

Please see below an updated list of questions on the 2023 Audit.

1. When will the \$3,574,322 FY 2023 net increase in unearned reimbursement be returned to the localities?
  - a. **120 days from 2023 Audit approval.**
2. Provide a 5-year projection for the ACC Funds usage. The ACC balance increased by \$563,265 year over year.
  - a. **The 5-year projection is presented in the Capital Improvement Plan (CIP); these amounts will change based on outcomes of the FY26 State SYIP; the draft SYIP was published last week. The annual CIP Update is getting underway and updated projections will be available in October 2025.**
  - b. **The ACC is the local match to Federal and State projects and certain Cash Capital projects. The balance fluctuates yearly based on usage. The balance increased \$563,265 from FY2022 to FY2023. The increase from FY2021 to FY2022 was \$1,256,425.**
3. Provide a detailed explanation of the two significantly delayed grant draws mentioned in the internal control comments, totaling \$1,495,599.
  - a. **The two grants referred to in this note are VA-2018-026 and VA-2019-006. VA-2018-026 included 3 sub grants and covered a total of 17 projects, most of which were pre-D365. The majority of funds have been drawn down. VA-2019-006 also included mostly pre-D365 projects. The majority of funds were drawn from the FTA in February 2025. Due to the complexity and age of the projects involved, WSP is working on the final reconciliation of these two grants to submit claims for any remaining unreimbursed expenses and to close them out.**
4. As you catch up on annual audits, when (what fiscal year) can the commission expect the reoccurring material weakness findings to be resolved?
  - a. **FY2024 Audit.**
5. What percentage of \$10.7M Accounts Payable is tied to capital expenditure (non-operating)?
  - a. **Estimated percentage currently being calculated.**
6. Please provide a reconciliation of the 2023 Statement of Revenues, Expenses and Changes in Net Position compared to June 2023 Draft Financial Statements presented summer 2023.
  - a. **A comparison is in process and will be provided upon completion.**
7. What policies are in place regarding the required amount of cash or cash equivalents to be held at any given time? How does this policy align with the \$13M Line of Credit (LOC) balance as of 6/30/2023?
  - a. **Not applicable.**
8. What is the procedure for utilizing the LOC? Is the line of credit automatically drawn down for each incurred expenditure, or is it managed and drawn down as needed? Alternatively, does HRT manage cash flow and draw down on the LOC according to requirements?
  - a. **The LOC automatically covers expenditures through a daily sweep and is replenished as grants and other source funds are received.**

9. What is the process for repaying the LOC? Is the line of credit automatically reduced with each drawdown, or does HRT manually repay the LOC balance as funds become available? If manual, how frequently are payments made against the LOC?
  - a. **The LOC utilizes an automatic sweep, electronic, ACH and manual deposit method, depending on source funds. The frequency is daily, monthly and/or quarterly, depending on the source of funds.**
10. Note 8 references the Notes Payable – Bank for the LOC. Where is the LOC represented on the statement of net position?
  - a. **The total of the LOC is included in the due in more than one year total on the statement of net position. Note 9 of the financials break out that total further and will show that the LOC is included.**
11. Based on the 2023 Audit results – are the auditors concerned that HRT current assets (less prepaid expenses, inventories, deposit on fuel) do not meet the current liabilities, to include Advanced Capital Contribution and unearned reimbursement to the localities? If not, why?
  - a. **The auditors have provided an unmodified opinion. The auditors have provided no comment (either positive or negative) on HRT's current ratio at June 30, 2023. Additionally, please note that the Liabilities on the Statement of Net Position have not been classified between current and non-current; therefore, a completely accurate determination cannot be made based solely from the face of the statements as to which liabilities fall into the 'current' v. 'non-current' classification.**
12. Based on the auditors experience, is it typical to have similar year-end audit adjustments as those found in the last two Audited Financial Statements (2022 and 2023)?
  - a. **HRT has requested Brown Edwards assistance with recording certain year-end entries (i.e., pension, OPEB, leases, and SBITAs). Brown Edwards has also reported control deficiencies related to misstatements corrected as part of the audit which are described in the Schedule of Findings and Questioned costs. An assessment of 'typical' v. 'non-typical' cannot be made without further context.**

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