

BERKSHIRE REGIONAL TRANSIT AUTHORITY

**Financial Statements and
Supplementary Information**

June 30, 2010

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INDEPENDENT AUDITORS' REPORT

To the Advisory Board of the
BERKSHIRE REGIONAL TRANSIT AUTHORITY
 One Columbus Avenue, Suite 201
 Pittsfield, MA 01201

We have audited the accompanying financial statements of the business-type activities of Berkshire Regional Transit Authority, a component unit of the Commonwealth of Massachusetts, as of and for the years ended June 30, 2010 and 2009, which comprise the Berkshire Regional Transit Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Berkshire Regional Transit Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Berkshire Regional Transit Authority, as of June 30, 2010 and 2009, and the changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 25, 2010 on our consideration of the Berkshire Regional Transit Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 and budgetary comparisons on pages 6 and 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in

the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information starting on page 28 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Adelson Moynihan Kowalczyk PC

ADELSON MOYNIHAN KOWALCZYK PC

August 25, 2010



Adelson Moynihan Kowalczyk PC

CERTIFIED PUBLIC ACCOUNTANTS

BERKSHIRE REGIONAL TRANSIT AUTHORITY**Management's Discussion and Analysis****For the Fiscal Year Ended June 30, 2010**

As the Administrator of the Berkshire Regional Transit Authority (the Authority), I offer readers of the Authority's financial statements this overview and analysis of the financial activities for the fiscal year ended June 30, 2010.

Financial Highlights

- The assets of the Authority exceeded its liabilities at June 30, 2010 by \$14,056,338.
- The Authority's total net assets decreased by \$(265,413) mainly due to purchase of capital assets of \$755,373, current year non-reimbursable depreciation on capital assets of \$(970,269), an increase in assets held by Berkshire Transit Management, Inc., the Authority's fixed route operator of \$69,884, and a current year unfunded deficit of \$(120,401).
- Operating revenues increased \$254,043 or 6% from fiscal year 2009.
- Operating expenses decreased \$(126,737) or (1%) from fiscal year 2009.
- The Authority expended \$755,373 on capital assets.
- The Authority's operations are funded annually through a state required computation of the net cost of service. Except for the establishment of a small restricted reserve, the Authority's funding cannot exceed its net cost of service. However, a deficit can result if funding is not sufficient to cover expenses.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority is a special purpose government engaged in only business type activities. As such, its financial statements consist of only those required for enterprise funds and notes to the financial statements.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 9 through 27 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents budgetary information on pages 6 and 7 as well as other supplementary information on pages 28 through 31 of this report.

BERKSHIRE REGIONAL TRANSIT AUTHORITY

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

Government Financial Analysis

The Authority's net assets consist almost exclusively of its net investment in capital assets (e.g. land, buildings, revenue vehicles and equipment); less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide fixed route and demand response transit services to individuals within its service area; consequently, these net assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt, if any, must be provided from other sources, since the capital assets themselves can not be used to liquidate these liabilities.

The Authority currently has no capital lease obligations or capital debt.

Summary of Net Assets

	<u>6/30/2010</u>	<u>6/30/2009</u>
Total current assets	\$ 6,687,737	\$ 6,702,138
Property and equipment, net	<u>13,489,700</u>	<u>13,712,363</u>
Total assets	20,177,437	20,414,501
 Total liabilities	 <u>6,121,099</u>	 <u>6,092,750</u>
 Investment in capital assets, net of related debt	 13,489,700	 13,712,363
Restricted for other purposes	891,852	821,968
Unrestricted	<u>(325,214)</u>	<u>(212,580)</u>
 Total net assets	 <u>\$ 14,056,338</u>	 <u>\$ 14,321,751</u>

BERKSHIRE REGIONAL TRANSIT AUTHORITY

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

Net assets restricted for other purposes

The Authority's net assets "Restricted for other purposes", represents resources that are subject to restrictions on how they may be used. At June 30, 2010 the Authority's restricted net assets consisted of the following:

Assets held by Berkshire Transit Management, Inc. for operation of the fixed route	\$ 746,912
Accumulated reserve established under Massachusetts General Laws for extraordinary expenses	<u>144,940</u>
Total	<u>\$ 891,852</u>

Unrestricted net assets

Unrestricted net assets represent funds that may be used to fund current operations. During fiscal year 2010, the unrestricted fund balance decreased a net amount of \$(112,634) from fiscal year 2009 for a total negative unrestricted fund balance of (\$325,214) at June 30, 2010. The net decrease in the unrestricted fund balance is due to the following:

Current year unfunded deficit	\$ (120,401)
Current year reimbursable depreciation on capital assets	<u>7,767</u>
Change in unrestricted net assets	(112,634)
Unrestricted net assets, beginning	<u>(212,580)</u>
Unrestricted net assets, ending	<u>\$ (325,214)</u>

BERKSHIRE REGIONAL TRANSIT AUTHORITY

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

Summary of Statement of Revenues, Expenses and Changes in Net Assets

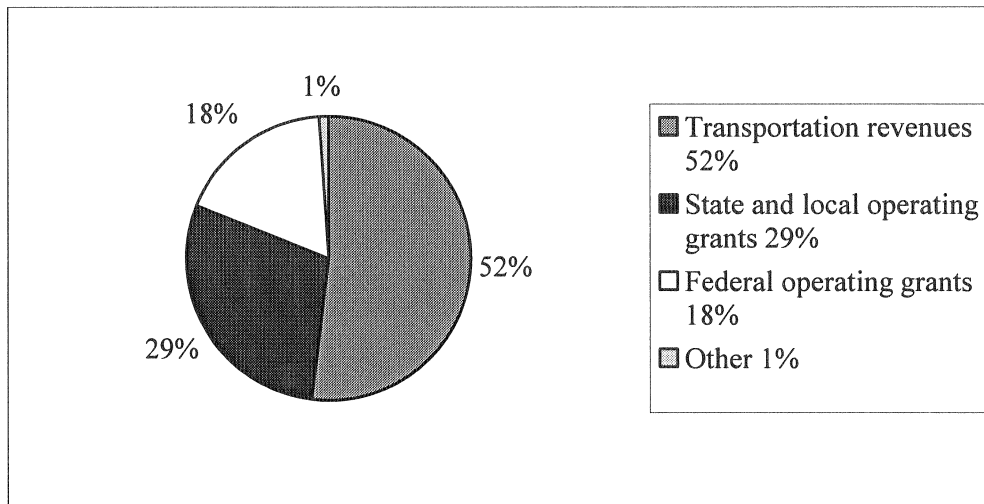
	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>Change</u>
Total operating revenues	\$ 4,671,103	\$ 4,417,060	\$ 254,043
Total operating expenses	<u>9,003,801</u>	<u>9,130,538</u>	<u>(126,737)</u>
Operating income (loss)	(4,332,698)	(4,713,478)	380,780
Total non-operating revenues (expenses)	<u>4,212,297</u>	<u>4,565,596</u>	<u>(353,299)</u>
Income (loss) before capital contributions and other items	(120,401)	(147,882)	27,481
Capital contributions	755,373	399,092	356,281
Nonreimbursable depreciation	(970,269)	(894,766)	(75,503)
Increase in assets held by Berkshire Transit Management	<u>69,884</u>	<u>212,646</u>	<u>(142,762)</u>
Change in net assets	(265,413)	(430,910)	165,497
Net assets, beginning	<u>14,321,751</u>	<u>14,752,661</u>	<u>(430,910)</u>
Net assets, ending	<u>\$ 14,056,338</u>	<u>\$ 14,321,751</u>	<u>\$ (265,413)</u>

Operating revenues increased \$254,043 or 6% from the prior year. This increase is attributable to an increase in fixed route ridership and brokerage (HST) activity.

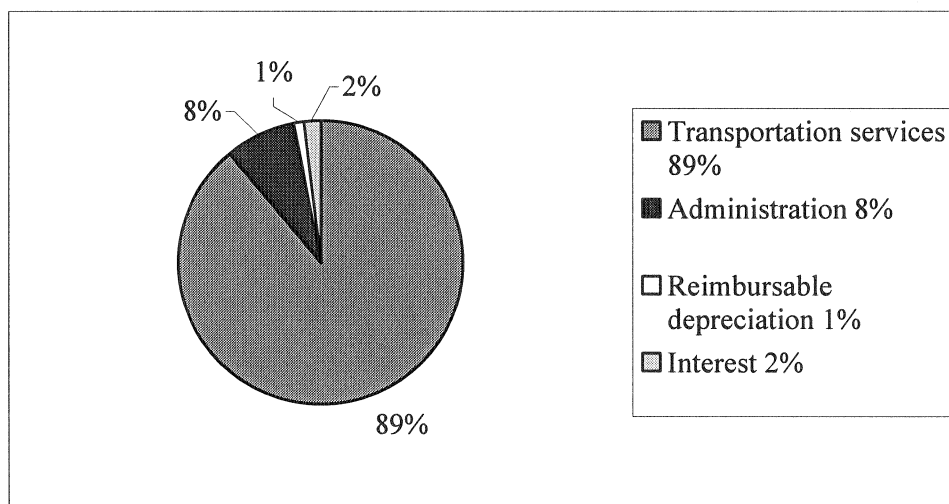
Operating expenses decreased \$(126,737) or (1%) from the prior year. Fixed route service expenses decreased \$(56,048) from fiscal year 2009 mainly due to decreased insurance, fuel, and vehicle maintenance costs; demand response service decreased (\$210,266) from fiscal year 2009; brokerage service increased \$288,581 from fiscal year 2009 mainly due to increased activity; administrative salaries, taxes and fringe benefits increased \$19,751 from fiscal year 2009; other administrative costs decreased \$(168,755) mainly due to recording an allowance for doubtful accounts of \$151,408 against an unpaid receivable from the Commonwealth of Massachusetts in fiscal year 2009.

BERKSHIRE REGIONAL TRANSIT AUTHORITY**Management's Discussion and Analysis****For the Fiscal Year Ended June 30, 2010**

Total Operating and Non-operating
Revenues of \$9,027,102 by Source



Total Operating and Non-operating
Expenses of \$9,147,503 by Source



BERKSHIRE REGIONAL TRANSIT AUTHORITY

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

Budget vs. Actual – an analysis of significant budget variances, including reasons for the variances that may affect future services or liquidity is as follows:

- Demand response income and expense were over budget due to additional activity throughout the year.
- Brokerage expenses were under budget due to ridership cost saving measures.

Capital Asset and Debt Administration

Capital assets

The Authority's net decrease in capital assets during the year ending June 30, 2010 was \$(408,474); \$755,373 of capital purchases less disposals of old and obsolete equipment and revenue vehicles of \$(1,163,847). The Authority primarily acquires its capital assets under federal capital grants with state matching funds. The details on capital assets totaling \$13,489,700, net of accumulated depreciation, are disclosed in Note 5 of the financial statements.

This net decrease in investment in capital assets includes:

Purchases

Five 2009 Ford E-450 Phoenix minibuses	\$ 528,050
ITS vehicle locator system	28,058
Bus stop shelters	7,475
Wheelchair transit bus	163,022
Intermodal center common area renovations	4,546
Heavy duty tire changer	<u>24,222</u>
Total purchases	755,373
Less disposal of old vehicles and equipment	<u>(1,163,847)</u>
Net decrease in capital assets	<u>\$ (408,474)</u>

BERKSHIRE REGIONAL TRANSIT AUTHORITY**Management's Discussion and Analysis****For the Fiscal Year Ended June 30, 2010***Revenue Anticipation Notes*

At the end of fiscal year 2010, the Authority had a revenue anticipation note payable of \$5,610,000 maturing on September 10, 2010 at a rate of 2.75%. This note provides cash flow until Commonwealth appropriations are received.

Economic Factors and Next Year's Budget

Funding for the Authority's net cost of service (non-capital expenses less all non-capital revenues except state contract assistance and member municipality assessments) is dependent primarily (up to 75%) on operating assistance from the Commonwealth of Massachusetts. This operating assistance is funded a year in arrear by the State (the Authority's fiscal 2010 assistance will be included in the State's fiscal 2011 budget). The balance (at least 25% but no more than 50%) of the Authority's net cost of service is funded also in arrears through assessments to member municipalities. These assessments may increase annually in the aggregate by no more than 2.5% plus the member's share of any new services.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gary Shepard, Administrator, Berkshire Regional Transit Authority, One Columbus Avenue – Suite 201, Pittsfield, MA, 01201.

BERKSHIRE REGIONAL TRANSIT AUTHORITY

STATEMENTS OF NET ASSETS

JUNE 30,

	2010	2009
ASSETS		
Current assets		
Cash and equivalents	\$ 473,100	\$ 685,902
Receivables, net	5,448,992	5,332,240
Prepaid expenses	758,927	677,278
Other assets	<u>6,718</u>	<u>6,718</u>
Total current assets	6,687,737	6,702,138
Property and equipment, net	<u>13,489,700</u>	<u>13,712,363</u>
Total assets	<u>20,177,437</u>	<u>20,414,501</u>
LIABILITIES		
Accounts payable	333,946	268,453
Accrued payroll and related liabilities	19,044	21,797
Deferred revenue	32,275	25,046
Accrued interest	125,834	167,454
Notes payable	<u>5,610,000</u>	<u>5,610,000</u>
Total liabilities	<u>6,121,099</u>	<u>6,092,750</u>
NET ASSETS		
Invested in capital assets, net of related debt	13,489,700	13,712,363
Restricted for other purposes	891,852	821,968
Unrestricted	<u>(325,214)</u>	<u>(212,580)</u>
Total net assets	<u>\$ 14,056,338</u>	<u>\$ 14,321,751</u>

See notes to financial statements.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues			
Fixed route income	\$ 725,035	\$ 724,891	\$ (144)
Demand response fare income	221,126	226,563	5,437
Brokerage service income	3,719,961	3,719,649	(312)
Total operating revenues	<u>4,666,122</u>	<u>4,671,103</u>	<u>4,981</u>
Operating expenses			
Fixed route service	4,046,667	3,984,911	61,756
Demand response service	781,344	873,374	(92,030)
Brokerage service	3,552,190	3,398,855	153,335
Administrative salaries, taxes and fringe benefits	418,131	413,579	4,552
Other administrative expenses	318,770	325,315	(6,545)
Reimbursable depreciation	---	7,767	(7,767)
Total operating expenses	<u>9,117,102</u>	<u>9,003,801</u>	<u>113,301</u>
Operating income (loss)	<u>(4,450,980)</u>	<u>(4,332,698)</u>	<u>118,282</u>
Nonoperating revenues (expenses)			
Operating assistance			
Federal	1,699,838	1,649,367	(50,471)
Massachusetts	1,830,363	1,812,128	(18,235)
Member communities	656,533	761,433	104,900
Other Federal assistance	332,000	18,160	(313,840)
Other State assistance	---	20,672	20,672
Advertising income	20,000	24,966	4,966
Rental income	38,116	38,119	3
Other income	23,884	19,525	(4,359)
Interest income	18,000	11,629	(6,371)
Interest expense	(200,000)	(143,702)	56,298
Total non-operating revenues (expenses)	<u>4,418,734</u>	<u>4,212,297</u>	<u>(206,437)</u>
Income (loss) before capital contributions and other items	<u>\$ (32,246)</u>	(120,401)	<u>\$ (88,155)</u>
Capital contributions		755,373	
Nonreimbursable depreciation		(970,269)	
Other changes		<u>69,884</u>	
Change in net assets		(265,413)	
Net assets, beginning		<u>14,321,751</u>	
Net assets, ending		<u>\$ 14,056,338</u>	

See notes to financial statements.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues			
Fixed route income	\$ 711,110	\$ 756,252	\$ 45,142
Demand response fare income	310,442	284,758	(25,684)
Brokerage service income	2,714,690	3,376,050	661,360
Total operating revenues	<u>3,736,242</u>	<u>4,417,060</u>	<u>680,818</u>
Operating expenses			
Fixed route service	4,107,432	4,040,959	66,473
Demand response service	1,063,919	1,083,640	(19,721)
Brokerage service	2,447,757	3,110,274	(662,517)
Administrative salaries, taxes and fringe benefits	385,999	393,828	(7,829)
Other administrative expenses	425,389	494,069	(68,680)
Reimbursable depreciation	---	7,768	(7,768)
Total operating expenses	<u>8,430,496</u>	<u>9,130,538</u>	<u>(700,042)</u>
Operating income (loss)	<u>(4,694,254)</u>	<u>(4,713,478)</u>	<u>(19,224)</u>
Nonoperating revenues (expenses)			
Operating assistance			
Federal	1,473,004	1,821,181	348,177
Massachusetts	2,040,950	1,832,483	(208,467)
Member communities	724,742	742,861	18,119
Other Federal assistance	260,449	203,802	(56,647)
Advertising income	8,000	5,353	(2,647)
Rental income	53,119	53,119	---
Other income	18,660	39,491	20,831
Interest income	16,000	17,208	1,208
Interest expense	(190,750)	(149,902)	40,848
Total non-operating revenues (expenses)	<u>4,404,174</u>	<u>4,565,596</u>	<u>161,422</u>
Income (loss) before capital contributions and other items	<u>\$ (290,080)</u>	(147,882)	<u>\$ 142,198</u>
Capital contributions		399,092	
Nonreimbursable depreciation		(894,766)	
Other changes		<u>212,646</u>	
Change in net assets		(430,910)	
Net assets, beginning		<u>14,752,661</u>	
Net assets, ending		<u>\$ 14,321,751</u>	

See notes to financial statements.

BERKSHIRE REGIONAL TRANSIT AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30,

	2010	2009
Cash flows from operating activities:		
Receipts from customers	\$ 4,675,252	\$ 4,187,853
Payments for goods and services	(8,559,789)	(8,916,376)
Payments to employees	(416,332)	(395,028)
Net cash provided (used) by operating activities	<u>(4,300,869)</u>	<u>(5,123,551)</u>
Cash flows from noncapital financing activities:		
Receipts of operating grants	4,261,760	4,600,327
Proceeds from issuing revenue anticipation notes	5,610,000	5,610,000
Repayments of revenue anticipation notes	(5,610,000)	(5,212,803)
Interest paid	(185,322)	(178,562)
Net cash provided (used) by noncapital financing activities	<u>4,076,438</u>	<u>4,818,962</u>
Cash flows from capital and related financing activities:		
Receipts of capital grants	755,373	399,092
Payments for capital acquisitions	(755,373)	(239,092)
Net cash provided (used) by capital and related financing activities	<u>---</u>	<u>160,000</u>
Cash flows from investing activities:		
Interest on savings	<u>11,629</u>	<u>17,208</u>
Net cash provided (used) by investing activities	<u>11,629</u>	<u>17,208</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(212,802)	(127,381)
Cash and equivalents, beginning	<u>685,902</u>	<u>813,283</u>
CASH AND EQUIVALENTS, ENDING	<u>\$ 473,100</u>	<u>\$ 685,902</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
OPERATING LOSS	\$ (4,332,698)	\$ (4,713,478)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Reimbursable depreciation	7,767	7,768
Advertising income	24,966	5,353
Rental income	38,119	53,119
Other income	19,525	39,491
Change in assets and liabilities:		
(Increase) decrease in receivables	(116,752)	(399,155)
(Increase) decrease in prepaid expenses	(11,765)	6,718
(Increase) decrease in other assets	---	(6,718)
Increase (decrease) in accounts payable	65,493	(115,659)
Increase (decrease) in accrued payroll and related liabilities	(2,753)	(1,200)
Increase (decrease) in deferred revenue	7,229	210
Net cash provided (used) by operating activities	<u>\$ (4,300,869)</u>	<u>\$ (5,123,551)</u>

See notes to financial statements.

BERKSHIRE REGIONAL TRANSIT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****June 30, 2010****NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Organization**

The Berkshire Regional Transit Authority (the Authority) operates under Massachusetts General Laws (MGL) Chapter 161B as a body politic and a corporate and political subdivision of the Commonwealth of Massachusetts. Its members consist of the cities of Pittsfield and North Adams and the towns of Adams, Alford, Becket, Cheshire, Clarksburg, Dalton, Egremont, Florida, Great Barrington, Hinsdale, Lanesborough, Lee, Lenox, Monterey, Mt. Washington, Richmond, Sheffield, Stockbridge, Washington and Williamstown. It has a general responsibility to develop, finance and contract for the operation of mass transportation facilities within its territory. It is authorized to improve, modify, or extend existing facilities and enter into agreements with other parties, including government agencies, municipalities, authorities, private transportation companies, railroads, corporations, and other concerns, providing for construction, operation and use by such other party of any mass transportation facility or equipment of the Authority.

The Authority's activities are managed by an administrator who is appointed by an Advisory Board which is made up of representatives appointed from the member communities. The Authority's operations are primarily funded through passenger fares, contractual reimbursements and operating subsidies from the federal and state governments and member municipalities. In addition, the Authority receives capital grants from the federal and state governments to finance acquisitions and improvements of facilities and equipment.

Basis of Accounting

An enterprise fund is used to account for the Authority, which is maintained on the accrual basis of accounting.

The Authority uses proprietary fund accounting, which follows all Governmental Accounting Standards Board pronouncements and all Financial Accounting Standards Board Statements and Interpretations, Accounting Principle Board opinions, and Accounting Research Bulletins issued on or before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing transit services to the general public. The principal operating revenues consist of passenger fares and contract reimbursements for demand response transit services provided to agencies of the Commonwealth of Massachusetts. Operating expenses include the cost of transit services provided by third party vendors, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Authority is a component unit of the Commonwealth of Massachusetts per statement No. 14 of the Governmental Accounting Standards Board. Massachusetts provides funding to the Authority.

Revenue Recognition

Operating assistance and capital assistance are recorded at the time eligible expenditures under the terms of the grants are incurred.

NOTE 1 - (Continued)**Budgetary Basis of Accounting**

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Administrator presents to the Advisory Board a proposed budget by April 1, each year, for the fiscal year commencing the following July. The budget includes proposed expenditures and the means of financing them.
2. By June 1, each year, the budget is legally enacted by a vote of the Advisory Board.

Funding

The Authority's operations are funded through fares from riders and assistance provided under various federal, state, and local grants. Reimbursement under these grants is based on expenses incurred during the fiscal year and is subject to certain compliance regulations.

Capital Grants

The Authority's capital assets are generally acquired with federal, state and local capital grants. These assets are owned by the Authority and included in property and equipment. Proceeds received from dispositions of these assets must be either refunded to the grantor agency or used to acquire new capital items. Capital grant revenues are reflected in the Statement of Revenues, Expenses and Changes in Net Assets as capital contributions.

Cash and Equivalents

For purposes of the statements of cash flows, the Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Property and Equipment

Property and equipment are recorded at acquisition cost and depreciation is calculated using the straight-line method over five to forty year lives.

Net Assets Restricted for Other Purposes

A reserve has been established by the Authority for the purpose of meeting the cost of extraordinary expenses of the Authority in accordance with MGL Chapter 161B Section 6(q). At June 30, 2010, the Authority's reserve balance was \$144,940.

Allocation of Indirect Costs

An indirect cost allocation plan established under Office of Management and Budget Circular A-87 is utilized in which all costs that are not chargeable directly to a program are allocated to each program on the basis of either salaries or operating expenses charged directly to each program.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 - (Continued)**Subsequent Events**

Management has evaluated subsequent events through August 25, 2010, the date which the financial statements were available to be issued.

Concentration of Source of Supply of Labor

On March 31, 2008 the Authority signed a three year contract effective July 1, 2008 and expiring on June 30, 2011, for its fixed route transportation services with Berkshire Transit Management (BTM), a division of First Transit, Inc.

Approximately, sixty-eight percent (68%) of BTM employees are members of the International Brotherhood of Teamsters, Local 404 (the Union). BTM's labor agreement with the Union is effective through June 30, 2012.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$28,132 and \$5,999 for the years ended June 30, 2010 and 2009, respectively.

Comparative Data

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2 - DEPOSITS AND INVESTMENTS

State and local statutes place certain limitations on the nature of deposits and investments available to the Authority. Deposits including demand deposits, money markets and certificates of deposit in any one financial institution, may not exceed certain levels unless collateralized by the financial institution involved. Investments may be made in unconditionally guaranteed U.S. Government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include authorized bonds of all states, banker's acceptances, commercial paper rated within the three highest classifications established by rating agencies, and units in the Massachusetts Municipal Depository Trust.

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority carries deposits that are insured by FDIC and DIF insurance. Insured bank deposits as of June 30, 2010, were \$473,000. Uninsured bank deposits as of June 30, 2010, were \$-0-.

NOTE 3 - RECEIVABLES CONSISTED OF THE FOLLOWING AT JUNE 30:

	<u>2010</u>	<u>2009</u>
Federal		
Operating assistance		
Section 5307 operating	\$ 1,246,788	\$ 1,593,085
Section 5311 operating	456,192	228,096
Section 5316 Job Access Reverse Commute	---	37,261
Subtotal	<u>1,702,980</u>	<u>1,858,442</u>
Capital and planning assistance		
Section 5307 capital	125,449	27,345
Section 5309 capital	9,793	25,428
Section 5307 planning	<u>1,984</u>	<u>4,427</u>
Subtotal	<u>137,226</u>	<u>57,200</u>
Total - Federal	<u>1,840,206</u>	<u>1,915,642</u>
Massachusetts		
Operating assistance for current year expenditures	1,822,305	1,832,483
* Operating assistance for prior year expenditures	151,408	151,408
Capital assistance	195,056	16,058
Allowance for uncollectible	<u>(151,408)</u>	<u>(151,408)</u>
Total - Massachusetts	<u>2,017,361</u>	<u>1,848,541</u>
Member communities		
Operating assistance for current year expenditures	761,433	742,861
Operating assistance for prior year expenditures	<u>203,419</u>	<u>194,474</u>
Total - member communities	<u>964,852</u>	<u>937,335</u>
Other receivables	<u>626,573</u>	<u>630,722</u>
Total	<u>\$ 5,448,992</u>	<u>\$ 5,332,240</u>

* The Authority has recorded an allowance against this receivable which is required for the financial statements to be in conformity with U.S. generally accepted accounting principles. The Authority believes that this receivable will eventually be paid by the State, and has not been advised by the State that it is uncollectible.

NOTE 3 - (Continued)

The Federal government, under 49 USC sections 5307 and 5311, provides for assistance of up to 50% of the Authority's operating deficit. In addition, under 49 USC sections 5307, 5309 and 5310, the Federal government may provide 80% to 100% of the cost of capital equipment. During the year ended June 30, 2010 and 2009, the Authority was awarded American Recovery and Reinvestment funds through the Department of Transportation, of which 10% may provide for operating assistance with the remainder for capital assistance.

Massachusetts general laws require the operating assistance assessed upon local cities and towns be at least 25% of net cost of service including new services. Local assessment can be increased by a maximum of 2.5% of the previous year's local assessment plus 25% of the cost of new service.

The Authority has a contract with the Commonwealth of Massachusetts under which Massachusetts agrees to provide operating assistance for a portion of the operating deficit remaining after any Federal grants and the local assistance have been applied.

NOTE 4 - PREPAID EXPENSES CONSISTED OF THE FOLLOWING AT JUNE 30:

	<u>2010</u>	<u>2009</u>
Computer consulting fees	\$ 12,015	\$ ---
Cash, inventory and other assets held by Berkshire Transit Management, Inc.	<u>746,912</u>	<u>677,278</u>
Total	<u>\$ 758,927</u>	<u>\$ 677,278</u>

Berkshire Transit Management, Inc. (BTM) is the fixed route contract operator for the Authority. The assets held by BTM are owned by the Authority.

NOTE 5 - PROPERTY AND EQUIPMENT CONSISTED OF THE FOLLOWING AT JUNE 30:

	2010			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 61,628	\$ ---	\$ ---	\$ 61,628
Total capital assets, not being depreciated	61,628	---	---	61,628
Capital assets, being depreciated:				
Buildings	13,275,820	4,546	(82,357)	13,198,009
Revenue equipment	6,451,798	726,605	(1,024,780)	6,153,623
Office equipment and furniture	178,377	24,222	(17,636)	184,963
Service vehicles	224,579	---	(39,074)	185,505
Total capital assets, being depreciated	20,130,574	755,373	(1,163,847)	19,722,100
Less accumulated depreciation for:				
Buildings	3,081,294	392,954	(82,357)	3,391,891
Revenue equipment	3,110,222	550,028	(1,024,780)	2,635,470
Office equipment and furniture	97,480	17,063	(17,636)	96,907
Service vehicles	190,843	17,991	(39,074)	169,760
Total accumulated depreciation	6,479,839	978,036	(1,163,847)	6,294,028
Total capital assets, being depreciated, net	13,650,735	(222,663)	---	13,428,072
Capital assets, net	\$ 13,712,363	\$ (222,663)	\$ ---	\$ 13,489,700

NOTE 5 - (Continued)

	2009			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 61,628	\$ ---	\$ ---	\$ 61,628
Total capital assets, not being depreciated	61,628	---	---	61,628
Capital assets, being depreciated:				
Buildings	13,076,596	199,224	---	13,275,820
Revenue equipment	6,423,731	28,067	---	6,451,798
Office equipment and furniture	166,576	11,801	---	178,377
Service vehicles	224,579	---	---	224,579
Total capital assets, being depreciated	19,891,482	239,092	---	20,130,574
Less accumulated depreciation for:				
Buildings	2,712,417	368,877	---	3,081,294
Revenue equipment	2,610,832	499,390	---	3,110,222
Office equipment and furniture	81,204	16,276	---	97,480
Service vehicles	172,852	17,991	---	190,843
Total accumulated depreciation	5,577,305	902,534	---	6,479,839
Total capital assets, being depreciated, net	14,314,177	(663,442)	---	13,650,735
Capital assets, net	\$ 14,375,805	\$ (663,442)	\$ ---	\$ 13,712,363

NOTE 6 - NOTES PAYABLE CONSISTED OF THE FOLLOWING AT JUNE 30:

	<u>2010</u>	<u>2009</u>
2.75% Revenue anticipation note, due September 10, 2010	\$ 5,610,000	
3.50% Revenue anticipation note, due September 11, 2009		<u>\$ 5,610,000</u>
Total	<u>\$ 5,610,000</u>	<u>\$ 5,610,000</u>

Effective July 1, 2008 the Commonwealth is required pursuant to Section 10 of Chapter 161B of the Massachusetts General Laws to pay to the Authority amounts duly certified by the Administrator as necessary to pay the principal and interest on these notes if sufficient funds are not otherwise available; the obligation of the Commonwealth to pay such amounts to the Authority is a general obligation of the Commonwealth and the full faith and credit of the Commonwealth is pledged to make such payments.

NOTE 7 - NET ASSETS CONSISTED OF THE FOLLOWING AT JUNE 30:

	2010			
	Invested in capital assets	Restricted	Unrestricted	Total
Net loss			\$ (120,401)	\$ (120,401)
Reimbursable depreciation	\$ (7,767)		7,767	
Nonreimbursable depreciation	(970,269)			(970,269)
Capital contributions	755,373			755,373
Increase in restricted net assets for assets held by transportation contractor		\$ 69,884		69,884
Increase (decrease) in net assets	(222,663)	69,884	(112,634)	(265,413)
Net assets, beginning	13,712,363	821,968	(212,580)	14,321,751
Net assets, ending	<u>\$ 13,489,700</u>	<u>\$ 891,852</u>	<u>\$ (325,214)</u>	<u>\$ 14,056,338</u>

	2009			
	Invested in capital assets	Restricted	Unrestricted	Total
Net loss			\$ (147,882)	\$ (147,882)
Reimbursable depreciation	\$ (7,768)		7,768	
Nonreimbursable depreciation	(894,766)			(894,766)
Capital contributions	399,092			399,092
Other	(160,000)		160,000	---
Increase to reserve for Extraordinary expenses		\$ 3,526	(3,526)	---
Increase in restricted net assets for assets held by transportation contractor		212,646		212,646
Increase (decrease) in net assets	(663,442)	216,172	16,360	(430,910)
Net assets, beginning	14,375,805	605,796	(228,940)	14,752,661
Net assets, ending	<u>\$ 13,712,363</u>	<u>\$ 821,968</u>	<u>\$ (212,580)</u>	<u>\$ 14,321,751</u>

A reserve has been established by the Authority, restricted for the purpose of meeting the cost of extraordinary expenses of the Authority in accordance with MGL Chapter 161B Section 6(q). At June 30, 2010 and 2009, the Authority's reserved balance was \$144,940.

NOTE 8 - TRANSPORTATION CONTRACTS CONSISTED OF THE FOLLOWING AT JUNE 30, 2010:

- A. Fixed route service was provided by Berkshire Transit Management Services, Inc. to the communities of Adams, Cheshire, Dalton, Great Barrington, Hinsdale, Lanesborough, Lee, Lenox, North Adams, Pittsfield, Stockbridge and Williamstown. Payments were based upon reimbursement for actual costs incurred plus a fixed management fee of \$135,600.
- B. Approximately three taxi companies provided door-to-door transportation service for the elderly and disabled in the Authority's member communities. The Authority sold taxi tickets at a twenty percent discount from the face value to thirteen non-profit agencies, which distributed them to the residents of the above communities. Payments under these contracts were based upon the face value of tickets returned by the taxi operators.
- C. Under agreement to the Authority, one cabulance, or "chaircar" company provided door-to-door service to Authority-qualified persons confined to wheelchairs. Service was provided in the Authority's member communities. The Authority subsidized 65% of the cost of this transportation service. Customers purchased tickets from the Authority or other approved agencies at the subsidized cost and the vendor submitted the tickets to the Authority for payment of the full cost of service, established by agreement with the Authority.
- D. The Americans With Disabilities Act mandates that paratransit service be made available to disabled persons unable to access the fixed route buses at a cost not to exceed twice the maximum fare on the fixed route system. This is a curb-to-curb service utilizing a chaircar company with which the Authority contracts. Payments to the provider is a negotiated fare for the chaircar company. User cost is \$2.50 for each town traveled, up to a maximum fare of \$10.00.
- E. Under agreement to the Authority, ten Council on Aging (COA) organizations provided paratransit service to Authority-qualified persons with disabilities in their communities. Service was provided in Dalton, Lenox, Great Barrington, Pittsfield, Lanesborough, Adams, Cheshire, North Adams and Williamstown. Customers paid to the COA their usual suggested donation. The COA organizations receive a fixed stipend paid monthly, established by agreement with the Authority.
- F. Under agreement to the Authority, one private non-profit organization (a consortium of nine Councils on Aging) provided paratransit service to qualified persons with disabilities in the Authority's member communities. Customers paid the private, non-profit organization its usual suggested donation.
- G. Approximately four taxi companies and three chaircar/ambulatory van companies provided transportation for Department of Medical Assistance (DMA), Department of Developmental Services (DDS) and Department of Public Health (DPH) eligible recipients. These provider companies submitted invoices to the Authority for payment at fees for services established by agreement with the Authority. The Authority was reimbursed by DMA, DDS and DPH for the provider service costs. In addition, the Department of Human Service Transportation (HST) paid the Authority a fixed management fee of \$266,933 during the fiscal year for providing these services.
- H. Under agreement to the Authority one vendor provided transportation (RideWorks) to riders that needed a ride to work but was unable to access the fixed bus route. RideWorks provided transportation services to the communities of Pittsfield, Dalton, Lanesborough, Lenox and Richmond. Riders purchased tickets for the work related trips with fares varying by towns traveled and stops required (direct or daycare stops). This program terminated on August 30, 2009, but the same funds (Job Access Reverse Commute) were used to implement three new loop services on the fixed route in fiscal year 2011.

NOTE 9 - DEFERRED COMPENSATION PLAN

The Authority is a member of the Commonwealth of Massachusetts Deferred Compensation Program. The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect To Service For State and Local Governments). The plan is administered by Great-West Retirement Services. Under the plan, employees may elect to defer a portion of their salaries and postpone paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries.

As part of its fiduciary role, the Authority has an obligation of due care in selecting the third party administrator. In the opinion of the Authority's management, the Authority has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

NOTE 10 - PENSION PLAN**Plan Description**

The Authority provides retirement benefits to employees through the Berkshire Regional Transit Authority Pension Plan (the Plan). The Plan is a defined benefit pension plan which covers all eligible employees of the Authority. Employees, who are at least 21 years old, are eligible to enter the plan on the first day of the plan year. Members of the Plan become 100% vested immediately upon entering the plan.

The Plan provides both retirement and death benefits. Retirement benefits are calculated at 2.5% of a member's average monthly compensation times the number of years of service to a maximum of 40 years. Benefit payments are based upon a member's age, length of creditable service and level of compensation. Normal retirement is attained at age 65 with at least 5 years participation. A retirement allowance may be received early if the participant has reached age 55 and completed five years of service.

(Continued)

NOTE 10 - (Continued)**Annual Pension Cost and Net Pension Asset**

The Authority's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	\$ 36,174
Interest on net pension obligation	375
Adjustment to annual required contribution	---
Annual pension cost	36,549
Contributions made	(37,280)
Increase (decrease) in net pension obligation	(731)
Net pension excess (obligation) at beginning of year	35,621
Net pension excess (obligation) at end of year	\$ 34,890

Funding Policy and Actuarial Assumptions

Valuation date	July 1, 2009
Actuarial cost method	Modified Aggregate Cost Method
Asset valuation method	Market value
Actuarial market value of assets	\$ 139,696
Investment rate of return	6%
Projected salary increase	2%

Three Year Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Certain information for the Plan for the last three years is presented below.

Plan year ending	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
06/30/08	\$ 34,254	100%	\$ ---
06/30/09	\$ 35,822	100%	\$ ---
06/30/10	\$ 36,549	100%	\$ ---

Additional pension disclosures required by generally accepted accounting principles were not available for presentation, but management feels this information would not have a material effect on the financial statement.

NOTE 11 - DEMAND RESPONSE FARE INCOME AND SERVICE EXPENSES CONSISTED OF THE FOLLOWING FOR THE YEARS ENDED JUNE 30:

	2010		
	Budget	Actual	Variance Favorable (Unfavorable)
Demand response fare income			
Taxis	\$ 20,160	\$ 16,516	\$ (3,644)
Chaircar	145,035	150,040	5,005
ADA	48,731	54,795	6,064
Job Access Reverse Commute, RideWorks	7,200	5,212	(1,988)
Total fare income	<u>\$ 221,126</u>	<u>\$ 226,563</u>	<u>\$ 5,437</u>

	2010		
	Budget	Actual	Variance Favorable (Unfavorable)
Demand response service expenses			
Taxis	\$ 24,000	\$ 20,645	\$ 3,355
Chaircar	380,887	426,208	(45,321)
Council on Aging	75,060	75,000	60
ADA	271,397	328,636	(57,239)
Job Access Reverse Commute, RideWorks	30,000	22,885	7,115
Total service expenses	<u>\$ 781,344</u>	<u>\$ 873,374</u>	<u>\$ (92,030)</u>

NOTE 11 - (Continued)

	2009		
	Budget	Actual	Variance Favorable (Unfavorable)
Demand response fare income			
Taxis	\$ 30,107	\$ 23,560	\$ (6,547)
Chaircar	151,272	150,932	(340)
ADA	47,895	55,512	7,617
Job Access Reverse Commute, RideWorks	81,168	54,754	(26,414)
Total fare income	<u>\$ 310,442</u>	<u>\$ 284,758</u>	<u>\$ (25,684)</u>

	2009		
	Budget	Actual	Variance Favorable (Unfavorable)
Demand response service expenses			
Taxis	\$ 34,958	\$ 24,957	\$ 10,001
Chaircar	380,887	427,293	(46,406)
Council on Aging	75,060	92,397	(17,337)
ADA	271,397	334,324	(62,927)
Job Access Reverse Commute, RideWorks	301,617	204,669	96,948
Total service expenses	<u>\$ 1,063,919</u>	<u>\$ 1,083,640</u>	<u>\$ (19,721)</u>

NOTE 12 - BROKERAGE SERVICE INCOME AND EXPENSES CONSISTED OF THE FOLLOWING FOR THE YEARS ENDED JUNE 30:

	2010		
	Budget	Actual	Variance Favorable (Unfavorable)
Human Service Transportation income			
Department of Public Health	\$ 222,664	\$ 216,475	\$ (6,189)
Department of Developmental Services	1,675,707	1,789,367	113,660
Department of Mental Assistance	<u>1,821,590</u>	<u>1,713,807</u>	<u>(107,783)</u>
Total income	<u>\$ 3,719,961</u>	<u>\$ 3,719,649</u>	<u>\$ (312)</u>

	2010		
	Budget	Actual	Variance Favorable (Unfavorable)
Human Service Transportation service expenses			
Department of Public Health	\$ 185,058	\$ 177,070	\$ 7,988
Department of Developmental Services	1,827,495	1,748,608	78,887
Department of Mental Assistance	<u>1,539,637</u>	<u>1,473,177</u>	<u>66,460</u>
Total service expenses	<u>\$ 3,552,190</u>	<u>\$ 3,398,855</u>	<u>\$ 153,335</u>

NOTE 12 - (Continued)

	2009		
	Budget	Actual	Variance Favorable (Unfavorable)
Human Service Transportation income			
Department of Public Health	\$ 162,491	\$ 202,078	\$ 39,587
Department of Developmental Services	1,222,869	1,520,788	297,919
Department of Mental Assistance	<u>1,329,330</u>	<u>1,653,184</u>	<u>323,854</u>
Total income	<u>\$ 2,714,690</u>	<u>\$ 3,376,050</u>	<u>\$ 661,360</u>

	2009		
	Budget	Actual	Variance Favorable (Unfavorable)
Human Service Transportation service expenses			
Department of Public Health	\$ 138,030	\$ 175,389	\$ (37,359)
Department of Developmental Services	1,155,023	1,467,645	(312,622)
Department of Mental Assistance	<u>1,154,704</u>	<u>1,467,240</u>	<u>(312,536)</u>
Total service expenses	<u>\$ 2,447,757</u>	<u>\$ 3,110,274</u>	<u>\$ (662,517)</u>

NOTE 13 - ADMINISTRATIVE SALARIES, TAXES AND FRINGE BENEFITS CONSISTED OF THE FOLLOWING FOR THE YEARS ENDED JUNE 30:

	2010		
	Budget	Actual	Variance Favorable (Unfavorable)
Salaries			
Fixed route	\$ 170,640	\$ 185,299	\$ (14,659)
Paratransit and demand response	29,277	27,790	1,487
Human Service Transportation	93,616	76,248	17,368
Total salaries	293,533	289,337	4,196
Payroll taxes	8,095	8,072	23
Fringe benefits	116,503	116,170	333
Total	<u>\$ 418,131</u>	<u>\$ 413,579</u>	<u>\$ 4,552</u>

	2009		
	Budget	Actual	Variance Favorable (Unfavorable)
Salaries			
Fixed route	\$ 184,303	\$ 180,850	\$ 3,453
Paratransit and demand response	48,193	47,290	903
Human Service Transportation	57,473	56,396	1,077
Total salaries	289,969	284,536	5,433
Payroll taxes	7,557	8,601	(1,044)
Fringe benefits	88,473	100,691	(12,218)
Total	<u>\$ 385,999</u>	<u>\$ 393,828</u>	<u>\$ (7,829)</u>

NOTE 14 - OTHER ADMINISTRATIVE EXPENSES CONSISTED OF THE FOLLOWING FOR THE YEARS ENDED JUNE 30:

	2010		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Professional and technical services	\$ 137,447	\$ 115,826	\$ 21,621
Advertising	19,480	28,132	(8,652)
Printing	8,100	14,010	(5,910)
Insurance	---	269	(269)
Travel and meetings	7,847	7,036	811
Office supplies	17,181	8,050	9,131
Utilities	80,938	76,027	4,911
Building repairs and maintenance	40,700	55,445	(14,745)
Miscellaneous	7,077	14,119	(7,042)
Bad debts	---	6,401	(6,401)
Total	<u>\$ 318,770</u>	<u>\$ 325,315</u>	<u>\$ (6,545)</u>
Fixed route	\$ 80,513	\$ 82,166	\$ (1,653)
Paratransit and demand response	57,874	59,062	(1,188)
Human Service Transportation	<u>180,383</u>	<u>184,087</u>	<u>(3,704)</u>
Total	<u>\$ 318,770</u>	<u>\$ 325,315</u>	<u>\$ (6,545)</u>

NOTE 14 - (Continued)

	2009		
	Budget	Actual	Variance Favorable (Unfavorable)
Professional and technical services	\$ 62,890	\$ 145,612	\$ (82,722)
Advertising	15,000	5,999	9,001
Printing	17,500	13,497	4,003
Insurance	18,154	17,075	1,079
Travel and meetings	12,000	7,944	4,056
Office supplies	12,000	10,622	1,378
Utilities	100,925	76,304	24,621
Building repairs and maintenance	116,920	36,340	80,580
Miscellaneous	20,000	20,917	(917)
Bad debts	---	159,759	(159,759)
Transportation planning	50,000	---	50,000
Total	<u>\$ 425,389</u>	<u>\$ 494,069</u>	<u>\$ (68,680)</u>
Fixed route	\$ 189,987	\$ 220,661	\$ (30,674)
Paratransit and demand response	77,642	90,178	(12,536)
Human Service Transportation	157,760	183,230	(25,470)
Total	<u>\$ 425,389</u>	<u>\$ 494,069</u>	<u>\$ (68,680)</u>

NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES

For the fiscal year 2011, the Authority has approved an operating budget of \$10,121,432. This budget includes grant-matching expenditures, which the Authority is required to meet as its share of Federal and State programs.

The Authority participates in a number of Federal and State grant programs. Accordingly, the Authority's compliance with the applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

The Authority is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, natural disasters, and workers compensation claims for which the Authority carries commercial insurance.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
Computation of Operating Assistance
from the Federal Transit Administration
Under 49 USC Sections 5307 and 5311
For Years Ended June 30,

	<u>2010</u>	<u>2009</u>
Total operating expenses	\$ 9,003,801	\$ 9,130,538
Interest expense	<u>143,702</u>	<u>149,902</u>
Total eligible expenses	9,147,503	9,280,440
Revenues applied to eligible expenses:		
Operating revenues	4,671,103	4,417,060
Other Federal assistance	18,204	203,802
Other State assistance	20,628	---
Advertising income	24,966	5,353
Rental income	38,119	53,119
Other income	19,525	39,491
Interest income	<u>11,629</u>	<u>17,208</u>
Total revenues applied to eligible expenses	<u>4,804,174</u>	<u>4,736,033</u>
Net operating expenses eligible under Sections 5307 and 5311	4,343,329	4,544,407
Sections 5307 and 5311 participation in eligible expenses	<u>x 50%</u>	<u>x 50%</u>
Maximum Sections 5307 and 5311 operating assistance	<u>\$ 2,171,665</u>	<u>\$ 2,272,204</u>
Sections 5307 and 5311 operating assistance sought (amount above or less)	<u>\$ 1,649,367</u>	<u>\$ 1,821,181</u>

Nonreimbursable depreciation taken on equipment purchased with capital grant funding is not included in the eligible expenses above.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
STATEMENT OF NET COST OF SERVICE - TOTAL SERVICE AREA
For the Year Ended June 30,

	<u>2010</u>	<u>2009</u>
Operating costs		
Administrative costs	\$ 746,661	\$ 895,665
Purchased services		
Fixed route service	3,984,911	4,040,959
Demand response service	873,374	1,083,640
Brokerage service	3,398,855	3,110,274
Debt service	<u>143,702</u>	<u>149,902</u>
Total operating costs	<u>9,147,503</u>	<u>9,280,440</u>
Federal operating assistance		
Operating and administrative	1,649,367	1,821,181
Other Federal assistance	<u>18,204</u>	<u>203,802</u>
Total subsidies	<u>1,667,571</u>	<u>2,024,983</u>
Revenues		
Local revenues		
Fixed route income	724,891	756,252
Demand response income	226,563	284,758
Brokerage service income	3,719,649	3,376,050
Advertising income	24,966	5,353
Rental income	38,119	53,119
Other	19,525	39,491
Interest	<u>11,629</u>	<u>17,208</u>
Total revenues	<u>4,765,342</u>	<u>4,532,231</u>
Other assistance		
State capital and planning assistance	<u>20,628</u>	---
Total other assistance	<u>20,628</u>	---
Net operating deficit	2,693,962	2,723,226
Extraordinary expenses	<u>---</u>	<u>3,526</u>
Net cost of service	2,693,962	2,726,752
Net cost of service funding		
Local assessments	761,433	742,861
State contract assistance	<u>1,812,128</u>	<u>1,832,483</u>
Total funding	<u>2,573,561</u>	<u>2,575,344</u>
Unreimbursed deficit	120,401	151,408
Accumulated unreimbursed deficit, beginning	<u>151,408</u>	---
Accumulated unreimbursed deficit, ending	<u>\$ 271,809</u>	<u>\$ 151,408</u>



Adelson Moynihan Kowalczyk PC

CERTIFIED PUBLIC ACCOUNTANTS

Established 1938

Richard F. LaFleche, CPA
 Vincent T. Viscuso, CPA
 Gary J. Moynihan, CPA
 Karen M. Kowalczyk, CPA
 Carol Leibinger-Healey, CPA

Associates

Russell A. Faerber, CPA
 David M. Irwin, Jr., CPA
 Peter R. Ronan, CPA
 Jennifer J. Stark, CPA
 Sarah P. Voisin, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Advisory Board of the
BERKSHIRE REGIONAL TRANSIT AUTHORITY
 One Columbus Avenue, Suite 201
 Pittsfield, MA 01201

We have audited the financial statements of Berkshire Regional Transit Authority, a component unit of the Commonwealth of Massachusetts, as of and for the year ended June 30, 2010, and have issued our report thereon dated August 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Berkshire Regional Transit Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Berkshire Regional Transit Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Berkshire Regional Transit Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Berkshire Regional Transit Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management of Berkshire Regional Transit Authority in a separate letter dated August 25, 2010.

This report is intended solely for the information and use of management, Advisory Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Adelson Moynihn Kowalczyk PC

ADELSON MOYNIHAN KOWALCZYK PC

August 25, 2010



Adelson Moynihn Kowalczyk PC

CERTIFIED PUBLIC ACCOUNTANTS