



Meeting of the Audit & Budget Review Committee of Hampton Roads

Monday, September 25, 2023, • 10:00 a.m.
2nd 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 10:02 am.

Attendance was taken for the meeting.

Commissioners in attendance In-person:

Commissioner Gray, City of Hampton
Commissioner White, City of Hampton
Commissioner Houston, City of Norfolk
Commissioner Glover, City of Portsmouth

Alternate Commissioners in attendance In-person:

Commissioner Cipriano, City of Newport News
Commissioner Velissarios, City of Newport News

Hampton Roads Transit Staff in in-person attendance:

Conner Burns, Chief Financial Officer
Donna Brumbaugh, Director of Finance
Brian Smith, Deputy Chief Executive Officer
Adrian Tate, Assistant Director of Finance
Kim Wolcott, Chief Human Resources Officer
Malika Blume, Director of Internal Audit
Michael Price, Chief Information Officer/Chief Technology Officer
Brenda Green, Accounting Coordinator (recorder)
John Powell, Telecommunications Specialist

Hampton Roads Transit Staff in virtual attendance:

Ashley Johnson, Assistant Director of Budget and Financial Analysis
Vanity Faulkner, Budget Analyst
Robert Lee, Regional Transit System Program Manager
Dawn Sciortino, Chief Safety Officer



Meeting of the Audit & Budget Review Committee of Hampton Roads

Monday, September 25, 2023, • 10:00 a.m.
2nd Floor Board Room, 3400 Victoria Blvd., Hampton, VA
Hybrid In Person Zoom Tele/Video Conference

Keshia Branch, Director of Capital Programs
Sibyl Pappas, Chief Engineering and Facilities Officer
Sonya Luther, Director of Procurement
Chad Pritchett, Senior Budget Analyst
Mindy Sweeney, Grants Program Analyst
Dudley Clarke, Budget Analyst
Robert Travers, Attorney
Sheri Dixon, Director of Revenue Services
Sophia Owen-Allen, Staff Auditor

Others in attendance:

Jeff Raliski, Hampton Roads Transportation Planning Organization (HRTPO)
Danielle Nikolaisen, Brown Edwards & Company
Kay Ferguson, Constituent Service Liaison for Commissioner Woodbury
Brian Swets, City of Portsmouth
Hunter Anderson, City of Virginia Beach
Isabella Young, City of Virginia Beach
Rebecca Spurrier, City of Hampton

Call to Order

The September 2023 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
- Meeting Minutes for May 23, 2022
- Meeting Minutes for October 24, 2022
- Meeting Minutes for January 23, 2023
- Meeting Minutes for May 22, 2023
- Meeting Minutes for July 24, 2023
- August 2023 FY23 Financial Report
- Route Ridership FY19-FY24 All Routes

The following presentation was electronically distributed to the ABRC attendees during the September 25, 2023, meeting.

- FY2021 Financial Report



Meeting of the Audit & Budget Review Committee of Hampton Roads

Monday, September 25, 2023, • 10:00 a.m.
2nd Floor Board Room, 3400 Victoria Blvd., Hampton, VA
Hybrid In Person Zoom Tele/Video Conference

Approval of the ARBC Meeting Minutes:

Lisa Cipriano, City of Newport News, made a motion to approve the following ARBC Meeting Minutes.

- Meeting Minutes for May 23, 2022
- Meeting Minutes for October 24, 2022
- Meeting Minutes for January 23, 2023
- Meeting Minutes for May 22, 2023
- Meeting Minutes for July 24, 2023

Roland White, City of Hampton properly seconded.

The meeting minutes were approved by unanimous vote.

August 2023 FY2023 Financials

Conner Burns, Chief Financial Officer, welcomed everyone to the meeting. Mr. Burns presented the Draft Financial Statement included with the meeting Agenda.

There was discussion regarding the federal funding drawdowns, their life expectancy, rollover capabilities and the available non-allocated fund amounts. Mr. Burns stated that the Agency is operating currently with support from three types of Federal Transit Administration (FTA) code 5307 federal funding sources. These funding sources are the Coronavirus Response and Relief Supplemental Appropriations funds (CRSSA), the American Rescue Plan Act (ARPA) discretionary funds, and the Traditional 5037 Federal funds. The Agency notes that there are expiration dates, as it relates to the expending of these federal dollars. The timeline usage is based on when the funds are received and are drawn down. The traditional 5307 federal funding dollars have a 3-year time expectancy, while APRA and CRSSA have 5-years.

Action Item: HRT was asked to provide an overview of the Agency's upcoming projects, their forecasted funding sources, and allocated amounts and the current balances. Brian Smith, Deputy Chief Executive Officer stated that the Agency will be conducting a workshop for the Transportation District Commission of Hampton Roads (TDCHR) Board members in September. This workshop will provide an overview of the forecasted projects and their funding sources, as it relates to technology, facilities, and electrification. In addition, Mr. Smith stated that the Agency will present the Draft Capital Improvement Plan (CIP) in its entirety to the Commission Board in October 2023. This presentation will



Meeting of the Audit & Budget Review Committee of Hampton Roads

Monday, September 25, 2023, • 10:00 a.m.
2nd Floor Board Room, 3400 Victoria Blvd., Hampton, VA
Hybrid In Person Zoom Tele/Video Conference

include a project sheet for each project, the funding sources programmed by years, and all of the Agency's forecasted projects over a 10-year horizon.

Action Item: HRT was asked to show the Agency's project funding balance "rollovers" and their forecasted usage. These fund balances are related to projects in which funding has been allocated but not spent. Mr. Smith stated that this information will be available in the TDCHR's workshop in October, as part of the Agency's Transit Strategic Plan (TSP) presentation and will be outlined in Chapters 5 & 6.

Action item. HRT was asked to show the separation in passenger revenue groups on the operating financial statement, as it relates to the regular standard passenger revenue and the revenue related to the Regional Transit Service (RTS) routes.

FY2021 Financial Audit Report

Danielle Nikolaisen, of Brown Edwards, gave an overview of the FY 2021 Financial Audit Report and findings to the ABRC members and attendees. Ms. Nikolaisen reviewed the financial and program compliance statement results and stated that Brown Edwards was able to render an unmodified opinion and reported no instances of noncompliance. There were two material weaknesses in internal control over the financial reporting, as it relates to the material audit adjustments and the grant activity reconciliation. There was also a material weakness in the internal control over compliance with the classification of cost, as it relates to grants. It was also reported that the Agency had no new adopted account policies, as well as no application changes to existing policies. Ms. Nikolaisen reviewed the audit finding results of the Agency's pension, capital assets and self-insurance liability accounts. Brown Edwards also noted that there were no disagreements with management and no other consultant teams were involved in this audit. However, Brown Edwards reported the difficulties encountered in performing the audit. There were reported delays due to the inability to recreate historical schedules and reconciliations. The audit team noted that these reports were reconciled differently in the accounting, capital asset, and grant sub systems. Brown Edwards also reported that they assisted the Agency with current and past audit adjustments. Nevertheless, Brown Edwards has issued an unmodified opinion for the FY 2021 Financial Audit Report. Ms. Nikolaisen also stated that some pieces within the financial statements required supplementary information, located in Appendix A, the management representation letter. This letter was signed by management, which asserts that HRT has been truthful and forthcoming throughout the course of the audit.



Meeting of the Audit & Budget Review Committee of Hampton Roads

Monday, September 25, 2023, • 10:00 a.m.
2nd Floor Board Room, 3400 Victoria Blvd., Hampton, VA
Hybrid In Person Zoom Tele/Video Conference

Action Item: Commissioner Gray, City of Hampton, asked that HRT allow the ABRC members additional time to review the FY2021 Financial Audit Report prior to it being presented to the TDCHR Board for approval/acceptance.

Commissioner Gray announced that the ABRC will meet on Monday October 23, 2023, to review their findings/questions/concerns, as it relates to the FY2021 Financial Audit Report. HRT requested that, in preparation for this meeting, any questions/concerns be forwarded to Mr. Burns by October 16th to allow the Agency to properly formulate a response from Brown Edwards.

Mr. Burns stated that while no formal date has been established, Brown Edwards commencement of work on the FY2022 Financial Audit is forthcoming.

Adjournment

With no further business to discuss, the July 24, 2023, ABRC Committee meeting was adjourned at 11:29 am.