



Management / Financial Advisory Committee Hampton Roads Transit

509 E 18th Street, Norfolk, VA, 23510, 2nd Floor Board Room
Monday, December 11, 2017
1:30 p.m.

MEETING MINUTES

Call to order

Steve Jenkins, Chair, called the meeting to order at 1:30 PM

Committee members in attendance:

Steve Pittard, DRPT (via phone)
Lisa Cipriano, City of Newport News
Brian DeProfio, City of Hampton
Jeff Raliski, City of Norfolk
Earl Sorey, City of Chesapeake
Brian Solis, City of Virginia Beach
Steve Jenkins-Chair, City of Chesapeake
Susan Wilson, City of Portsmouth
Lauren Kesselring, City of Norfolk
Thelma Drake, City of Norfolk
Alex Gottschalk, City of Virginia Beach
Charles Porter Stevens, City of Hampton
Brian Casey, City of Portsmouth
Shelia Mcallister, City of Newport News
Miryam Woodson, City of Virginia Beach

Hampton Roads Transit Staff in attendance:

Debbie Ball, Assistant Director of Finance
Angela Glass, Director of Budget and Financial Analysis
Sylvia Shanahan, Interim Chief Financial Officer
Brenda Green, Accounting Coordinator (recorder)
Brian Smith, Assistant to the President for Organizational Advancement
Jamie Jackson, Director of Transit Development
Alesia Cain, Chief Information Officer/Chief Technology Officer
Jim Price, Chief Transit Operations Officer
Gene Cavasos, Director of Marketing and Communications
Ray Amoruso, Chief Planning and Development Officer
Mark Stemple, Director of Technical Services
Margaret Denoncourt, Internal Auditor
Sibyl Pappas, Chief Engineering and Facilities Officer
William Harrell, President and Chief Executive Officer
Robert Travers, Attorney



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Others in attendance:

Karl Daughtrey, City of Hampton
Alice Kelly, City of Portsmouth
Jessica Dennis, City of Norfolk
Constantinos Velissariors, City of Newport News
Tara Reel, City of Virginia Beach
Miguel Wilborne, Cherry Bekaert, CPA & Advisors
Krista Edoff, Cherry Bekaert, CPA & Advisors

The December Management/Financial Advisory Committee package was distributed electronically to committee members in advance of the meeting. The meeting package consisted of:

- Agenda
- November 2017 MFAC Meeting Minutes
- October 2017 Financial Statement Projections
- FY14-FY18 Ridership Routes

Welcome

Mr. Steven Jenkins welcomed everyone to the meeting.

The following corrections were made to the November 6, 2017 Management/Financial Advisory Committee (MFAC) meeting minutes; Correct spelling of Constantinos Velissariors name under others in attendance; Corrections to Committee members in attendance, list included two Commissioners. Correction under topic of Round Table Talk, 7th paragraph correction to read: "It was stated that some of our routes have not been changed since street cars and don't serve the same purpose as originally intended."

A motion to approve the November 2017 (MFAC) minutes with corrections was made and properly seconded.

The November 2017 minutes were approved by a unanimous vote.

Summary of the June 30 FY 2017 Draft Consolidated Financial Statement



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Article VII, Section 2 of the Bylaws of Transportation District Commission of Hampton Roads states: At least once each year, the Commission will cause an audit to be made by an independent certified public accountant of the general funds of the Commission and any special project funds not audited by the federal or state government or by other independent accountants.

Sylvia Shanahan, Interim Chief Financial Officer, introduced Krista Edoff and Miguel Wilborne of Cherry Bekaert, CPAs & Advisors.

Ms. Edoff presented the results of the FY 2017 Financial Audit and the FY 2017 Internal Control Letter that was distributed to the MFAC members at the December 2017 meeting.

Engagement Services

HRT engaged Cherry Bekaert, CPAs & Advisors to provide the following:

- An audit of the Commission's Fiscal Year ended June 30, 2017 financial statements, examination of the census data provided to Virginia Retirement Systems (VRS) for the fiscal year ended June 30, 2017
- An agreed-upon procedures engagement for annual reporting to National Transit Data (NTD) for the fiscal year ended June 30, 2017

Audit Results

- Financial statements – unmodified
- Report on internal control over financial reporting and compliance – unmodified
- Report on compliance for the major program and internal control over compliance – unmodified
- Internal control deficiencies over financial reporting and compliance
 - No material weaknesses, no significant deficiencies reported

Required Communications

- Accounting Polices
 - Adoption of new accounting polices effective July 1, 2016
 - No significant new standards
- Change in accounting policies
 - No other existing accounting policies were changed



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- Management Judgment and Accounting Estimates
 - Allowance of Doubtful Account on Receivables
 - Depreciation Expense
 - Actuarially Accrued Liabilities
 - Overhead Cost Allocations
- Audit Adjustments
 - There was a proposed adjustment to the net pension liability and accounts payable
 - Management recorded an adjustment for obsolete inventory
 - Uncorrected misstatements related to accumulated depreciation and accounts payable
- Independence
 - We are not aware of any relationship that we believe, based on current authoritative guidance, would impair our independence
- Disagreements with Management
 - There were no disagreements with management regarding accounting and auditing issues
- Difficulties Encountered in Performing the Audit
 - We encountered no difficulties in performing the audit
- Consultation with Other Accountants
 - We are not aware of any consultations
- Significant Communication with Management
 - Representation letter signed by management on December 8, 2017 confirming the completeness and accuracy of the financial statements and audit evidence provided
 - Management letter outlining deficiencies in internal control
 - No material weaknesses
 - No reported significant deficiencies
 - Management letter – Other comments provided

Ms. Shanahan extended an invitation to the MFAC members to join the Thursday, December 14th Capital Improvement Plan (CIP) workshop, in addition to the Audit & Budget Review Committee (ABRC) meeting, which is scheduled for 12:15 pm.



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Mr. Ray Amoruso, Chief Planning & Development Officer, also encouraged the MFAC members to attend the CIP workshop meeting, Thursday at 11:00 am. Mr. Amoruso stated that this meeting would give the MFAC members insight of how HRT's plans to allocate state and local funding and federal matching contributions throughout the next six years.

October 2017 FY 2018 Financial Report

Ms. Shanahan gave an overview of the October 2017 Financial Report.

There was some discussion concerning federal flexed funding.

There was some discussion concerning projections methodology.

Ms. Shanahan stated that it has always been Hampton Roads Transit's (HRT) goal to end the year with a zero balance.

ACTION ITEM: It was asked if federal and state assistant funding dollars could be added to the financial presentations.

There was some discussion concerning passenger revenue.

ACTION ITEM: There was a request to reinstate the Operating Financial Summary Report (OFSR).

Round Table – Work planning

Brian Smith, Assistant to the President for Organizational Advancement, gave an overview of the MFAC Priority Listing which was distributed to the committee members at the meeting.

- Purpose and Background
 - Support organized prioritization and efficiency of MFAC work plans.
 - Information used to begin organizing work plans;
 - November MFAC meeting discussion
 - MFAC meeting notes and minutes
 - Email correspondence and one-on-one discussions between support staff and city liaisons.
- Summary



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- Innovations
 - Openness to pursuing opportunities to do things differently and enact new solutions
- Information Sharing
 - Detailed information shared in timely manner to support business insight and decision-making
- Budget Development
- Cost Factors
 - Ridership, human resources, cost per hour, use of known trends, etc.
- Modifications
 - Minimize changes
- Schedule
 - Improve calendar (advance information on costs and adherence to schedule)
- Service Planning
 - Improve collaboration with city planning staff on detailed local and cross-jurisdictional service planning.
- Collaboration
 - Comments emphasizing collaboration
- Meeting
 - Forums for discussion and deliberation to support effective decision-making
- Quality Service
 - Maintaining overall goal of providing quality service to citizens
- Improve Efficiency
 - Pursue improved operational efficiencies
- Intergovernmental Liaison
 - Equipped to serve as effective liaison between HRT and city.

There was some discussion concerning the Transportation Service Plan (TSP).

Mr. Brian Solis, City of Virginia Beach, stated that there once was a joint service plan meeting, where the finance, budget and planning departments would meet with the cities and make decisions concerning the TSP.



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Mr. Smith asked if the MFAC would like to work as a committee or would it be more effective with task teams or sub-committees?

Susan Wilson, City of Portsmouth, suggested that the committee consider entertaining the discussion of sub-committees or smaller task forces to tackle various needs or concerns of the individual cities.

Lisa Cipriano, City of Newport News, stated that the committee is still in the question asking stage and it is too soon to consider branching out in smaller groups until the cities can obtain a better understanding of how HRT operates.

Jeff Raliski, City of Norfolk, suggested that in the idea of moving forward that the committee form a follow up program, prioritizing and tackling the most important subjects while building up a knowledge base.

Ms. Shanahan stated that the MFAC committee's questions have touched areas outside of the financial area. Those "action item" questions that are outside of the finance area will be forth coming once she is able to consult the appropriate HRT staff.

There was some discussion concerning Paratransit.

There was discussion concerning the modal cost for Paratransit.

Mr. Harrell, President and Chief Executive Officer, stated that a Paratransit presentation was available for the MFAC committee members review.

Ms. Shanahan stated that administrative cost is the same across the board for all modes of transit, not just Paratransit.

Mr. Amoruso explained that there are three (3) separate contracts that provide Paratransit services (America Disability Association (ADA), Frist Transit and MV Transportation).

Mr. Jim Price, Chief Transit Operations Officer, stated that cost for Paratransit bus operators are very cost competitive. It was also stated that HRT has the lowest cost among the America Bus Benchmark Group (ABBG).

Mr. Harrell stated that a comprehensive presentation that would highlight all the key areas of Paratransit could be presented to the committee members in January 2018.



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ACTION ITEM: It was requested that HRT have a master list to email committee members and Commissioner in hopes of eliminating multiple emails duplicate emails.

Ms. Cipriano will provide a suggested list.

There was some discussion concerning the City of Suffolk Transit meeting.

Other Business

There were no additional business matters.

Adjournment

The meeting was adjourned at 3:45 pm