

**PVTA
Pioneer
Valley
Transit
Authority**

**Administrative Headquarters
Old North Main St. Firehouse
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**MINUTES OF PVTA'S
FINANCE & AUDIT COMMITTEE MEETING
September 20, 2017**

The Finance and Audit Committee meeting of the Pioneer Valley Transit Authority was held on Wednesday, September 20, 2017 at 11:00 A.M. at the Pioneer Valley Transit Authority Administration Office located at 2808 Main Street in Springfield, MA.

PRESENT:

Members: Doug Slaughter, Amherst; Marilyn Ishler, South Hadley; Brian O'Leary, Belchertown; Stephen Huntley, Chicopee;

PVTA: Sandra Sheehan, Patty O'Leary, Brandy Pelletier

NOT PRESENT:

David Moskin, Hadley; Patrick Burke, Rider Representative

Call to Order: Steve Huntley, Chairman of the Finance & Audit Committee stated that the committee has a quorum and called the meeting to order at 11:12 A.M.

1. APPROVAL OF MINUTES OF FINANCE & AUDIT COMMITTEE MEETING OF JULY 19, 2017

Chairman Huntley asked for a motion from the Finance & Audit Committee to approve the meeting minutes of July 19, 2017.

Motion: Moved and seconded (O'Leary/Slaughter) to approve minutes from PVTA's Finance & Audit Committee meeting of July 19, 2017.

Chairman Huntley asked if there was any discussion, hearing none, asked for all those in favor to say aye.

Motion passed by a unanimous vote.

2. PVTA AUDIT – PRESENTATION FROM AUDITOR

David Irwin from Adelson & Company PC gave a presentation on PVTA's FY 17 Audit and reported the following:

Finance Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities at June 30, 2017 by \$73,129,039.

- The Authority's total net position increased by \$11,640,405 in fiscal year 2017
- The total operating revenue decreased \$(657,025) or 8.3% from fiscal year 2016.
- The operating expenses decreased \$(237,477) or 0.5% from fiscal year 2016.
- The Authority expended \$27,679,580 on capital assets.

The Authority's operations are funded annually through a state required computation of the net cost of service. Except for the establishment of a restricted reserve, as allowed under Massachusetts General Laws, the Authority's funding cannot exceed its net cost of service.

An additional portion of the Authority's net position, shown as "restricted reserve", represents resources that are subject to approval of the Secretary of Transportation. As of June 30, 2017, the Authority's reserve for extraordinary expenses was \$1,580,175.

Unrestricted net position represents funds that may be used to fund current operations. During fiscal year 2017, the Authority's unrestricted net position decreased a net amount of 1,729,107 from fiscal year 2016 for a total negative unrestricted balance of \$(22,312,134) at June 30, 2017.

Operating revenues decreased \$(657,025) or 8.3% from the prior year, primarily due to a decrease in farebox revenue due to the decrease in ridership on all modes of service. Fixed route was down 6% and paratransit 11% from last fiscal year. Associated pass sales and college pass revenue decreased accordingly.

Operating expenses decreased \$237,477 or 0.5% from the prior year; fixed route service increased \$380,956 from fiscal year 2016 mainly due contractual labor requirements; paratransit services decreased \$(437,291) from fiscal year 2016 primarily due to less fuel being purchased, with the decreased ridership and less maintenance on the newer fleet. Most of the ridership decrease (11%) was during the off-peak times which attributed to contractual savings; shuttle service decreased \$(8,905) from fiscal year 2016 as demand for service was lower; administrative salaries and fringe benefits decreased by \$(41,333) from fiscal year 2016; and other administrative expenses decreased by \$(130,904) from fiscal year 2016 primarily due to decreases in insurance claim expenses. Additionally, \$300,000 was added to the insurance reserve after analysis of open reserves.

Mr. Irwin stated this was a clean audit and there were no findings.

We did make some recommendations to the Authority regarding the Springfield Information Center, the vacant procurement officer position, and other postemployment benefits (OPEB).

The following actions have been taken based on the recommendations:

The pass inventory and cash have been separated into two separate safes at the Information Center. The safe maintaining the cash will be locked at all times, and only accessed by the Finance Assistant and Manager.

The Authority has changed the armored car service pickup to Wednesday. Tuesday's interfered with several Monday holidays. Internal audits during the year will be performed to ensure that this procedure is working.

A locked file cabinet for the retention of all identification documents with social security and other confidential information is now being used. These documents will be kept for a period of one year, at which time they will be destroyed by a professional document shredding company.

The Finance Assistant is in the process of being cross trained to manage the inventory in the absence of and in addition to the Customer Service Manager.

The Manager will sign off on all cash drawer counts and reconciliations.

The Authority has created a written manual documenting policies and procedures at the Information Center.

Due to the fiscal year 2018 budget situation, the Administrator will temporarily be the Authority's Procurement Officer, and assign associated duties to existing staff as determined necessary.

Pursuant to the effective date of the Massachusetts Modernization Act on November 7, 2016 which updates OPEB Trust Fund guidelines of MGL Chapter 32, Section 20 and provides an expanded definition of "governmental unit" to include any political subdivision of the Commonwealth, we understand that an increasing number of governmental entities are taking steps to establish trusts in order to begin to fund their OPEB obligations. With the increasing recognition that it is fiscally prudent, the Authority has been planning the initial formation of an OPEB trust prior to June 30, 2018 (the effective date of Statement 75), based on a variable funding strategy, which we expect to reduce the costs of the current pay-as-you-go plan along with its associated balance sheet liability over the long term. That trust is expected to be in place prior to the year ended June 30, 2018 in order to be in compliance with GASB 75.

A complete copy of the Auditor's presentation and recommendations has been filed with the minutes of this meeting.

Chairman Huntley asked for a motion from the Finance & Audit Committee to accept the Auditor's Report.

MOTION: Moved and seconded (Ishler/Slaughter) to accept the Auditor's Report.

Chairman Huntley asked if there was any discussion. Hearing none; asked all those in favor to say aye.

Motion Passed unanimously.


3. OTHER BUSINESS

Chairman Huntley reported that there is no other business to discuss.

4. ADJOURNMENT

The meeting of the PVTA Finance & Audit Committee adjourned (O'Leary/Ishler) at 11:58 A.M.

A TRUE RECORD

ATTEST: 
BRANDY PELLETIER

Documents filed with Finance & Audit Committee Meeting packet:

- July 19, 2017 Finance & Audit Committee Meeting Minutes
- FY 17 Audit Presentation

Minutes Approved: November 13, 2017