
**MINUTES OF PVTA'S
REMOTE FINANCE & AUDIT COMMITTEE MEETING
September 21, 2020**

1. CALL TO ORDER

The Finance and Audit Committee meeting of the Pioneer Valley Transit Authority was held on Monday, September 21, 2020 at 10:00 A.M. remotely in accordance with the Governor's State of Emergency Provisions of the Open Meeting Law, G.L. c. 30A, Section 20, relieving from the requirement of section 20 of chapter 30A that it conduct its meetings in a public place that is open and physically accessible to the public, permitting a public body to allow remote participation by all members.

ROLL CALL MEMBERS PRESENT:

Members: Doug Slaughter, Amherst; Brian O'Leary, Belchertown; Steve Huntley, Chicopee; David Moskin, Hadley

NOT PRESENT:

N/A

Call to Order: Doug Slaughter, Chairman of the Finance & Audit Committee stated that the committee has a quorum and called the meeting to order at 10:07 A.M.

2. PUBLIC COMMENTS

Chairman Slaughter opened the floor for public comments. No Public Comments were made.

3. APPROVAL OF MINUTES OF THE FINANCE & AUDIT COMMITTEE MEETING OF MAY 18, 2020

Chairman Slaughter asked for a motion from the Finance & Audit Committee to approve the meeting minutes of May 18, 2020.

MOTION: Moved and seconded (O'Leary/Huntley) to approve the minutes of PVTA's Finance & Audit Committee meeting held May 18, 2020.

Chairman Slaughter asked if there was any discussion, hearing none, asked for a roll call vote.

David Moskin: Yes
Steve Huntley: Yes
Brian O'Leary: Yes
Doug Slaughter: Yes

Motion passed, 4-0 vote.

4. BUDGET TO ACTUAL REPORT

Chief Financial Officer (CFO) Lisa Seymour reported the following:

Overall, PVTA is under budget by 6.6% due to operating reduced hours/miles as a result of Covid-19.

There has been a significant loss in fare revenue March through June.

Cancellation of the Holyoke and Springfield public school tripper service and the closing of colleges also created a loss in revenue. All college last semester contracts needed to be adjusted since schools were closed.

The Loop has not returned to service.

Advertising suffered a significant decrease with advertisers pulling their ads and cancelling contracts due to reduced service and businesses closing due to Covid. Now that PVTA has resumed service and businesses have started reopening, advertising is starting to resume, and we are beginning to see new contracts although it will most likely not be where it was in the FY20 Budget.

Claims is over budget for both Paratransit and Fixed Route service. We have begun to address the claims procedure with the contractors, so our claims process is more efficient, and our risk is lowered.

Fuel is significantly lower due to operating reduced service during Covid.

The fiscal year 2021 budget amendment will be presented to the Board at the next meeting. We now have a better idea of how Covid has impacted PVTA and we can make a more reasonable prediction as to where we will be for FY21. The biggest unknown is the Governor's budget. We were granted funding of ¼ of FY20 levels and that will only last through the end of September.

We had to use \$1.7 million of the CARES funding for a few months of FY20 to support operations and another \$179,000 for capital support during the pandemic. Starting FY21, we have significant Covid expenses for PPE's and cleaning and disinfecting of the buses in addition to Covid capital expenses of retrofitting buses with driver barriers, contactless fare media, a less contact restraint system, bus cushion improvements, air quality improvements of the buses and buildings as well as partitions, filters and other Covid improvements in our facilities.

5. PVTA FY20 AUDIT REPORT

Chairman Slaughter turned the floor over to Auditor David Irwin of Adelson & Company PC to report on PVTA's FY20 Audit for the year ended June 30, 2020. Auditor Irwin stated the following:

PVTA met all the requirements for the audit and all the information and documentation that was needed was provided. There are no material weaknesses. This was a clean audit and PVTA's books are being kept well. The Finance and Audit Committee had the opportunity to discuss the Audit without management being present. There were some comments and recommendations made by the auditors which were:

1. During FY20, the Authority converted to a new fixed asset software module. The conversion project

was ongoing during fiscal year 2020, and reports from the module were not available until September 2020, after the audit fieldwork was in process. Upon review of the reports generated from the module, the beginning balances did not agree to the general ledger. This was a result of not importing fully depreciated in-service assets as of June 30, 2019 into the module. We also noted that small tools and equipment, which did not meet the definition of a fixed asset, were being recorded on the balance sheet and depreciated.

Recommendation: The Authority should continue to familiarize themselves with the new fixed asset module and ensure that all active assets are imported into the system, and that reports generated from the module agree to the general ledger. The new fixed asset module should be reconciled to the accounting general ledger monthly. For purchases that do not meet the definition of a fixed asset, they should be expensed to a non-capital equipment and supplies account.

Action Taken: The Finance Department recently was trained on the new asset software to familiarize themselves with the program. The rest of the assets will be properly imported into the module and verified against the general ledger balances. The new fixed asset module has been added to the monthly reconciliation process and a non-capital equipment and supplies account was created in the general ledger to be used to record the assets that do not meet the definition of a fixed asset.

2. During our review of the Authority's preliminary internal financial statements, we noted that the intercompany accounts reconciling the activity with the fixed route operator and the inter-agency accounts reconciling the activity between the operating and capital general ledgers were out of balance. This was partially caused by incorrect journal entries posted in November 2019, which were not corrected until after year end.

Recommendation: The Finance Department should ensure that all balance sheet accounts, including intercompany accounts, are reconciled with supporting documentation and schedules. The internal balance sheet and income statement provided to the Administrator and Finance Committee should be in sufficient detail to identify potential accounts with incorrect balances.

Action Taken: The Authority has changed its internal controls to address the intercompany accounts. New procedures including reconciling detailed balance sheet accounts monthly have been implemented. Detailed balance sheets and income statements will be presented to the Administrator monthly and discussed with the Finance Committee at their meetings as part of the new process.

Status of Prior Year Recommendations:

1. As recommended, the Finance Department has implemented a policy for all staff to receive ongoing training of relevant financial reporting and compliance topics affecting the Authority.
2. As recommended, the Authority reviewed and reconciled its capital grants receivable balances. In addition, the Authority has implemented additional internal controls to ensure the timely recording and draw down of federal and state grants receivable. These include:
 - a. Simplification of grant tracking database, to more simply track funding availability, commitments, drawdowns, and requests for amendments in a central location;
 - b. Reconciliation of the grant database to the general ledger to ensure there are no invoices for which a drawdown has not been requested;

- c. The Chief Financial Officer reviews the grant database and reconciliations at least quarterly to ensure proper drawdowns are completed.
3. As recommended, the Authority is continuing to prepare for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, 1 eases. The implementation date of the pronouncement has been delayed, and the Authority will be required to implement the pronouncement for its fiscal year 2022 (beginning on July 1, 2021).
4. As recommended, the Authority has policies in place to routinely evaluate its information technology systems and has Disaster Recovery and Continuity of Service plans in place.

A full copy of PVTA's FY20 Audit report has been filed with the minutes of this meeting.

Chairman Slaughter asked for a motion from the Finance & Audit Committee to adopt PVTA's FY20 Audit Report.

MOTION: Moved and seconded (O'Leary/Huntley) to adopt PVTA's FY20 Audit Report.

Chairman Slaughter asked if there was any discussion, hearing none, asked for a roll call vote.

David Moskin: Yes
Steve Huntley: Yes
Brian O'Leary: Yes
Doug Slaughter: Yes

Motion passed by a 4-0 vote.

5. OTHER BUSINESS

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

6. ADJOURNMENT

Chairman Slaughter asked for a motion from the Finance & Audit Committee to adjourn.

MOTION: Moved and seconded (O'Leary/Huntley) to adjourn.

Chairman Slaughter asked for a roll call vote.

David Moskin: Yes
Steve Huntley: Yes
Brian O'Leary: Yes
Doug Slaughter: Yes

The meeting of the PVTA Finance & Audit Committee adjourned at 11:34 A.M.

A TRUE RECORD

ATTEST: 
BRANDY FELLETTIER

- Documents filed with Finance & Audit Committee Meeting packet:
- May 18, 2020 Finance & Audit Committee Meeting Minutes
 - Year to Date – Budget to Actual Report
 - PVTA's FY20 Audit Report

Minutes Approved: November 16, 2020