



Meeting of the Audit & Budget Review Committee of Hampton Roads

Monday, May 20, 2024, • 10:00 a.m.
2nd Floor Board Room, 3400 Victoria Blvd., Hampton, VA
In-Person/Hybrid Meeting

MEETING MINUTES

Call to Order

Jimmy Gray, Chair – City of Hampton, welcomed everyone and called the meeting to order at 10:00 am.

Attendance was taken for the meeting.

Commissioners in attendance In-person:

Commissioner Gray, City of Hampton – Chair
Commissioner Cipriano, City of Newport News
Commissioner Roland White, City of Hampton

Commissioners in attendance virtually:

Commissioner Carey, City of Chesapeake

Alternate Commissioners in attendance virtually:

Commissioner Velissarios, City of Newport News

Hampton Roads Transit Staff in in-person attendance:

William Harrell, President, and Chief Executive Officer
Conner Burns, Chief Financial Officer
Kim Wolcott, Chief Human Resources Officer
Brenda Green, Accounting Coordinator (recorder)
John Powell, Telecommunications Specialist
Ray Amoruso, Chief Planning and Development Officer
Donna Brumbaugh, Director of Finance
Adrian Tate, Assistant Director of Finance
Angela Glass, Director of Budget and Financial Analysis
Ashley Johnson, Assistant Director of Budget and Financial Analysis
Chad Pritchett, Management Analyst



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Hampton Roads Transit Staff in virtual attendance:

Vanity Faulkner, Budget Analyst
Sonya Luther, Director of Procurement
Sheri Dixon, Director of Revenue Services
Malika Blume, Director of Internal Audit
Dawn Sciortino, Chief Safety Officer
Dudley Clarke, Contract Budget Analyst
Keisha Branch, Director of Capital Programs
Michael Price, Chief Information Officer/Chief Technology Officer
Toni Hunter, Staff Auditor
Heather Harmon, Senior Staff Accountant
Shleaker Rodgers, Staff Auditor
Brian Smith, Deputy Chief
Noelle Pinard Organizational Advancement Officer
Robert Lee, Regional Transit System Program Manager
Ray Amoruso, Chief Planning & Development Officer

Others in attendance:

Jeff Raliski, Hampton Roads Transportation Planning Organization (HRTPO)
Danielle Nikolaisen, Brown Edwards & Company
John Stevenson, City of Norfolk
Troy Eisenberger, City of Chesapeake
Hunter Anderson, City of Virginia Beach
Andrea Kerley, City of Chesapeake

Call to Order

The May 2024 Audit & Budget Review Committee (ABRC) 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:

- Agenda
- Meeting Minutes September 25, 2023
- Meeting Minutes October 23, 2023
- Meeting Minutes February 20, 2024



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- April 2024 FY24 Financial Report
- FY2025 Final Operating Budget Presentation
- Route Ridership FY19-FY24 – All Routes

Approval of the September 25, 2023 ABRC Meeting Minutes:

Commissioner Cipriano made a motion to approve the September 25, 2023 meeting minutes.

Commissioner Cary properly seconded.

The September 2023 ABRC meeting minutes was approved by a unanimous vote.

Approval of the October 23, 2023 ABRC Meeting Minutes:

Commissioner Cipriano made a motion to approve the October 23, 2023 meeting minutes.

Commissioner Cary properly seconded.

The October 2023 ABRC meeting minutes was approved by a unanimous vote.

Approval of the February 20, 2024 ABRC Meeting Minutes:

Commissioner Cipriano made a motion to approve the October 23, 2023 meeting minutes.

Commissioner Cary properly seconded.

The February 2024 ABRC meeting minutes was approved by a unanimous vote.

Jimmy Gray, Chair – City of Hampton announced that due to time restraints of HRT's visiting Auditors from Brown Edwards & Company, he will start with "Old Business" first. This included updates on FY2022 and FY2023 Financial Audits.



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Update of the FY2022 Financial Audit

Conner Burns, Chief Financial Officer, stated that the start date for the FY2022 Financial Audit was March 2024, and the completion date will be in September of this year. Danielle Nikolaisen, Brown Edwards & Company, stated that the bulk of the field work for the FY2022 audit has been completed. She stated due to the number of efficiencies gained on both the auditor's side and management side that things have gone much smoother during this audit. However, there is a carryover delay regarding grant reporting module and the financial reporting module. This has impacted many areas of the financial statement such as the receivables, payables, grant revenues and the single audit testing. Ms. Nikolaisen stated that the final phase of testing can begin once these areas have been reconciled and tied down. She also stated that the areas that have been tested outside of grants have gone smoothly and have been reviewed by the Audit Manager. Brown Edwards & Company have performed some additional testing with the Agency's Virginia Retirements System (VRS) and pension plan. The continuous testing in these areas is ongoing to ensure that they keep up to date with planning for FY2024 auditing.

Commissioner Gray requested a fiscal year auditing timeline, consisting of the Agency's anticipated dates of start to completion. Mr Burns provided the following to the ABRC members.

Audit Timeline

FY 2022	Completion by September/October 2024
FY 2023	Completion by March 2025 (start date around October 2024)
FY 2024	Completion by October 2025 (start date around April 2025)
FY 2025	Completion by May 2026 (start date around November 2025)

William Harrell President, and Chief Executive Officer stated that the Agency is aware of the challenges mentioned by Brown Edwards & Company concerning the grants and grants reconciliations. The Agency is taking the proper steps to help mitigate these problems. He stated that WSP, a consulted team was recommended in the Operation and Oversight (O&O) Committee meeting, that was held earlier this month, to assist the Agency with these critical tasks.



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There was discussion concerning the deficiency in grants in the Agency's previous Triennial Audit and the impact to the project and grant reporting. ABRC expressed their concerns that the ongoing gaps in grant reporting and grant reconciliations would be present even after the FY2024 audit. The Agency was cited with 2 findings in their Financial Management Oversight (FMO) audit. These deficiencies were with the grants and Chartered Financial Analyst (CFA) reporting. Mr Burns acknowledged that the Agency is behind concerning their financial audits and has conveyed these finding with the FTA. Moving forward the Agency has implemented an audit policy and procedures to assist in migrating these foreseeable hurdles.

There was discussion concerning the Agency's plan to review the line of credit with Transportation District Commission of Hampton Roads (TDCHR) board at the July 2024 meeting. In addition, an update on the grants and other financial matters will be addressed with the new.

It was suggested that if the grant's reporting system is internally flawed and is unable to process the proper reporting, that HRT should consider, a new Enterprise Resource Planning (ERP) financial software system. Michael Price, Chief Information Officer/Chief Technology Officer expounded on the severity of the problems the Agency has had with its current reporting financial system Mirco Soft D365. Mr Price stated that he's been consulting directly with Microsoft's Vice President for the past two years concerning these problems. He also stated that the system has major gaps in its ability to perform correctly. Some of these issues have been resolved, however there are still some isolated occurrences that are still in need of work. Mr Price stated that even through the Agency is in a much better place than previously, that he does acknowledge that some data was compromised as the result of previous software gap problems. The Agency is currently working through these matters. However, once these matters have been resolved and the slate clean, Mr Price stated that the Agency would have a clear understanding of the capabilities of D365 the Agency could better access if the need for an additional financial software system is warranted.

May 2024 FY2024 Financials

Mr Burns welcomed everyone to the meeting. Mr. Burns presented the May Draft Financial Statement included with the meeting Agenda.



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FY2025 Final Operating Budget Presentation

Angela Glass, Director of Budget and Financial Analysis, delivered the FY2025 Final Operating Budget Presentation, which was included with the meeting Agenda.

There was discussion concerning the strategies the Agency has in place for moving forward that would allow them to continue to add new positions based solely on operating revenue opposed to relying on the ability to strategic allocation funds, knowing that the lifespan of the strategic funding is near its sunset.

The Agency acknowledges that the target date of the pandemic related funding will end in 2027. However, the Agency will still have the capability to strategically allocate both state and federal traditional funds in the same manner as the pandemic related dollars. In addition, HRT is conducting a study that outlines the growing needs of this municipal and identify whether there are other revenue sources that can help support the expansion of public transit in this region. HRT recognizes that there are other transit agencies in Virginia seeking similar studies and are moving in that same direction. The Regional Transit System (RTS) program supports a significant portion of the Agency's budget as well as being an additional source of funding.

Kim Wolcott, Chief Human Resources Officer spoke briefly about how the Agency handles new position requests, as relates to the implementation of the operating budget. Requests for new positions are only allowed twice a year. The request must also include a complete justification for the position(s), funding source and must adhere to the budget. Ms. Wolcott stated that the majority of the positions added into the FY2025 budget are operations related and are targeted towards the light rail division. She also stated that the increase in facilities employees is due to the increase in the implementation of the additional bus shelter amenities for the RTS routes.

There was discussion suggesting that HRT consider cutting expenses in lieu of the lack of fare box revenue to help offset the forecasted financial cliff, that the Agency will experience at the sunset of the pandemic related funding.

Ray Amoroso, Chief Planning and Development Officer, states that Agency has a prepared an internal System Optimization Plan (SOP). This plan is a comprehensive study that looks into addressing all 69 routes and those that are underperformers. The Agency understands that some routes are in place for political justifications and specific needs. However, these certain critical arears could be addressed with Mirco Transits the Agency on demand service. Mr Amorous stated that the SOP will identify those routes



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and their specific needs and find alternate mode of transit that would better fit the needs in those areas. HRT will work closely with the Cities to take the next steps.

HRT respectfully requested the approval and recommendation of adoption from the ABRC for the FY2025 Final Operating Budget for the Transportation District Commission of Hampton Roads (TDCHR) Board, for proposed adoption at the May 23, 2024.

Approval of the FY2025 Final Operating Budget Presentation

Commissioner White made a motion to approve and adopt the FY2025 Final Operating Budget

Commissioner Cary properly seconded.

Commissioner Cipriano opposed.

The FY2025 Final Operating Budget was approved by a majority vote.

ABRC board will recommend the approval and adoption for a he FY2025 Operating Budget to the TDCHR Committee at the May 23, 2024 board meeting.

COVID Grant Funding Update

The following updates were provided to the ABRC member concerning the Agency past, present and forecasted pandemic related spending.

Revised COVID Relief Fund Spending Plan (Thousands of Dollars)										
FY	20	21	22*	23	24	25	26	27	28	Total
CARES	20,627	26,062	12,583	2,460						61,732
CRRSAA				6,651	3,010					9,661
ARPA					16,112	24,548	13,258			53,918
ARPA Supplemental							16,709	35,531	499	52,738
Total	20,627	26,062	12,583	9,111	19,122	24,548	29,967	35,531	499	178,049



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Adjournment

With no further business to discuss, the July 22, 2024, ABRC Committee meeting was adjourned at 11:44 am.