

Approved 4/4/22

Pursuant to written notice sent to Board Members and pursuant to notice posted at least forty-eight hours prior to the meeting, copies of said notice having been sent to the Secretary of the Commonwealth, William F. Gavin and the Secretary of the Executive Office of Administration and Finance, Michael Heffernan, the meeting of the Finance and Audit Committee of the Franklin Regional Transit Authority was held on September 27, 2021 at the John W. Olver Transit Center, 12 Olive St., Greenfield, MA 01301.

1. INTRODUCTION:

Finance and Audit Committee Members present were:

<u>Name</u>	<u>Town</u>
Peter Otten	Buckland
Robert J. Decker III	Deerfield
Eric Twarog	Greenfield

Also present were:

David Irwin, Adelson & Company PC.

Peter Otten called the meeting to order at 9:30am.

2. REVIEW AND APPROVE MEETING MINUTES FROM APRIL 27, 2021:

Review of meeting minutes was tabled until the next meeting.

3. REVIEW DRAFT FY21 AUDIT AND FINANCIAL STATEMENTS:

Peter Otten turned the meeting over to David Irwin to explain the draft audit and financial statements.

The Auditor's report issued a clean opinion. The financial statements are fairly stated in accordance with accounting principles, they accurately present FRTA's financial position, there were no material weaknesses, and no significant deficiencies.

The FRTA ended the year with \$1.7M in cash. All cash was accounted for and there were no issues in auditing. Reviewing invoices and deposits there were no irregularities. There were \$4.5M in receivables, but much of that is connected to the new maintenance facilities. Upon review those receivables, they were all deemed collectible, and the

payments were since received at the beginning of FY22 in July. There were fixed asset additions of \$3.5M, much of which was related to the new maintenance facility. Those asset additions were paid for with federal and state capital grants. Total assets are approximately \$24M, which is up about \$5.9M due to the new maintenance facility and receivables. Payables were up significantly as well due to the new maintenance facility. Again, those payables were cleared after receipt of funds collected in July. There was a Revenue Anticipation Note of \$1.1M that was paid in August. A new Revenue Anticipation Note was issued for \$1.1M at 0.35%. The reason for the Revenue Anticipation Notes is due to the timing of the Local Assessments payments to FRTA. Net position for FRTA is approximately \$19M, with about \$17.5M tied to facilities and buses and \$1.2M as unrestricted.

Total revenues of \$3.4M, much of which is tied to brokerage services. There was only about \$8,000 collected for fixed route services. Fixed route fare collections were down due to the pandemic and the vote of the Advisory Board to suspend fare collections. Total operating expenses was \$6.3M, with total operating loss of \$2.9M. Then we bring in the subsidies to cover those losses, which are Local Assessments of \$508,000, State Contract Assistance of \$1.3M, and Federal 5311 Operating funds of \$957,000 to balance out the year. There were no unfunded deficits for the year. All of the accounting policies from last year were the same policies that were followed for this year's audit. On June 30, 2021, FRTA had \$1.9M on deposit in the bank and all of that money was fully insured.

One of the biggest changes that was recognized that impacts the FY22 budget is the ending of the contract with the State for HST brokerage services. While this will be a significant change to the FRTA's operating budget moving forward there were no negative impacts to cash flow.

To help the FRTA during the pandemic, the FRTA was awarded \$1.9M in federal CARES Act money under the Section 5311 funds. In FY20 \$93,000 was spent down and in FY21 \$284,000 was spent down leaving a balance of about \$1.5M that can be carried forward into FY22. These funds can be used to support the FRTA with any ongoing issues connected with the pandemic.

FRTA had \$6.3M in operating costs eligible for reimbursement under current revenue sources available. FRTA used \$957,000 in federal and other operating assistance, \$3.6M in fare collections, interest income, advertising income, and brokerage HST services. This left an unfunded net cost of service of \$1.8M. The net cost of service was covered by \$508,000 from local assessments and \$1.3M from State contract assistance. There were no unreimbursed costs.

The final audit will need to be submitted to MassDOT by October 5th and a copy will also be filed with the federal government through the Federal Audit Clearinghouse.

Robert J. Decker III asked if FRTA acquired the land for the maintenance facility prior to the end of the fiscal year. David Irwin stated that the land was acquired before the first of

July for \$125,000 and was recorded as land within the FY21 financial statements. Robert J. Decker III asked if there were any contingent liabilities relative to the maintenance facility project. David Irwin stated that there were none that came to his attention as a result of the audit and in discussions with Administrator Tina M. Cote and communications with FRTA legal counsel. Robert J. Decker III asked if FRTA purchased title insurance. David Irwin stated that he is not aware if FRTA purchased title insurance and that question should be addressed by FRTA staff. There were no other questions and discussion concluded.

Eric Twarog made a **motion** to accept the audit report as presented. Robert J. Decker III seconded, and the vote was as follows:

<u>Name</u>	<u>Town</u>	<u>Vote</u>
Peter Otten	Buckland	Yes
Robert J. Decker III	Deerfield	Yes
Eric Twarog	Greenfield	Yes

The vote passed and the **motion** carried.

Peter Otten made a **motion** to adjourn, Eric Twarog seconded, and the meeting was adjourned at 9:25am.