

Approved 3/24/21

Finance and Audit committee
September 29, 2020

Called to order at 10:36

Present: members Bill Stathis, Bob Decker, Peter Otten and David Irwin, auditor

Members were introduced.

Reviewed minutes of the June 1, 2020 meeting. Bob Decker moved to accept as printed, Peter Otten seconded, passed with Bill Stathis abstaining.

Turned the meeting over to David Irwin to explain the auditor's report.

Started with the Financial Statements and Supplementary Information ending June 30, 2020

David Irwin reviewed the documents. He explained that pages 2 and 3 stated the statements and responsibilities of the FRTA administrators and the auditors as stated in the law.

This was followed by page 4-1 which was a statement by management on the fiscal year. Bottom line was that there was a clean opinion and no weakness found in the fiscal year 2020.

Next the pages 4-2 through 4-7 were bypassed as all that information would also be covered later in the report.

David Irwin continued on page 5, Statements of Net Position. He noted that under assets all cash was in insured bank accounts, receivables were all collectable, inventory was for parts and supplies bought but not used yet, prepaid expenses for things like insurance that was bought but not used yet and working capital for FTM, and property and equipment owned by FRTA was worth just shy of \$15 million. The committee talked about the accounting practices around the pension plan.

Bob Decker noted that if the garage project doesn't happen we might have a liability on the money already spent.

Bill Stahis asked definition of rolling stock – busses.

Liabilities – nothing abnormal. Note for \$1,100,000 renewed August 7, at 1.25%

Net pension liability – Pension calculates what is needed. Number is accounting estimate, new laws state it has to be in the net statement. Not reimbursable, only actual payments to the retirement board is.

David Irwin explained Deferred inflows related to pensions. Another accounting standard. This is just an estimate, don't have to come up with the cash, it is a liability that can change each year.

Bob Decker asked about pension of drivers under FTM. No real answers given but thought that it is in the contract with the company.

We are one of few Transit Authorities that are in the positive total net position. Most are in the negative.

Moving on to Page 6, much of the change has to do with Covid-19. Revenues down \$397,275, expenses also down by \$425,333 so the shortfall was in revenues is covered.

Page 8 Statements of Cash flows showed a breakdown of income and expenses. David Irwin stated that there was no unusual activity in this report.

Starting on page 9 there were notes about various things.

Starting on page 12 are just supporting numbers and information. It was noted that the FRTA is funded after the fact. The Federal Government owes the FRTA \$745,109 and the local governments owe \$672,407. This is money we will get, but have to borrow for until receipt. That is why there is a 1.1 million dollar loan outstanding.

Page 13 showed fixed assets.

Briefly discussed the note 12 on page 20 concerning the federal cares act. The FRTA was awarded \$1,897,691 of which the FRTA has used \$93,052. This money can be used for costs related to covid-19 through September 30, 2021.

Page 22 concerns section 55311 and gives yet another breakdown of expenses.

Page 23 Statements of Net Cost of Service is one the State likes to see.

The auditor's conclusion was that no problems were found, all reports have clean opinion.

The audit was done on site at the FRTA with all the current safety requirements in place.

Motion to accept the audit: Bob Decker moved to accept the audit as presented, Bill Stathis seconded, voted with an unanimous yes.

Motion to recommend Adelson & Co for next years audit. Bob Decker moved to recommend using Adelson & Co once again for the FY2021 audit, Bill Stathis seconded, voted with an unanimous yes.

Motion to adjourn 11:39 Bob Decker moved, Bill Stathis second, yes unanimous