs to expand on such visits. He said he was grateful for the opportunity to participate. Henry shared his thoughts on the meeting. Ramie said that she asked Mazza what Senator Toomey's position is on Marcellus Shale exploration. Mazza's response was that the Senator supports individual property rights. Ramie said we will absolutely pursue more meetings with elected officials.

Ramie stated that members should have received their copy of the FY 2017 Annual Report. It was finalized and distributed on November 19 and posted to the UDC website with assistance from Dorene Warner.

Two news releases were issued, Ramie reported. "UDC Issues FY 2017 Annual Report" on November 9; and "Upper Delaware Council to Host Speaker from Marcellus Center at Dec. 7 Meeting" on November 13. Arrangements have been made to move the December 7 meeting to the Tusten Town Hall if that need arises. Ramie said she intends to issue a news release about our response to the NPS Fund Probe once our documentation is submitted by December 1. She appreciates that the *River Reporter* has taken an interest in this issue, and would like to get all of the facts out to the public comprehensively.

Ramie said the December calendar of UDC Meetings, Activities and Deadlines was provided in members' packets She reminded members that the December combined committee meetings date is December 19th with Project Review at 6:30, Operations at 7:00 and Water Use/Resource Management at 7:30.

New Business

Draft Resolution 2017-13: Revising Upper Delaware Council Bylaws: A motion to recommend Resolution 2017-13 to the full Council for approval was made by Henry, seconded by Roeder and carried.

Draft Resolution 2017-14: Revising Upper Delaware Council, Inc. Conflict of Interest Policy for Representatives, Alternates and Officers: A motion to recommend Resolution 2017-14 to the full Council for approval was made by Richardson, seconded by Henry and carried. Ramie noted that the newly implemented member participation fee is currently under review by the Park Service after the Northeast Regional Office requested a copy of the UDC's approved policy.

Draft Letter to NPS: Upper Delaware Council "Unrestricted" Fund Response: Approval of this letter was addressed during Eckersley's report.

Summary of Pending Bills/Financial Statement 11-30-17: Ramie referred members to the copy of the November 28 abstract provided in their packets. A motion by Henry, seconded by Robinson to pay the bills listed on the abstract was carried unanimously. Financial Statements as of November 30, 2017 were provided for individual review.

Other: Peckham spoke of the reference materials that he asked to be sent around to members on November 24 in advance of the December 7 presentation on "Shale Gas Development and Water Resource Considerations in the Susquehanna River Basin" and shared his opinions on that material. Ramie said she forwarded Peckham's material to our speaker, David Yoxtheimer, so that he is aware of it. A discussion about the December 7 meeting took place. Members suggested setting a public comment time limit of three

minutes per person and holding all questions and comments until the conclusion of the presentation. Dexter suggested having this information on the agenda for that night.

Old Business: None

Public Comment: None

Adjournment: A motion by Roeder, seconded by Robinson to adjourn the meeting at 8:44 p.m. was carried unanimously.

Minutes submitted by Cindy Odell, 12/7/17