

**MINUTES OF THE BAT ADVISORY BOARD
AUDIT AND FINANCE COMMITTEE**

September 25, 2018

In Attendance:

Frank Hegarty, Committee Chair, Town of Avon

Frank Lynam, Town of Whitman

Chris Rogers, CLA LLP

Jennifer Cook, CLA LLP

Reinald G. Ledoux, Jr., Administrator

Linda Sacchetti, CFO

Michael Lambert, Deputy Administrator

Kathy Riddell, BAT

The meeting was called to order by Mr. Hegarty at 11:20 AM for the purpose of discussing business brought before the Audit and Finance Committee in accordance with the agenda presented and the notice sent out on September 20, 2018.

Mr. Hegarty welcomed the group. No members of the public were present, therefore there were no public comments.

Next, minutes from the meeting of May 21, 2018 were presented. Mr. Hegarty asked for a motion to accept the minutes. Motion carried.

Mr. Rogers of CliftonLarsonAllen Wealth Advisors, LLC provided the Audit and Finance Committee with a presentation of BAT's 2018 Audit. Ms. Cook directed the Committee's attention to the handout outlining the audit. Items discussed were the Terms of Engagement, Financial Highlights, Required Communications, GAO and Single Audit Results, Management Discussion items and other matters. The Financial Summary included implementation of GASB 84 and GASB 75 and the overall impact on the financial statements. The financial highlights compared BAT's position in FY17 vs. FY18. Most notable was BAT's decrease in Net Cost of Service for FY18 despite a slight increase in operating costs. Under Required Communication, Mr. Rogers stated that BAT has no past adjustments or corrected adjustments which is highly unusual and due, in large part, to the quality of the work done in the Accounting Dept. Regarding GAO and Single Audit Reports, no material weaknesses or noncompliance was reported. BAT qualified as a "low-risk" auditee. Under Management Discussion, the inability of NETS to provide a complete trial balance or reconciliation of financial report was discussed as was the recommendation of implementing USB restrictions to prevent potential data loss or introduction of malicious code into network environment. Mr. Ledoux gave the committee an overview of plans to address the issues with NETS and some options BAT may utilize.

Mr. Ledoux distributed a copy of BAT's definition of Stabilization Fund and Extraordinary Reserve and their line item balances. He then thanked both Mr. Rogers and Ms. Cook for their patience and assistance throughout the audit process and wanted to let them know that

they made BAT “better” and how valuable their knowledge was to BAT. Motion was made by Mr. Lynam and seconded by Mr. Hegarty to accept CLA’s FY18 Audit of BAT.

Mr. Ledoux asked the Committee for its opinion on utilizing CLA, LLC moving forward. CLA is finishing its two-year contract. Mr. Ledoux asked the group to consider making a recommendation to the Advisory Board to consider procuring the company moving forward as a sole source procurement to facilitate continuity with GASB 84, 75 and 87 as well as other benefits.

Ms. Sacchetti presented the Committee with Local Assessments for 2018. All assessments are based on service provided. She noted that there was very little change except for Bridgewater that had a slight increase due to the bus service that travels from the university to the Intermodal Centre. Motion was made by Mr. Lynam to accept the assessments as presented and motion was seconded by Mr. Hegarty.

Next on the agenda was Administrator Comments. Mr. Ledoux gave the group an update on First Transit. He informed the Committee that he would be meeting with the company to discuss some “added value” items he would like to see implemented including management trainings. He will also be discussing with First Transit, the assignment of the paratransit management contract as Mr. Blondin has expressed interest in selling his ownership in NETS.

Under State Audit, the Committee was informed of the audit report released by the state. The first Audit Report had a number of inaccuracies as did the second version. The state will be back regarding some issues around open checkbook and service vehicle logs. BAT will update open checkbook at a minimum on a quarterly basis. Regarding service vehicle logs, BAT will develop a non-revenue vehicle policy for those vehicles not assigned to individuals. The policy will address use of vehicles, destinations and mileage, seat belt usage, no texting and driving, etc. Once the policy is approved, it will be distributed to the management companies to implement and oversee.

Under Contract Assignment, Mr. Ledoux referred to the possibility of assigning the paratransit management contract to First Transit. If that is the case, there will be no additional cost. Otherwise BAT will go to bid for the services.

BAT is exploring development of a Capitalization Policy. Discussion took place around the table on how capitalization was handled by varying organizations including BAT. Mr. Ledoux asked the Committee to bring the discussion to the Advisory Board for further examination of policies and benefits.

Regarding an OPEB Investment Policy, Mr. Ledoux would like to meet with the Board to define who has oversight of the OPEB Investments. He believes someone from the Audit & Finance Committee should be included to develop a strategy for investments. Ms. Sacchetti directed the Committee’s attention to page 19 and 24 of the financial statement which touches on an investment policy. If adopted, any changes would be included in the financial statements in the future.

Under Old Business, Mr. Ledoux reminded the Committee that BAT had zero deficiencies on its FTA Triennial Review.

Concerning Personnel, Mr. Ledoux informed the Committee that Ms. Carew has left the organization and the position (24 hours, part-time) was offered and accepted to a multi-lingual graduate of Massasoit Community College who is presently attending Bridgewater State University.

Motion was made by Mr. Hegarty and seconded by Mr. Lynam to adjourn the meeting. Meeting adjourned at 12:20 pm.

List of handouts

Agenda

Minutes – 05/21/18

FY18 Audit Presentation Document

FY18 Financial Statements

Stabilization Fund and Extraordinary Reserve Document

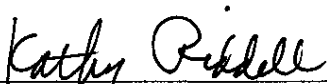
Local Assessment Letter and weighted vote

Official Audit Report, Commonwealth of MA

Audit Response Letter to Ms. Elaine Silva

Draft Non-Revenue Support Vehicle Guidelines

Respectfully submitted,



Kathy Riddell,