



# Meeting of the Audit & Budget Review Committee of Hampton Roads

Monday, October 25, 2021, • 10:00 a.m.  
2<sup>nd</sup> Floor Board Room, 3400 Victoria Blvd., Hampton, VA  
**Hybrid In Person Zoom Tele/Video Conference**

## MEETING MINUTES

### **Call to Order**

Jimmy Gray, Chair – City of Hampton, welcomed everyone and called the meeting to order at 10:03 am.

Attendance was taken for the meeting.

### **Commissioners in attendance In-person:**

Commissioner Gray, City of Hampton-Chair  
Commissioner Hunter, City of Portsmouth  
Commissioner Woodbury, City of Newport News

### **Alternate Commissioners in attendance In-person:**

Commissioner Cipriano, City of Newport News  
Commissioner Shea, City of Virginia Beach

### **Alternate Commissioners in attendance virtual:**

Commissioner, Velissarios, City of Newport News

### **Hampton Roads Transit Staff In-person:**

William Harrell, President and Chief Executive Officer  
Conner Burns, Chief Financial Officer  
Angela Glass, Director of Budget and Financial Analysis  
Debbie Ball, Director of Finance  
Larry Kirk, Assistance Director of Finance  
Brenda Green, Accounting Coordinator (recorder)  
John Powell, Telecommunications Specialist

### **Hampton Roads Transit Staff virtual:**

Ashely Johnson, Capital Budget Analyst III  
Dawn Sciortino, Chief Safety Office



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Danielle Hill, Director of Human Resources  
Michele Goode-Bacon, Contract Administrator  
Juanita Davis, Budget Analyst III  
Keshia Branch, Director of Office of Program and Project Excellence  
Shanti Mullen, Internal Auditor  
Jim Price, Chief Transit Operations Officer  
Adrian Tate, Finance Manager  
Brian Smith, Deputy Chief Executive Officer  
Ray Amoruso, Chief Planning and Development Officer  
Robert Travers, Attorney  
Sheri Dixon, Director of Revenue Services  
Sonya Luther, Director of Procurement  
Michael Price, Chief Information Officer/Chief Technology Officer  
Kim Wolcott, Chief Human Resources Officer  
Sibyl Pappas, Chief Engineering and Facilities Officer  
Schuyler Mathis, Enterprise Project Manager  
Robert Lee, Management Analyst

### **Others in attendance:**

Jeff Raliski, Hampton Roads Transportations Planning Organization (HRTPO)  
Krista Edoff, Cherry Bekaert, LLP

### **Call to Order**

Commissioner Gray called the meeting of the Audit & Budget Review Committee (ABRC) to order at 10:03 am.

The October 2021 Audit & Budget Review Committee meeting package was posted to HRT's website and distributed electronically to the ABRC members and Commissioners in advance of the meeting. The meeting package consisted of:

- Meeting Agenda
- ABRC July 19, 2021 Meeting Minutes
- September 2021 FY22 Financial Report
- Federal Funds Planned for Operations
- Financial Audit Status Summary



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### **Approval of July 2021 ABRC Meeting Minutes:**

A motion to approve the July 2021 Audit & Budget Review Committee (ABRC) meeting minutes was made and properly seconded.

The July 2021 minutes were approved by unanimous vote.

### **September 2021 FY 2022 Financials**

Conner Burns, Chief Financial Officer, welcomed everyone to the meeting.

The September financials, including the operating financial statement, Regional Transit System (RTS) financial statement, non-operating COVID revenue/expenses, farebox revenue/expenses, locality crosswalk and locality reconciliation, were presented in detail by Mr. Burns to the Committee.

The CARES Act funding has been allocated exclusively for the FY22 operating expenses. The CARES Act funds have a sunset date. HRT utilized CARES Act funding for the FY22 operating expenditures in lieu of pulling from the traditional federal dollars. HRT having the ability to strategically allocate federal funds is a benefit to the member cities. This allows the Agency the ability to land on “zero”, at the end of the fiscal year’s It will also enable the Agency to curb its dependency upon its line of credit.

The CARES Act balance after September 2021 expenses was \$9.9 million.

There were discussions concerning the drivers behind the increase in “personnel services”, as it relates to the operating financial statement. Angela Glass, Director of Budget and Financial Analysis, stated that the Union negotiations were still ongoing during the approval of the FY22 Budget and the anticipated sum increases related to the union negotiations were understated. This resulted in “personnel services” ending slightly over projected cost.

There were discussions concerning HRT’s line of credit, as it relates to the interest rates and the status of use. Currently, HRT has a zero balance on its line of credit. This open line of credit is used to temporarily supplement “cash flow” until the anticipated reimbursement of local, federal, or state funds are received.

There were discussions concerning the CARES Act funding being used in lieu of the line of credit. CARES Act funds can only be drawn down from the Federal Transportation Administration (FTA) based on related expenses calculated at the end of the month.



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The August 2020 implementation of the Reliability Service Plan is the driver behind the service hours reduction calculations. The reduced service hours lowered the cost of services billed to the localities, which resulted in the credit that is reflected on the operating statement. This unbudgeted anomaly resulted in a financial surplus which was not forecasted prior to the approval of the FY22 budget.

### **Federal Funds Planned for Operations**

Mr. Burns presented the Federal Funds Planned for Operations to the ABRC members. He reviewed the three pandemic funding sources, CARES, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan (ARP), including the apportionment amounts forecasted for future fiscal years and the anticipated expenditures. In addition, Mr. Burns reviewed the timeline and the projected drawdown of the Agencies traditional 5307 federal funds.

William Harrell, President and Chief Executive Officer, expressed that the funds the Agency received were allocated to be used within the allotted deadlines. In addition, HRT maximized the use of the funding across fiscal years, while focusing on how the funds could be expanded. Mr. Harrell stated, by using this methodology has allowed HRT to take care of fluctuating expenditures, as well as get ahead of the Agency's dependency on the line of credit. He also stated that the traditional 5307 funding that is not being used in FY22 will not be lost. The Agency anticipates using those funds moving forward in FY23.

**Action Item: HRT will present both the Operations and Capital Improvement Projects (CIP) to MFAC using all the funding sources that the Agency receives.**

### **Financial Audit Status Summary**

Krista Edoff, Cherry Bekaert, LLP, presented an overview outlining the test environments the Auditors would be reviewing and reporting on as it relates to the Financial and Compliance Audits. Ms. Edoff stated that the audit results have been finalized. She also stated that all remaining entries have been recorded and the financial statement has been drafted. In addition, the final audit procedures have been processed and balances updated. The Auditors expect to report an unmodified opinion as it relates to the financial audit at the December 2021 board meeting. Ms. Edoff stated that they are required to gain an understanding of the underlying internal control environment and identify any deficiencies and report them. In addition, any matters of non-compliance as it relates to



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the laws, regulations and grant testing will be also reported. Ms. Edoff stated that after processing all the required auditing reports that currently there are no matters of non-compliance that need to be reported as it relates to the laws, regulations, and grant testing. The Microsoft implementation is the only related deficiency needed to be reported, as it relates to the testing of the timing control environment. There are multiple levels of reporting that can appear in the report, such as a material weakness, a sufficient deficiency, or using a management letter which would include “best practices”. Due to COVID, there were no reported changes to the accounting standards and policies as it relates to this year’s audit.

The final Financial Audit is scheduled to be presented in December 2021. The ABRC December 2021 meeting’s time and date to review the financial audit, will be determined based on its completion.

There were discussions concerning the localities “unearned reimbursements”, as it relates to the financial audit.

### **Adjournment**

With no further business to discuss, the October 2021 Audit/Budget Review Committee meeting was adjourned at 11:48 am by Chairman Gray.