

# Nantucket Regional Transit Authority

3 East Chestnut Street, Nantucket, MA 02554

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## AGENDA FOR THE MEETING OF THE

### FINANCE AND AUDIT COMMITTEE of the NRTA ADVISORY BOARD

JULY 22, 2015

5:45 P.M.

COMMUNITY ROOM, NANTUCKET POLICE STATION  
4 FAIRGROUNDS ROAD  
NANTUCKET, MASSACHUSETTS

- I. Approval of Minutes from the March 18, 2015 Meeting.
- II. Discussion of the Fiscal Affairs of the Authority.



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Minutes of the Finance and Audit Committee Meeting of March 18, 2015. The meeting took place in the Training Room of the Nantucket Police Station, 4 Fairgrounds Road, Nantucket, MA 02554. Members of the Board present were: Rick Atherton, Robert DeCosta, Bruce Miller, Tobias Glidden and Karenlynn Williams. Absent: Matt Fee. Chairman Atherton opened the meeting at 5:57 p.m.

Approval of Minutes from the February 18, 2015 Meeting. The minutes of the February 18, 2015 meeting were approved by unanimous consent of the Board.

FY16 Final Budget. Paula Leary, NRTA Administrator presented the FY16 final budget noting that the only changes were the addition of the ferry connector under expenses and revenue and the extended service hours under expense and the increase to the local assessment. Mr. DeCosta asked what purchased transportation included. Ms. Leary responded it is the fixed route and demand response service. Mr. DeCosta asked why the line item for other insurance increased from FY15 to FY16. Ms. Leary explained that other insurance includes property and contents and the cost came in higher for FY15 than what was budgeted so the FY16 cost was increased. Mr. DeCosta also asked why travel costs increased. Ms. Leary explained that the accountants travel expenses are now being classified to this account and there are more off island meetings. Mr. Miller asked about the impact of the state budget. Ms. Leary stated that it is still early in the state budget process but indications were level funded or a 2 ½% increase. Mr. Miller moved that the FY16 as presented be accepted by the Finance and Audit Committee and recommend its adoption by the NRTA Advisory Board.

The meeting was unanimously adjourned at 6:04 p.m.

Approved: DRAFT

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TO: FINANCE AND AUDIT COMMITTEE OF THE NRTA ADVISORY BOARD  
FROM: PAULA LEARY, NRTA ADMINISTRATOR *Paula*  
RE: DISCUSSION OF THE FISCAL AFFAIRS OF THE AUTHORITY  
DATE: JULY 16, 2015

As you know one of the requirements of the regulation that established the creation of the finance and audit committee is the fiscal affairs of the Authority relative to internal controls and possible recommendations to improve the fiscal affairs of the Authority.

The NRTA has an independent accountant that reviews the financial activities of the NRTA on a monthly and annual basis. The independent accountant understands the entity and is familiar with all transactions of the NRTA. An internal controls checklist has been developed that verifies various transactions, for example but not limited to: computer controls, farebox and pass sale controls, revenue and receivables controls, expenditures, payroll controls and all balance sheet accounts, and inventories.

A review of various areas is done to identify fraud risk and inherent risk and make sure they don't exist and are covered by controls. An example of inherent risk is cash.

The independent accountant completes and does an internal audit of balance sheet accounts both monthly and annually. An analytical review is done monthly and annually. A review of the following areas is done: related party transactions, minutes, review commitments and contingency testing.

The NRTA has an Accounting Procedure Manual in accordance with the Federal Government's Office of Management and Budget's (OMB) Common Rule (49 CFR Part 18).

There are internal controls Relative to Federal Award Programs that include, but are not limited to: risk of materials non-compliance assessment, inherent risk of non compliance



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assessment, compliance with activities allowed and not allowed, cash management, allowable costs, and matching compliance.

There is also OMB Compliance Supplement Testing, FTA cross-cutting section compliance, and formula grants for rural areas compliance testing.

Effective for fiscal year 2015 there are new pension accounting standards under GASB 68 that requires entities to report net pension liability, as well as the fair value of plan assets available to pay pension benefits and significant additional footnote disclosures are part of the requirement.

The independent auditor reviews internal controls over financial reporting and testing internal controls and transactions. Recommendations for improvements would be made by the auditor in the management letter that is part of the audited financial statements and communicated to the Advisory Board. The NRTA has not had any findings relative to internal controls for the past several and the fiscal affairs of the Authority are sound.

The FY15 audit is currently being conducted and the auditor will make a report to the Finance and Audit Committee upon it's issuance in September.

Tom Thevenin, accountant and Bruce Norling, auditor will be at the meeting to answer any questions you may have.

Thank you.

