

GATRA Virtual Audit & Finance Committee
November 30, 2020

Gill Enos (designee of Mayor O'Connell) agreed to chair the meeting. The GATRA Audit & Finance Committee Meeting was called to order by Gill Enos. A roll call attendance was taken, AFC members present were: Gill Enos, Michael Gallagher and Joseph Ryan. Also, in attendance were Mark Sousa, Daniel Burgess, Stacy Forte, Nancy Foley and Peter Wiggins. Gill Enos made a motion to open the meeting, seconded by Michael Gallagher. The meeting began at 2:10 p.m. It was announced that the meeting was being recorded.

Review/Approve 11/6/19 Minutes

The first agenda item is to review the 11/6/19 AFC minutes. Mark explained because we did not have a quorum at the 6/23/20 meeting, it was considered an informational meeting. The minutes of 11/6/19 were from the last official meeting. Gill asked for a motion to approve the 11/6/19 minutes, Michael Gallagher moved to approve, it was seconded by Joseph Ryan. A roll call vote was taken: Gill Enos, Michael Gallagher and Joseph Ryan all voted yes. The minutes were approved.

Audit

Mark explained that the audit packet we sent has only 2 of the 3 items that the AFC will need to vote on. The third document our auditors have not received yet because of some of the language from the Federal Government due to the CARES Act. The single audit is the federal reporting piece that we are still waiting on. The auditors have reported that they should receive this by the end of December.

Dan reported that the independent audit includes the Yellow Book Report. Please note on the opinion piece. The Auditors opinion is positive. There are no findings. The next piece to note is on page 7 of the MD&A. On the operating expenses and revenues, of particular note is that the operating revenues decreased by 9.5 million dollars which is down about 20%. This has had the most significant effect on our financial position for FY 20. It is primarily the result of Covid the MBTA and other RTA's have significantly reducing service which has affected our revenues. The operating expenses decreased as well by almost 9 million. There were no other significant items. The bulk of this is the result of the medical transportation. The HST contract is a revenue driven by expenses, a cost reimbursement system. Some differences are the loss of fare box revenue and some

COVID expenses. Some of these expenses will be offset by CARES money. Mayor Heroux joined the meeting.

On last few pages of the Yellow Book report the Auditors state that they did not find any deficiencies of internal controls that are considered to be material weaknesses. The results of the Auditor's tests show no instance of non-compliance or other matters that are required to be reported under Government Auditing Standards.

When the Single Audit Report comes in we will have to another Board meeting to accept that piece. It was reported that the Audit went smooth with a good outcome. Gill Enos called for a vote to accept the audit report and present to the full board. Michael Gallagher moved to accept the Audit Report and recommend it to the full Advisory Board, Mayor Heroux seconded. A roll call voted was taken. Mayor Heroux, Gill Enos, Michael Gallagher and Joseph Ryan all voted yes. It was approved.

Budget Discussion

This is a six-month update of the budget quarter ended 9/30/20. The thrust of the FY20 budget is modeled under the assumption that as we moved through the year we would see a return to more normal pre-covid activity level, revenues and expenses as well. The analysis takes the total year budget and compares it for the first quarter, therefore some of the analysis may look more significant than it really is because we are looking at the very bottom of activity levels. We do expect a good amount of catch up to happen in Quarters 3 and 4.

HST Revenue and expenses are in line as expenses drive revenue. As of 9/30/20 this is down about 50% from the budgeted number. Dan feels that we will eventually catch up in the Spring, if not we can make some adjustments to the budget as needed. The number of calls/trips are starting to increase consistently. The expectation is that the number will come back closer to the budgeted amount as we return to normalcy.

There is a similar situation with the Commuter Rail, with revenues driving expenses. The revenue is down about 70%, expenses are down 65%. This is lower than we had budgeted. This number will come back as people return to work. Depending on what we see, we may have to make an adjustment. These revenues are restricted to the parking lot expenses.

Fare box revenue is about 45-50% of what was budgeted. We do have some CARES money to offset this lost revenue. Admin expenses which include payroll, benefits and office expenses are 10% below budget. We are on a month to month basis with the

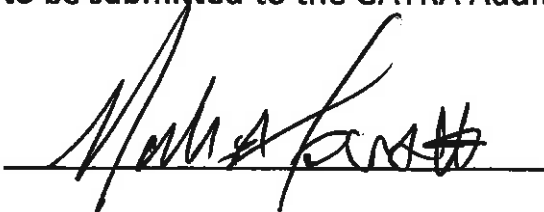
State Contract Assistance. We are getting 1/12th of contract each month. Normally we would have a full year of SCA. All expectations are that the numbers will be what we budgeted at the beginning - so far they are.

This could change if the State makes changes. We would then have to make the related adjustment in the budget.

As there was no other business, Gill Enos asked for a motion to adjourn, Mayor Heroux made a motion to adjourn, Michael Gallagher seconded. A roll call vote was taken. Mayor Heroux, Gill Enos, Michael Gallagher and Joseph Ryan all voted yes.

The meeting was adjourned at 2:25 p.m.

to be submitted to the GATRA Audit & Finance Committee for approval by:

A handwritten signature in black ink, appearing to read "Mark A. Sousa", is written over a horizontal line.

Mark A. Sousa
Administrator