

BERKSHIRE REGIONAL TRANSIT AUTHORITY

**(A Component Unit of the Massachusetts
Department of Transportation)**

**Financial Statements and
Supplementary Information**

June 30, 2021 and 2020

Table of Contents	Page
Independent Auditors' Report	2 - 3
Management's Discussion and Analysis	4
Financial Statements	
Statements of Net Position	5
Statements of Revenues, Expenses and Changes in Fund Net Position	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 21
Required Supplementary Information	
Schedule of Change in Net Pension Liability and Related Ratios	22
Schedule of Pension Contributions	23
Supplementary Information	
Computation of Operating Assistance From the Federal Transit Administration	24
Statement of Net Cost of Service	25
Independent Auditors' 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	26 - 27

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Berkshire Regional Transit Authority, a component unit of the Massachusetts Department of Transportation, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Berkshire Regional Transit Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Berkshire Regional Transit Authority as of June 30, 2021 and 2020, and the respective changes in financial position, cash flows thereof, and the respective budgetary comparison information for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 4, Schedule of Change in Net Pension Liability and Related Ratios on page 22, and the Schedule of Pension Contributions on page 23, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Berkshire Regional Transit Authority's basic financial statements. The supplementary information on pages 24 and 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2021, 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 solely 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 the effectiveness of the Berkshire Regional Transit Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Berkshire Regional Transit Authority's internal control over financial reporting and compliance.

Adelson + Company PC

ADELSON & COMPANY PC

August 30, 2021

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

The Berkshire Regional Transit Authority's (the Authority) management discussion and analysis for the fiscal year ended June 30, 2021 is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position and identify any material deviations from the financial plan (the approved budget).

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at June 30, 2021 by \$12,481,439.
- The Authority's total net position had a net decrease of \$(413,993) from fiscal year 2020, mainly due to contributed capital assets of \$1,045,022, current year non-reimbursable depreciation on capital assets of \$(1,462,649), an increase in the Authority's reserve of \$4,754 as allowed under M.G.L. 161B Section 6(q), and an increase in the Authority's net pension liability and related deferred outflows and inflows of resources of \$(1,120).
- Operating revenues decreased \$(1,343,296) or 13.5% from fiscal year 2020 due to decreased ridership resulting primarily from the COVID-19 pandemic. Fixed route and demand response ridership resulted in a \$(169,263) reduction in revenue (24.8%). Brokerage ridership resulted in a \$(1,174,033) reduction in revenue (12.7%). Even though travel restrictions were lifted throughout the current fiscal year, ridership remained below fiscal year 2020 levels.
- Operating expenses decreased \$(801,503) or 4.9% from fiscal year 2020 mainly due to a decrease in brokerage services of \$(1,097,781) due to less ridership as a result of COVID-19, an increase in fixed route expenses of \$534,245 due to increased management and operating costs for responding to the COVID-19 pandemic and for maintaining normal fixed route service levels, a decrease in demand response expenses of \$(50,771) due to reduced ridership as a result of COVID-19, and a decrease in payroll and other administrative expenses of \$(104,721).
- The Authority expended \$1,045,022 on capital assets, all of which was contributed by the federal and state government.
- As restrictions lifted and businesses reopened to the public during fiscal 2021, ridership began to increase. However, fixed route and demand response ridership remains at approximately 75% of pre-COVID-19 levels.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

- The Authority has received Federal CARES Act operating assistance under 49 USC Section 5307 direct funding, and 49 USC Section 5311 passed through the Massachusetts Department of Transportation. The Federal CARES Act 5307 funding awarded to the Authority totals \$5,678,543 and is available to cover 100% of eligible operating expenses and costs incurred in response to COVID-19 beginning January 20, 2020 until fully spent. The Authority used \$2,066,634 of this 5307 funding during fiscal years 2020 and 2021.

The Federal CARES Act 5311 funds awarded to the Authority total \$908,620. The Authority used \$759,711 during fiscal years 2020 and 2021.

- The Authority's operations are funded annually through a state required computation of the net cost of service. Except for the establishment of a 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

The Authority is a component unit of the Massachusetts Department of Transportation formed for the purpose of carrying out business-type activities in 27 western Massachusetts communities. The Authority's financial statements consist of three main statements: Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and Statement of Cash Flows. Notes and supplementary information that disclose information about the nature of the Authority's business, accounting policies and additional information about specific statement amounts follow these statements.

The Authority's net position consists of its net investment in capital assets (e.g. land, buildings, revenue vehicles and office equipment), less any debt used to acquire those assets, and working capital held by the Authority's fixed route and paratransit operators. The Authority uses these capital assets and working capital held by the fixed route and paratransit operators to provide transportation services to individuals within its service area. Although the Authority's capital assets are 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 cannot be used to liquidate these liabilities.

The Authority currently has no capital lease obligations or capital debt. Net position also consists of a restricted reserve for extraordinary expenses as allowed by Massachusetts General Laws Chapter 161B Section 6(q). Unfunded deficits are reported as unrestricted net position.

The Statement of Revenues, Expenses and Changes in Fund Net Position report the results of both operating and non-operating activities. The Statement of Cash Flows, which is presented using the direct method, accounts for the change in the cash and equivalents balance between July 1 and June 30. The cash flows statement provides the detail on the cash the Authority received from and paid for operating and non-operating activities, investing, and financing activities.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

A summary of the Authority's net position consisted of the following at June 30:

Summary of Net Position			
	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>Change</u>
Total current assets	\$ 7,388,930	\$ 6,833,548	\$ 555,382
Property and equipment, net	12,099,807	12,525,206	(425,399)
Deferred outflows related to pensions	378,959	207,915	171,044
Total assets and deferred outflows of resources	<u>19,867,696</u>	<u>19,566,669</u>	<u>301,027</u>
Accounts payable and other accrued liabilities	1,064,951	672,096	392,855
Note payable	5,300,000	5,150,000	150,000
Net pension liability	900,125	768,670	131,455
Deferred inflows of resources related to pensions	121,181	80,471	40,710
Total liabilities and deferred inflows of resources	<u>7,386,257</u>	<u>6,671,237</u>	<u>715,020</u>
Investment in capital assets, net of related debt	12,099,807	12,525,206	(425,399)
Restricted			
Reserve	194,940	190,186	4,754
Working capital held by fixed route and paratransit operators	773,741	773,741	-
Unrestricted	<u>(587,049)</u>	<u>(593,701)</u>	<u>6,652</u>
Total net position	<u>\$ 12,481,439</u>	<u>\$ 12,895,432</u>	<u>\$ (413,993)</u>

Restricted net position

The Authority's restricted net position represents amounts that can be spent only for specific purposes because of state laws, externally imposed conditions by grantors or creditors, and other restrictions for a particular purpose. The Authority's restricted net position consisted of the following at June 30:

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>Change</u>
Restricted net position			
Accumulated reserve established under Massachusetts			
General Laws for extraordinary expenses	\$ 194,940	\$ 190,186	\$ 4,754
Working capital held by fixed route and paratransit operators	773,741	773,741	-
Total	<u>\$ 968,681</u>	<u>\$ 963,927</u>	<u>\$ 4,754</u>

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

A summary of the Authority's change in fund net position consisted of the following at June 30:

**Summary of Statement of Revenues, Expenses
and Changes in Fund Net Position**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>Change</u>
Total operating revenues	\$ 8,617,064	\$ 9,960,360	\$ (1,343,296)
Total operating expenses	<u>15,625,947</u>	<u>16,427,450</u>	<u>(801,503)</u>
Operating income (loss)	(7,008,883)	(6,467,090)	(541,793)
Total non-operating revenues (expenses)	<u>7,012,517</u>	<u>6,459,009</u>	<u>553,508</u>
Income (loss) before capital contributions and other items	3,634	(8,081)	11,715
Capital contributions	1,045,022	945,468	99,554
Nonreimbursable depreciation	<u>(1,462,649)</u>	<u>(1,485,635)</u>	<u>22,986</u>
Change in net position	(413,993)	(548,248)	134,255
Net position, beginning	<u>12,895,432</u>	<u>13,443,680</u>	<u>(548,248)</u>
Net position, ending	<u>\$ 12,481,439</u>	<u>\$ 12,895,432</u>	<u>\$ (413,993)</u>

Operating revenues decreased \$(1,343,296) or 13.5% from the prior year. This net decrease is attributable to a decrease in brokerage service income of \$(1,174,033), a decrease in fixed route income of \$(137,906), and a decrease in demand response income of \$(31,357). All of the decreases in revenues are attributable to decreases in trip volume due to COVID-19.

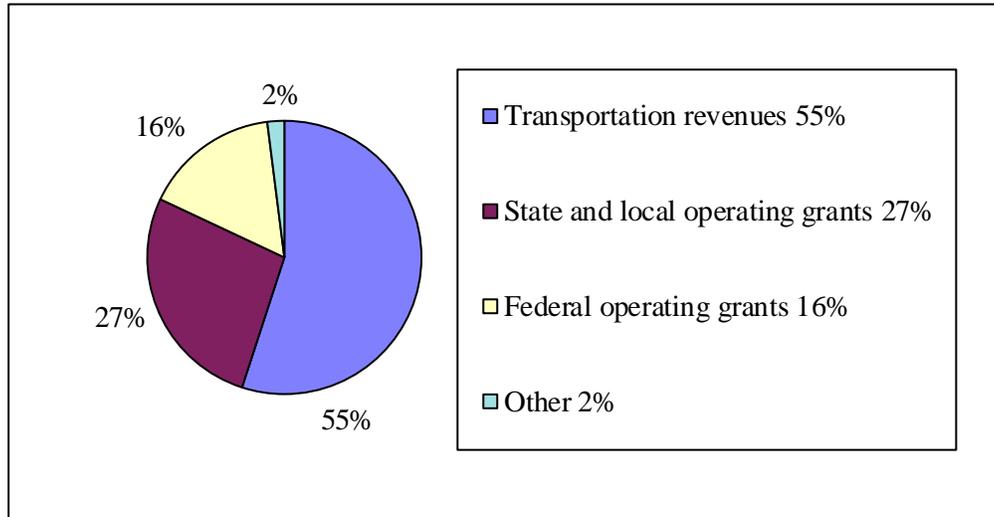
Operating expenses decreased \$(801,503) or 4.9% from the prior year. The net decrease is attributable to a decrease in brokerage service expenses of \$(1,097,781) mainly due decreased trip volume; an increase in fixed route service expenses of \$534,245 mainly due to additional purchases of personal protective equipment items and other COVID-19 related expenses and increases in management and operating costs for maintaining normal fixed route service levels; and demand response decreased \$(50,771) due to decreased trip volume as a result of the pandemic.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

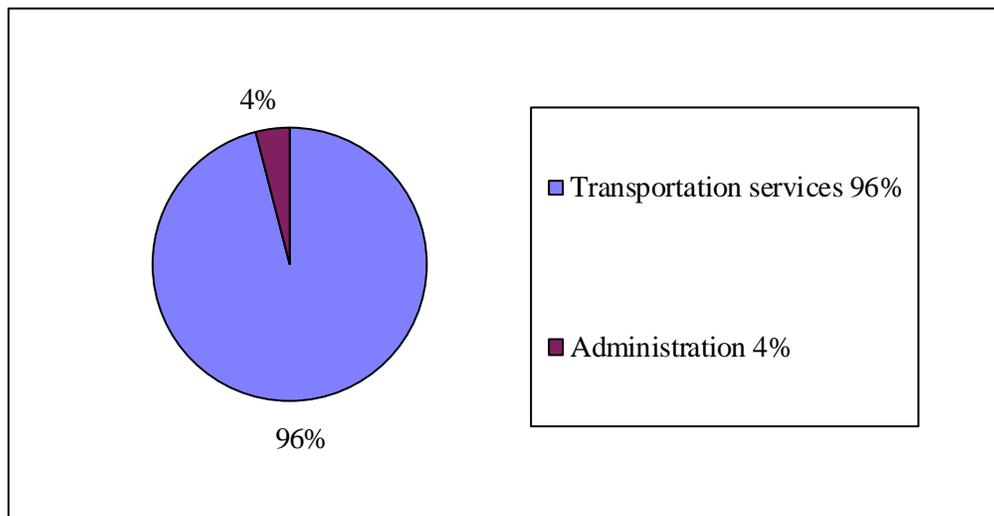
Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Total Operating and Non-operating
Revenues of \$15,669,968 by Source



Total Operating and Non-operating
Expenses of \$15,666,334 by Source



BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

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

- Brokerage service income was under budget by \$2,948,737 and brokerage service expenses were under budget by \$2,897,105 because of decreased trip volume due to the COVID-19 pandemic.
- Fixed route service income was under budget by \$87,634 mainly due to decreased trip volume due to the COVID-19 pandemic. The fixed route service expense was under budget by \$199,614 due to a reduction in management fees due to a staff opening, a decrease in software fees, fuel and lower than expected wages due to lack of overtime.
- Demand response income was under budget by \$28,622 primarily due to a decrease in premium trip volume and the impact of the COVID-19 pandemic. Demand response expense was under budget by \$137,077 primarily due to reduced scheduled hours and trip demand as a result of the COVID-19 pandemic.
- Administrative salaries, taxes and fringe benefits were under budget by \$33,183 due to lower than expected medical insurance costs and a lower than expected distribution of pension costs.
- Administrative expenses were under budget \$86,140 in total due to a lower than expected interest rate on the revenue anticipation note payable, less costs incurred as a result of the inability to travel and complete training, lower utilities costs, and lower professional fees.

Capital Asset and Debt Administration

Capital assets

The Authority's net decrease in capital assets during the year ending June 30, 2021 was \$(425,399). The Authority primarily acquires its capital assets under federal and state capital grants. During fiscal year 2021, the Authority acquired revenue vehicles and made improvements to its facilities, which were all covered by capital grants. The details on capital assets totaling \$12,099,807, net of accumulated depreciation, are disclosed in Note 5 of the financial statements.

Revenue Anticipation Notes

At the end of fiscal year 2021, the Authority had a revenue anticipation note payable of \$5,300,000 maturing on July 29, 2021 at a rate of 1.25%. On July 27, 2021, the Authority issued a \$5,100,000 revenue anticipation note maturing on July 27, 2022 at a rate of 1.00%. The Authority repaid the \$5,300,000 revenue anticipation note due July 29, 2021. This note provides cash flow until federal and state appropriations are received.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Travel Training

The Authority has a travel training program to assist residents of Berkshire County to increase public transportation awareness and usage. Certified travel trainers assist customers on how to ride the bus, read the schedules, and become more independent.

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. The balance (at least 25% but no more than 50%) of the Authority's net cost of service is funded also in arrears (currently 2 years back) through assessments to member municipalities. These assessments may increase annually in the aggregate by no more than 2.5%, plus the members' share of any new services. Local assessments continue to be funded in arrears (2 years behind). This contributes in large part to the Authority's borrowing needs.

As of September 1, 2021, the Commonwealth of Massachusetts has not yet passed a fiscal year 2022 budget, and therefore the complete contract has not been executed. The Authority has budgeted conservatively at the fiscal year 2019 level. Should the final state budget have a higher funding level, the Authority's contract would be higher and less federal operating funds would be necessary for a balanced budget.

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 Berkshire Regional Transit Authority, One Columbus Avenue – Suite 201, Pittsfield, MA, 01201.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

STATEMENTS OF NET POSITION

JUNE 30,

	2021	2020
Assets and deferred outflows of resources		
Current assets		
Cash and equivalents	\$ 811,195	\$ 1,928,815
Receivables, net	5,792,731	4,110,268
Prepaid expenses	11,263	20,724
Working capital held by fixed route and paratransit operators	773,741	773,741
Total current assets	7,388,930	6,833,548
Property and equipment, net	12,099,807	12,525,206
Total assets	19,488,737	19,358,754
Deferred outflows of resources		
Deferred outflows related to pensions	378,959	207,915
Total assets and deferred outflows of resources	19,867,696	19,566,669
Liabilities and deferred inflows of resources		
Accounts payable	738,241	363,115
Accrued payroll and related liabilities	53,914	24,790
Unearned revenue	209,567	188,065
Accrued interest	63,229	96,126
Note payable	5,300,000	5,150,000
Net pension liability	900,125	768,670
Total liabilities	7,265,076	6,590,766
Deferred inflows of resources		
Deferred inflows related to pensions	121,181	80,471
Total liabilities and deferred inflows of resources	7,386,257	6,671,237
Net position		
Invested in capital assets, net of related debt	12,099,807	12,525,206
Restricted		
Reserve	194,940	190,186
Working capital held by fixed route and paratransit operators	773,741	773,741
Unrestricted	(587,049)	(593,701)
Total net position	\$ 12,481,439	\$ 12,895,432

See notes to financial statements.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the Year Ended June 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues			
Fixed route income	\$ 553,474	\$ 465,840	\$ (87,634)
Demand response income	75,343	46,721	(28,622)
Brokerage service income	11,053,240	8,104,503	(2,948,737)
Total operating revenues	11,682,057	8,617,064	(3,064,993)
Operating expenses			
Fixed route service	6,184,189	5,984,575	199,614
Demand response service	1,052,687	915,610	137,077
Brokerage service	10,830,246	7,933,141	2,897,105
Other operating expenses	136,010	136,010	-
Administrative salaries, taxes and fringe benefits	441,767	408,584	33,183
Administrative expenses	263,782	240,255	23,527
Reimbursable depreciation	17,500	7,772	9,728
Total operating expenses	18,926,181	15,625,947	3,300,234
Operating income (loss)	(7,244,124)	(7,008,883)	235,241
Non-operating revenues (expenses)			
Government operating assistance			
Federal	304,249	306,681	2,432
Federal CARES Act	2,852,781	2,260,349	(592,432)
Massachusetts	2,921,800	3,204,047	282,247
Member communities	999,065	999,065	-
Other federal and state assistance	136,010	136,010	-
Advertising income	40,000	40,000	-
Rental income	56,319	55,119	(1,200)
Other income	24,900	48,928	24,028
Interest income	12,000	2,705	(9,295)
Interest expense	(103,000)	(40,387)	62,613
Total non-operating revenues (expenses)	7,244,124	7,012,517	(231,607)
Income (loss) before capital contributions and other items	\$ -	3,634	\$ 3,634
Capital contributions		1,045,022	
Nonreimbursable depreciation		(1,462,649)	
Change in net position		(413,993)	
Net position, beginning		12,895,432	
Net position, ending		\$ 12,481,439	

See notes to financial statements.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the Year Ended June 30, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues			
Fixed route income	\$ 622,716	\$ 603,746	\$ (18,970)
Demand response income	115,000	78,078	(36,922)
Brokerage service income	11,501,286	9,278,536	(2,222,750)
Total operating revenues	12,239,002	9,960,360	(2,278,642)
Operating expenses			
Fixed route service	5,389,618	5,450,330	(60,712)
Demand response service	1,051,547	966,381	85,166
Brokerage service	11,232,002	9,030,922	2,201,080
Other operating expenses	218,485	218,485	-
Administrative salaries, taxes and fringe benefits	420,661	480,660	(59,999)
Administrative expenses	342,837	257,149	85,688
Reimbursable depreciation	-	23,523	(23,523)
Total operating expenses	18,655,150	16,427,450	2,227,700
Operating income (loss)	(6,416,148)	(6,467,090)	(50,942)
Non-operating revenues (expenses)			
Government operating assistance			
Federal	2,135,563	1,558,192	(577,371)
Federal CARES Act	-	565,996	565,996
Massachusetts	3,033,696	3,049,874	16,178
Member communities	974,698	974,698	-
Other federal and state assistance	218,485	218,485	-
Advertising income	35,000	35,000	-
Rental income	56,319	55,533	(786)
Other income	42,387	65,372	22,985
Interest income	15,000	23,106	8,106
Interest expense	(95,000)	(87,247)	7,753
Total non-operating revenues (expenses)	6,416,148	6,459,009	42,861
Income (loss) before capital contributions and other items	\$ -	(8,081)	\$ (8,081)
Capital contributions		945,468	
Nonreimbursable depreciation		(1,485,635)	
Change in net position		(548,248)	
Net position, beginning		13,443,680	
Net position, ending		\$ 12,895,432	

See notes to financial statements.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

STATEMENTS OF CASH FLOWS

For the years ended June 30,

	2021	2020
Cash flows from operating activities:		
Receipts from customers	\$ 7,760,041	\$ 11,429,586
Payments for goods and services	(14,960,105)	(15,871,206)
Payments to employees	(903,129)	(893,205)
Net cash provided (used) by operating activities	(8,103,193)	(5,334,825)
Cash flows from noncapital financing activities:		
Receipts of operating grants	6,906,152	5,842,193
Proceeds from issuing revenue anticipation notes	5,300,000	5,150,000
Repayments of revenue anticipation notes	(5,150,000)	(4,750,000)
Interest paid	(73,284)	(98,805)
Net cash provided (used) by noncapital financing activities	6,982,868	6,143,388
Cash flows from capital and related financing activities:		
Receipts of capital grants	1,045,022	945,468
Payments for capital acquisitions	(1,045,022)	(968,051)
Net cash provided (used) by capital and related financing activities	-	(22,583)
Cash flows from investing activities:		
Interest on savings	2,705	23,106
Net cash provided (used) by investing activities	2,705	23,106
Net increase (decrease) in cash and equivalents	(1,117,620)	809,086
Cash and equivalents, beginning	1,928,815	1,119,729
Cash and equivalents, ending	\$ 811,195	\$ 1,928,815
Reconciliation of operating income to net cash used by operating activities:		
Operating loss	\$ (7,008,883)	\$ (6,467,090)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Reimbursable depreciation	7,772	23,523
Advertising income	40,000	35,000
Rental income	55,119	55,533
Other income	48,928	65,372
Change in assets and liabilities:		
(Increase) decrease in receivables	(1,682,463)	1,432,600
(Increase) decrease in prepaid expenses	9,461	32,044
(Increase) decrease in working capital held by operator	-	24,075
Increase (decrease) in accounts payable	375,126	(572,551)
Increase (decrease) in accrued payroll and related liabilities	29,124	5,014
Increase (decrease) in unearned revenue	21,502	18,935
Increase (decrease) in net pension liability	1,121	12,720
Net cash used by operating activities	\$ (8,103,193)	\$ (5,334,825)

See notes to financial statements.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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. The Authority is a component unit of the Massachusetts Department of Transportation. Massachusetts provides funding to the Authority. 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, New Ashford, Otis, Peru, Richmond, Savoy, Sheffield, Stockbridge, Washington, Williamstown and Windsor. 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 chief elected officials or their appointees from the member communities. The Authority's operations are primarily funded through passenger fares, contractual reimbursements and operating subsidies from the federal and state government and member municipalities. In addition, the Authority receives capital grants from the federal and state government 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 (GASB) pronouncements. Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

Fund Net Position

Fund net positions are classified as follows in the Authority's financial statements:

Invested in capital assets, net of related debt

The portion of net position represented by capital assets less accumulated depreciation, less outstanding debt incurred by the Authority to buy or construct them. The Authority uses these capital assets to provide transportation services; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, the resources needed to repay this debt, if any, must be provided from other sources, since these capital assets themselves cannot be used to liquidate these liabilities.

NOTE 1 - (Continued)

Restricted

Amounts that can be spent only for specific purposes because of state laws, or externally imposed conditions by grantors or creditors. The Authority has a restricted reserve established for the purpose of meeting the cost of extraordinary expenses in accordance with Massachusetts General Laws, Chapter 161b, Section 6(q). At June 30, 2021 and 2020, the Authority's reserve balance was \$194,940 and \$190,186, respectively.

Unrestricted

All amounts not included in other spendable classifications.

Funding and Revenue Recognition

The Authority realizes revenue from a variety of different sources including but not limited to local assessment revenue, federal and state operating and capital assistance, fare revenue, and non-fare revenue such as advertising and rental income. Revenue is recognized on the accrual basis of accounting.

Federal and state operating and capital assistance grants are recorded at the time eligible expenditures under the terms of the grants are incurred. Reimbursement under these grants is based on expenses incurred during the fiscal year and is subject to certain compliance regulations.

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/May, 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.

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 Fund Net Position 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. The valuation allowance has not been material to the financial statements.

Property and Equipment

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

NOTE 1 - (Continued)

Allocation of Indirect Costs

An indirect cost allocation plan established under Office of Management and Budget's Uniform Guidance 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.

Subsequent Events

Management has evaluated subsequent events through August 30, 2021, the date which the financial statements were available to be issued.

Concentration of Source of Supply of Labor

The Authority has a contract for its fixed route transportation services with Berkshire Transit Management, Inc. (BTM), a wholly-owned subsidiary of First Transit, Inc. The contract expires on June 30, 2024.

The Authority has a contract for its ADA/Paratransit services with Paratransit Management of the Berkshires, Inc. (PMB), also a wholly-owned subsidiary of First Transit, Inc. The contract expires on June 30, 2024.

Approximately seventy-five percent (75%) of BTM employees and ninety-eight (98%) of PMB employees are members of the International Brotherhood of Teamsters, Local 404 (the Union). BTM's and PMB's labor agreements with the Union expired June 30, 2021. New agreements are currently being negotiated.

Comparative Data

Certain prior year amounts may 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, 2021, were \$1,416,784. Uninsured bank deposits as of June 30, 2021, were \$-0-.

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

	<u>2021</u>	<u>2020</u>
Federal		
Operating assistance	\$ 377,111	\$ 1,576,731
Operating assistance - Federal CARES Act	2,196,044	565,996
Capital assistance	<u>2,703</u>	<u>2,841</u>
Total federal	<u>2,575,858</u>	<u>2,145,568</u>
Massachusetts		
Operating assistance	97,800	49,841
Capital assistance	115,634	136,186
Brokerage services	<u>1,251,752</u>	<u>394,729</u>
Total Massachusetts	<u>1,465,186</u>	<u>580,756</u>
Member communities		
Operating assistance for current year expenditures	999,065	974,698
Operating assistance for prior year expenditures	<u>329,118</u>	<u>302,987</u>
Total member communities	<u>1,328,183</u>	<u>1,277,685</u>
Other receivables	<u>423,504</u>	<u>106,259</u>
Total receivables	<u>\$ 5,792,731</u>	<u>\$ 4,110,268</u>

The Federal government, under 49 USC sections 5307, 5311 and other sections, 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 fiscal year 2020, the Authority received Federal CARES Act funding under Sections 5307 and 5311 to cover eligible operating expenses incurred beginning January 20, 2020. The funding covers 100% of eligible expenses.

Massachusetts general laws require the operating assistance assessed upon member communities be at least 25% of net cost of service including new services. The local assessment can be increased by a maximum of 2.5% over 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 - WORKING CAPITAL HELD BY FIXED ROUTE AND PARATRANSIT OPERATORS

Berkshire Transit Management, Inc. (BTM) is the fixed route operator for the Authority. The assets and liabilities held by BTM are owned by the Authority and consist mainly of cash, inventory, prepaid expenses, accounts payable and accrued wages. The value of these assets less liabilities held by BTM for each of the years ending June 30, 2021 and 2020 was \$713,741, and is reported as working capital held by the fixed route operator in the Authority's financial statements.

Paratransit Management of the Berkshires, Inc. (PMB) is the paratransit operator for the Authority. The assets and liabilities held by PMB are owned by the Authority and consist mainly of cash, prepaid expenses, accounts payable and accrued wages. The value of these assets less liabilities held by PMB for each of the years ending June 30, 2021 and 2020 was \$60,000.

Total working capital held by BTM and PMB for each of the years ending June 30, 2021 and 2020 was \$773,741.

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

	2021			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets, not being depreciated:				
Land	\$ 61,628	\$ -	\$ -	\$ 61,628
Construction in process	-	88,971	-	88,971
Total capital assets, not being depreciated	61,628	88,971	-	150,599
Capital assets, being depreciated:				
Buildings	15,139,452	18,305	(2,581)	15,155,176
Revenue equipment	11,136,631	892,523	(1,667,202)	10,361,952
Office equipment and furniture	401,705	45,223	(10,602)	436,326
Service vehicles	315,575	-	-	315,575
Total capital assets, being depreciated	26,993,363	956,051	(1,680,385)	26,269,029
Less accumulated depreciation for:				
Buildings	7,067,458	409,281	(2,581)	7,474,158
Revenue equipment	6,939,211	1,018,116	(1,667,202)	6,290,125
Office equipment and furniture	235,154	36,999	(10,602)	261,551
Service vehicles	287,962	6,025	-	293,987
Total accumulated depreciation	14,529,785	1,470,421	(1,680,385)	14,319,821
Total capital assets, being depreciated, net	12,463,578	(514,370)	-	11,949,208
Capital assets, net	\$ 12,525,206	\$ (425,399)	\$ -	\$ 12,099,807

NOTE 5 - (Continued)

	2020			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets, not being depreciated:				
Land	\$ 61,628	\$ -	\$ -	\$ 61,628
Total capital assets, not being depreciated	<u>61,628</u>	<u>-</u>	<u>-</u>	<u>61,628</u>
Capital assets, being depreciated:				
Buildings	15,133,918	5,534	-	15,139,452
Revenue equipment	10,283,708	863,798	(10,875)	11,136,631
Office equipment and furniture	307,819	98,719	(4,833)	401,705
Service vehicles	339,917	-	(24,342)	315,575
Total capital assets, being depreciated	<u>26,065,362</u>	<u>968,051</u>	<u>(40,050)</u>	<u>26,993,363</u>
Less accumulated depreciation for:				
Buildings	6,661,011	406,447	-	7,067,458
Revenue equipment	5,924,225	1,025,861	(10,875)	6,939,211
Office equipment and furniture	217,324	22,663	(4,833)	235,154
Service vehicles	258,117	54,187	(24,342)	287,962
Total accumulated depreciation	<u>13,060,677</u>	<u>1,509,158</u>	<u>(40,050)</u>	<u>14,529,785</u>
Total capital assets, being depreciated, net	<u>13,004,685</u>	<u>(541,107)</u>	<u>-</u>	<u>12,463,578</u>
Capital assets, net	<u>\$ 13,066,313</u>	<u>\$ (541,107)</u>	<u>\$ -</u>	<u>\$ 12,525,206</u>

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

	2021	2020
1.25% Revenue anticipation note due July 29, 2021	\$ 5,300,000	
2.00% Revenue anticipation note due July 31, 2020		\$ 5,150,000
Total	<u>\$ 5,300,000</u>	<u>\$ 5,150,000</u>

On July 27, 2021, the Authority issued a \$5,100,000 revenue anticipation note maturing on July 27, 2022 at a rate of 1.00%. The Authority repaid the \$5,300,000 note due July 29, 2021.

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 POSITION CONSISTED OF THE FOLLOWING AT JUNE 30:

	2021				Total
	Invested in capital assets, net of debt	Restricted Reserve	Restricted Working Capital Held by Operators	Unrestricted	
Net income (loss)				\$ 3,634	\$ 3,634
Reimbursable depreciation	\$ (7,772)			7,772	-
Nonreimbursable depreciation	(1,462,649)				(1,462,649)
Capital contributions	1,045,022				1,045,022
Increase in reserve for extraordinary expenses		\$ 4,754		(4,754)	-
Increase (decrease) in net position	(425,399)	4,754	-	6,652	(413,993)
Net position, beginning	12,525,206	190,186	773,741	(593,701)	12,895,432
Net position, ending	<u>\$ 12,099,807</u>	<u>\$ 194,940</u>	<u>\$ 773,741</u>	<u>\$ (587,049)</u>	<u>\$ 12,481,439</u>

	2020				Total
	Invested in capital assets, net of debt	Restricted Reserve	Restricted Working Capital Held by Operators	Unrestricted	
Net income (loss)				\$ (8,081)	\$ (8,081)
Reimbursable depreciation	\$ (23,523)			23,523	-
Nonreimbursable depreciation	(1,485,635)				(1,485,635)
Capital contributions	945,468				945,468
Other changes	22,583			(22,583)	-
Increase in reserve for extraordinary expenses		\$ 4,639		(4,639)	-
Decrease in working capital held by operators			\$ (24,075)	24,075	-
Increase (decrease) in net position	(541,107)	4,639	(24,075)	12,295	(548,248)
Net position, beginning	13,066,313	185,547	797,816	(605,996)	13,443,680
Net position, ending	<u>\$ 12,525,206</u>	<u>\$ 190,186</u>	<u>\$ 773,741</u>	<u>\$ (593,701)</u>	<u>\$ 12,895,432</u>

NOTE 8 - TRANSPORTATION CONTRACTS CONSISTED OF THE FOLLOWING AT JUNE 30, 2021:

- A. Fixed route service was provided by Berkshire Transit Management, Inc. to the communities of Adams, Cheshire, Dalton, Great Barrington, Hinsdale, Lanesborough, Lee, Lenox, New Ashford, North Adams, Pittsfield, Stockbridge and Williamstown. Payments are based upon reimbursement for actual costs incurred plus a fixed management fee of \$243,507.
- B. Paratransit Management of the Berkshires, Inc. provides paratransit services mandated by the Americans with Disabilities Act (ADA) as well as non-ADA door-to-door services to approved customers. Payments are based upon reimbursement for actual costs incurred. Customer fees for both services are paid through the purchase of tickets from the Authority and redemption of tickets upon travel. The Americans with Disabilities Act mandates that ADA service be made available to approved persons unable to access the fixed route buses at a cost not to exceed twice the maximum fare on the fixed route system. User cost is between \$2.50 and \$9.00 based upon trip origin and destination. Non-ADA fees range from \$7.50 to \$32.50 dependent upon the quantity of towns traversed.
- C. Council on Aging (COA) organizations and other private transportation agencies provide paratransit service to qualified persons with disabilities as well as the elderly.
- D. Taxi companies and chaircar/ambulatory van companies provide transportation for Department of Medical Assistance (DMA), Department of Developmental Services (DDS), Department of Public Health (DPH), Massachusetts Rehabilitation Commission (MRC), Department of Mental Health (DMH), and Massachusetts Commission for the Blind (MCB) eligible recipients. These provider companies submit invoices to the Authority for payment of fees established by agreement with the Authority. The Authority is reimbursed for the provider service costs. In addition, the Department of Human Service Transportation (HST) paid the Authority a fixed management fee of \$472,669 during fiscal year 2021 for providing these services. As of July 1, 2021, the Authority is no longer a contractor for these services. In fiscal year 2022, HST will provide \$43,829 in management fees to close out the service. The close out will be completed by August 31, 2021.

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

The Authority provides retirement benefits to employees through the Berkshire Regional Transit Authority Pension Plan (the Plan), a single-employer pension plan. This 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. New members of the Plan become 100% vested over a five-year period. The Plan issues a publicly available report that includes financial reports and required supplementary information for the plan. The Plan's report can be obtained by writing to Berkshire Regional Transit Authority, One Columbus Avenue, Pittsfield, Massachusetts 01201 or by calling (413) 499-2782.

Results of the Plan are based on liabilities developed in an actuarial valuation performed as of June 30, 2021 with a measurement date of June 30, 2021.

Accounting Policy

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Membership

Plan membership consisted of the following at June 30:

	2021	2020
Active plan members	6	11
Inactive plan members entitled to but not yet receiving benefits	5	---
Total	11	11

Benefits Provided

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 of service. A retirement allowance may be received early if the participant has reached age 55 and completed five years of service.

Contributions

Each year, the Authority makes contributions to the Plan. While there is no statutory or regulatory requirement to contribute the actuarially determined contribution, it is the intent of the Authority to contribute the amount necessary to meet benefit obligations when due. For the fiscal year ending June 30, 2021, the Authority's average contribution rate was 41.01% of annual payroll.

Payable to Pension Plan

At June 30, 2021 and 2020, the Authority reported a payable of \$38,664 and \$0-, respectively for the outstanding amount of contributions to the pension plan.

NOTE 10 - (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2021 and 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00% and for future periods
Salary increases	2.00% annually and for future periods
Investment rate of return	4.00% (5% at June 30, 2020), net of pension plan investment expense including inflation
Pre- and post-retirement mortality	Mortality rates were based upon the 2021 and 2020 IRC 430(h)(3)(A) Combined Mortality Tables
Employee termination	None assumed
Retirement age	Age 65 or normal retirement date, if later
Pre-retirement death benefit	Calculated using aforementioned mortality, interest and termination assumptions and on the assumption that 100% of plan members have spouses
Expenses	Investment return is assumed to be net of plan expenses paid from the trust fund

The long term rate of return on pension plan investments for the 2021 and 2020 actuarial valuations were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income	100.00%	2.00%

Discount rate

The discount rate used to measure the total pension liability for 2021 was 4.00% (5.00% for 2020). The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made at the current rate and that contributions will be made at rates at least equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 10 - (Continued)

Change in net pension liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 1,253,151	\$ 567,868	\$ 685,283
Changes for the year:			
Service cost	101,455		101,455
Interest	68,958		68,958
Changes in benefit terms	-		-
Changes of assumptions	(1,653)		(1,653)
Differences between actual and expected experience	78,616		78,616
Contributions - employer		136,000	(136,000)
Net investment income		27,989	(27,989)
Benefit payments, including refunds of contributions	(49,115)	(49,115)	-
Administrative expense		-	-
Net changes	<u>198,261</u>	<u>114,874</u>	<u>83,387</u>
Balances at June 30, 2020	<u>1,451,412</u>	<u>682,742</u>	<u>768,670</u>
Changes for the year:			
Service cost	91,955		91,955
Interest	77,168		77,168
Changes in benefit terms	-		-
Changes of assumptions	216,168		216,168
Differences between actual and expected experience	(48,364)		(48,364)
Contributions - employer		160,000	(160,000)
Net investment income		45,472	(45,472)
Benefit payments, including refunds of contributions		-	-
Administrative expense		-	-
Net changes	<u>336,927</u>	<u>205,472</u>	<u>131,455</u>
Balances at June 30, 2021	<u>\$ 1,788,339</u>	<u>\$ 888,214</u>	<u>\$ 900,125</u>

NOTE 10 - (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 4.00% (5.00% for 2020), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (3.00%)	Current Discount (4.00%)	1% Increase (5.00%)
Plan net pension liability as of June 30, 2021	\$ 1,214,179	\$ 900,125	\$ 730,899

	1% Decrease (4.00%)	Current Discount (5.00%)	1% Increase (6.00%)
Plan net pension liability as of June 30, 2020	\$ 990,565	\$ 768,670	\$ 584,238

Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2021, the Transit Authority recognized pension expense of \$190,715 (\$172,247 for the year ended June 30, 2020). At June 30, 2021 and 2020, the Transit Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 152,790	\$ 107,973	\$ 163,878	\$ 71,447
Changes in assumptions	224,392	6,090	39,930	6,518
Net difference between projected and actual earnings on pension plan investments	1,777	7,118	4,107	2,506
Total	<u>\$ 378,959</u>	<u>\$ 121,181</u>	<u>\$ 207,915</u>	<u>\$ 80,471</u>

Amounts reported as of June 30 for deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	2021	2020
Year ended June 30:		
2021	\$ -	\$ 9,130
2022	28,440	7,439
2023	29,692	8,689
2024	29,578	8,575
2025	29,061	8,058
2026	30,528	7,541
Thereafter	110,479	78,012
Total	<u>\$ 257,778</u>	<u>\$ 127,444</u>

NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES

Fiscal year 2022 budget

For the fiscal year 2022, the Authority has approved an operating budget of \$8,690,788, which excludes depreciation. This budget includes grant-matching expenditures, which the Authority is required to meet as its share of Federal and State programs.

Federal and State funding

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. As of the date of the financial statements, the Authority is not aware of any expenditures that may be disallowed by a grantor.

Risk management

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.

NOTE 12 - FEDERAL CARES ACT FUNDING

The Authority was awarded federal operating assistance under the Coronavirus Aid Relief and Economic Security (CARES) Act through existing federal programs 49 USC Sections 5307 and 5311, passed through the Massachusetts Department of Transportation. The funding is to cover eligible operating expenses and other costs, net of fare revenue, incurred as part of the Authority's response to COVID-19 beginning on or after January 20, 2020. Per the CARES Act and the awarding contracts, the funding covers 100% of eligible expenses and does not require state or local matches. The following contracts were awarded to the Authority:

<u>Federal CARES Act Funding</u>	<u>Performance Period</u>	<u>Total Contract Amount</u>	<u>Funds Spent in Fiscal Year 2020</u>	<u>Funds Spent in Fiscal Year 2021</u>	<u>Remaining Contract Amount</u>
Federal Section 5307	1/20/2020 until spent	\$ 5,678,543	\$ 508,734	\$ 1,557,900	\$ 3,611,909
Passed Through Massachusetts Department of Transportation					
Federal Section 5311	1/20/2020 to 9/30/2021	<u>908,620</u>	<u>57,262</u>	<u>702,449</u>	<u>148,909</u>
Total		<u>\$ 6,587,163</u>	<u>\$ 565,996</u>	<u>\$ 2,260,349</u>	<u>\$ 3,760,818</u>

NOTE 13 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*, for implementation in fiscal year 2021. The statement enhances the consistency and comparability of fiduciary activity reporting by state and local governments. It narrows the existing definition of a fiduciary fund and clarifies how these funds should be treated in the financial statements. This statement had no impact on the Authority's financial reporting.

The GASB also issued Statement No. 90, *Majority Equity Interests*, for implementation in fiscal year 2021. The statement helps clarify the reporting requirements for state and local government entities that have a majority equity interest in an organization that remains legally separate after acquisition. This statement had no impact on the Authority's financial reporting.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

SCHEDULE OF CHANGE IN NET PENSION LIABILITY AND RELATED RATIOS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

BRTA Pension Plan
(see also Note 10)
Plan Year End June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability							
Service cost	\$ 91,955	\$ 101,455	\$ 95,207	\$ 99,853	\$ 99,716	\$ 96,120	\$ 87,751
Interest	77,168	68,958	61,031	58,458	44,571	36,117	48,941
Changes in benefit terms		-	-	-	-	-	-
Changes of assumptions	216,168	(1,653)	(5,620)	44,668	2,129	1,716	-
Differences between expected and actual experience	(48,364)	78,616	(204)	(17,135)	85,419	31,541	(83,295)
Benefit payment, including refunds of employee contributions	-	(49,115)	(15,111)	(91,535)	-	-	(212,166)
Net change in total pension liability	336,927	198,261	135,303	94,309	231,835	165,494	(158,769)
Total pension liability, beginning	1,451,412	1,253,151	1,117,848	1,023,539	791,704	626,210	784,979
Total pension liability, ending (a)	<u>\$ 1,788,339</u>	<u>\$ 1,451,412</u>	<u>\$ 1,253,151</u>	<u>\$ 1,117,848</u>	<u>\$ 1,023,539</u>	<u>\$ 791,704</u>	<u>\$ 626,210</u>
Plan fiduciary net position							
Contributions - employer	\$ 160,000	\$ 136,000	\$ 115,001	\$ 108,522	\$ 121,564	\$ 57,800	\$ 60,070
Net investment income	45,472	27,989	24,118	26,692	8,062	12,771	9,280
Benefit payments, including refunds of employee contributions	-	(49,115)	(15,111)	(91,535)	-	-	(212,166)
Administrative expense	-	-	-	-	-	-	(2,593)
Net change in plan fiduciary net position	205,472	114,874	124,008	43,679	129,626	70,571	(145,409)
Plan fiduciary net position, beginning	682,742	567,868	443,860	400,181	270,555	199,984	345,393
Plan fiduciary net position, ending (b)	<u>\$ 888,214</u>	<u>\$ 682,742</u>	<u>\$ 567,868</u>	<u>\$ 443,860</u>	<u>\$ 400,181</u>	<u>\$ 270,555</u>	<u>\$ 199,984</u>
Net pension liability (a) - (b)	<u>\$ 900,125</u>	<u>\$ 768,670</u>	<u>\$ 685,283</u>	<u>\$ 673,988</u>	<u>\$ 623,358</u>	<u>\$ 521,149</u>	<u>\$ 426,226</u>
Plan fiduciary net position as a percentage of the total pension liability	49.67%	47.04%	45.32%	39.71%	39.10%	34.17%	31.94%
Covered employee payroll	\$ 390,160	\$ 582,240	\$ 551,610	\$ 548,422	\$ 547,603	\$ 527,190	\$ 442,959
Net pension liability as a percentage of covered employee payroll	230.71%	132.02%	124.23%	122.90%	113.83%	98.85%	96.22%

See independent auditors' report.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

SCHEDULE OF PENSION CONTRIBUTIONS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

BRTA Pension Plan
(see also Note 10)
Plan Year End June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 198,664	\$ 171,984	\$ 158,085	\$ 161,694	\$ 156,912	\$ 143,938	\$ 126,859
Contributions in relation to the actuarially determined contribution	<u>160,000</u>	<u>136,000</u>	<u>115,001</u>	<u>108,522</u>	<u>121,564</u>	<u>57,800</u>	<u>60,070</u>
Contribution deficiency (excess)	<u>\$ 38,664</u>	<u>\$ 35,984</u>	<u>\$ 43,084</u>	<u>\$ 53,172</u>	<u>\$ 35,348</u>	<u>\$ 86,138</u>	<u>\$ 66,789</u>
Covered employee payroll	\$ 390,160	\$ 582,240	\$ 551,610	\$ 548,422	\$ 547,603	\$ 527,190	\$ 442,959
Contribution as a percentage of covered Employee payroll	41.01%	23.36%	20.85%	19.79%	22.20%	10.96%	13.56%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, 2021.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	10 year level dollar of the existing net pension liability as of the valuation date
Remaining amortization period	10 years. Fresh start method with amortization remaining unfunded amortized each year.
Asset valuation method:	Market value of assets as of the measurement date
Inflation:	2.00% as of June 30, 2021 and for future periods
Salary increases:	2.00% annually as of June 30, 2021 and for future periods
Investment rate of return:	4.00%, net of pension plan investment expense, including inflation

Last 10 years: Only plan years 2015 to 2021 available

See independent auditors' report.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

COMPUTATION OF OPERATING ASSISTANCE
FROM THE FEDERAL TRANSIT ADMINISTRATION
UNDER 49 USC SECTIONS 5307, 5311 AND 5316

SUPPLEMENTARY INFORMATION

For Years Ended June 30,

	2021	2020
Total operating expenses	\$ 15,625,947	\$ 16,427,450
Eliminate GASB adjustment for increase to pension expense	(1,120)	(12,720)
Interest expense	40,387	87,247
Total eligible expenses	15,665,214	16,501,977
Revenues applied to eligible expenses:		
Fixed route income	465,840	603,746
Demand response income	46,721	78,078
Brokerage service income	8,104,503	9,278,536
Other assistance	136,010	218,485
Advertising income	40,000	35,000
Rental income	55,119	55,533
Other income	48,928	65,372
Interest income	2,705	23,106
Total revenues applied to eligible expenses	8,899,826	10,357,856
Net operating expenses eligible under Sections 5307, 5311, and 5316	6,765,388	6,144,121
Less CARES Act funding received under Sections 5307 and 5311 for 100% of eligible operating expenses incurred during the period January 20, 2020 through June 30, 2021	2,260,349	565,996
Remaining operating expenses eligible under Sections 5307, 5311, and 5316 subject to 50% participation in eligible expenses	4,505,039	5,578,125
Federal participation in eligible expenses	x 50%	x 50%
Maximum federal operating assistance allowed	\$ 2,252,520	\$ 2,789,063
Sections 5307, 5311, and 5316 operating assistance subject (amount of maximum funding above or less)	\$ 306,681	\$ 1,558,192

The following nonreimbursable items are not included in the eligible expenses above:

- Depreciation taken on property and equipment purchased with capital grant funding
- GASB adjustment for the change in the Authority's net pension liability

See independent auditors' report.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

STATEMENT OF NET COST OF SERVICE

SUPPLEMENTARY INFORMATION

For the Years Ended June 30,

	Total Service Area 2021	Total Service Area 2020
Operating costs		
Administrative costs	\$ 656,611	\$ 761,332
Purchased services		
Fixed route service	5,984,575	5,450,330
Demand response service	915,610	966,381
Brokerage service	7,933,141	9,030,922
Other operating expenses	136,010	218,485
Debt service	40,387	87,247
Eliminate GASB adjustment for increase to pension expense	(1,120)	(12,720)
Total operating costs	<u>15,665,214</u>	<u>16,501,977</u>
Operating assistance and revenues		
Federal and other operating assistance	<u>3,086,165</u>	<u>2,681,803</u>
Revenues		
Local revenues		
Fixed route income	465,840	603,746
Demand response income	46,721	78,078
Brokerage service income	8,104,503	9,278,536
Advertising income	40,000	35,000
Rental income	55,119	55,533
Other income	48,928	65,372
Interest income	2,705	23,106
Total local revenues	<u>8,763,816</u>	<u>10,139,371</u>
Total operating assistance and revenues	<u>11,849,981</u>	<u>12,821,174</u>
Net operating deficit	3,815,233	3,680,803
Increase in reserve for extraordinary expenses	4,754	4,639
Net cost of service	<u>\$ 3,819,987</u>	<u>\$ 3,685,442</u>
Net cost of service funding		
Local assessments	\$ 999,065	\$ 974,698
State contract assistance	<u>2,820,922</u>	<u>2,710,744</u>
Total funding	<u>\$ 3,819,987</u>	<u>\$ 3,685,442</u>

The following nonreimbursable items are not included in the eligible expenses above:

- Depreciation taken on property and equipment purchased with capital grant funding
- GASB adjustment for the change in the Authority's net pension liability

See independent auditors' report.

INDEPENDENT AUDITORS' 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, in accordance with the 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, the financial statements of the business-type activities of the Berkshire Regional Transit Authority, a component unit of the Massachusetts Department of Transportation, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Berkshire Regional Transit Authority's basic financial statements, and have issued our report thereon dated August 30, 2021.

Internal Control Over Financial Reporting

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

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 a 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Berkshire Regional Transit Authority's financial statements are free from 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Adelson + Company PC

ADELSON & COMPANY PC

August 30, 2021