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Board of Directors –Finance Committee  
Meeting Minutes  
August 5, 2020

Minutes of the Board of Directors Finance Committee Meeting of Wednesday, August 5, 2020 held at 4:00 p.m. via ZOOM.

**Committee Members Present:**

Paul Bradbury  
Mike Foley  
Nat Tupper

**Absent:**

Kim Cook  
Merrill Barter

**Staff and Others Present:**

Greg Jordan  
Ed Suslovic  
Ellen Sanborn  
Shelly Brooks  
Lauren Shaw  
Josh Crooker

**Public:** None

- 1. With a quorum in place, the meeting was called to order at 4:07 p.m. by Paul Bradbury, Treasurer.**
- 2. Public comment**  
No members of the public were present.

**3. 2019 Financial Audit**

RKO staff led the committee through a presentation of the 2019 Financial Audit (Presentation appended as Attachment A), which was completed June 26, 2020. METRO received an unmodified opinion of financial statements. There were clean findings under the Uniform Guidance Report or the Maine Uniform Account and Auditing Practices for Community Agencies (MAAP report). Under the report required by Government Auditing Standards (GAS), no material weaknesses were found, but a finding was noted in the Annual Inventory Adjustment. Metro's staff corrective action plan was reviewed with the committee and is actively in place.

RKO reviewed, in detail, the 2019 budget, comparing budgeted items to actual expenditures and revenue, with some specific highlights, noted below. Rock Row funds were not received until 2020.

Metro's net position increased by \$1.3m 2016-2019, but in FY18-19, this is mostly made up of capital assets, which depreciate. Federal grants are typically 85% with a 15% local match. Metro's has continuously increased, though depreciation will eventually start to lessen the amount.

Restricted assets were \$299k at the end of 2019, which represents the local match for grants that have not yet been spent. If it wasn't restricted, these funds would be absorbed by other sources. Under the two Board categories, there is \$400k and \$421k for Board policy and Unreserved funds, respectively – same as 2018. The Financial Reserve Policy sets a goal of 16.66% of budgeted operating expenditures.

At the end of 2019, this amount was \$400k = 3.1% of 2020 budgeted operating expenditures. The full policy calculation of 16.66% would require a reserve in excess of \$2.1m. FY19 had \$45k budgeted to this fund, but not deposited. Had it been, the end-of-year net position variance would be -\$37k instead of +\$6.5k.

Mike Foley moved, seconded by Nat Tupper, to approve the 2019 Financial Audit as presented. A roll call vote was called for by Paul Bradbury, Treasurer. With approval by Mike Foley, Nat Tupper, and Paul Bradbury, **the motion passed unanimously by all those present.**

#### **4. 2020 Budget Update through June 30, 2020**

Ellen Sanborn, Finance Director, reviewed the 2020 budget through June 30, 2020. Revenue figures are off because of the lack of fares, school being out so no fuel or maintenance being used, not charging for April/May advertising, and sharing advertising revenue 50/50 with the contractor instead of the usual 70/30.

Spending is as usual with less overtime, but more hazard and stand-by pay. Budgeted fees have not been expended for the automated fare payment system and fuel costs are conservatively budgeted with the expectation of future savings with the new buses.

Ellen discussed expenses related to COVID-19 and the \$3.8m received to-date from the CARES Act funding, which allowed Metro to pay off three debts in June. The reimbursement to municipalities is not yet reflected as assessments were not received until July. The timing of returning funds to municipalities is not known as yet. Rock Row paid the \$175k fee this spring.

#### **5. CARES Act Funding Update**

Greg Jordan stated the next 6-month estimated request for CARES Act funding is \$3.7-3.8m, leaving other Federal funding sources available, and year-end being on track. When the next assessment is received, the TAN, which is typically drawn down in the first half of the year, will be paid off with interest.

PACTS continues to discuss and plan for the CARES Act II funding, focusing on four categories: 1) pandemic recovery and resiliency; 2) maintaining regional transit services; 3) transit system innovation; and 4) municipal budget assistance. A small amount of Metro's next 6-month allocation will be re-directed to PACTS as it and South Portland have a lesser need for funding assistance as they have other federal funding avenues. If we come up short, the amount will be included in the next 6-month period request. At this time, more funding has been directed to Casco Bay Lines and the Downeaster as they were the worst financially hit organizations in our region.

PACTS and the State approved requests from Concord Coach so that it may get running again. If other funding sources are found, the money will be returned. This is effective only for the July-Dec. 2020 and Jan.-June 2021 periods.

Action is being taken at PACTS governing board level to assess better ways to bring together transit agencies. It has also determined the revenue hit to municipalities was 20% or \$423k. Greg will be adding \$423k to the CARES Act amendment to determine how much goes back to each municipality.

## 6. Future Agenda Items

- Create internal Board policies around procurement and make them an appendix to the Procurement Procedures manual.
- Consolidate Board policies into one centralized document.
- Periodically review existing policies to keep the Board familiar with them.
- Closely track if actual fare collection is on track with projected budget figures as the new system goes into effect.

## 7. Upcoming meetings.

- Executive Committee – August 12, 2020 at 4:30 p.m.
- Ridership Committee – August 20, 2020 at 4:00 p.m.
- Board of Directors – August 27, 2020 at 4:00 p.m.
- Finance Committee – September 16, 2020 at 4:00 p.m.

## 8. Adjournment

**Motion** made by Mike Foley, seconded by Nat Tupper to adjourn. A roll call vote was called for by Paul Bradbury, Treasurer. With approval by Mike Foley, Nat Tupper, and Paul Bradbury, **the motion passed unanimously by all those present and the meeting adjourned at 5:14 p.m.**