

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

Financial Statements and
Supplementary Information

June 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Berkshire Regional Transit Authority, as of and for the years ended June 30, 2024 and 2023, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Berkshire Regional Transit Authority, as of June 30, 2024 and 2023, and the respective changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Berkshire Regional Transit Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Berkshire Regional Transit Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Berkshire Regional Transit Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Berkshire Regional Transit Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 5, and the Schedule of Proportionate Share of Net Pension Liability and Pension Contributions on pages 25 and 26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 accompanying supplementary information on pages 27 and 28 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. Such 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 GAAS. In our opinion, the supplementary 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 September 26, 2024 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 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.

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September 26, 2024

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, 2024

The Berkshire Regional Transit Authority's (the Authority) management discussion and analysis for the fiscal year ended June 30, 2024 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).

Reporting Entity

The Authority provides public transportation and 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. See Note 1 to the financial statements for additional information on the reporting entity.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at June 30, 2024 by \$13,823,815.
- The Authority's cost of operations were fully covered with operating revenues (fixed route and demand response income, advertising, rental and other miscellaneous income) and government support (federal, state, and local operating subsidies). See the Authority's net cost of service calculation on page 27 of the financial statements.

The Authority's total net position had a net increase of \$2,288,044 from fiscal year 2023, mainly due to contributed capital from the federal and state government for the acquisition of capital assets of \$3,656,094, current year non-reimbursable depreciation on capital assets of \$1,477,526, an increase in the Authority's reserve of \$5,121 as allowed under M.G.L. 161B Section 6(q), and a decrease in the Authority's net pension liability and related deferred outflows and inflows of resources of \$103,254 which are non-reimbursable items at this time.

- Operating revenues decreased \$19,860 or 3.2% from fiscal year 2023. Fixed route income decreased \$21,931, due to fare-free events in December 2023 and June 2024, and demand response revenue increased by \$2,071.
- Operating expenses increased \$632,977 or 7.9% from fiscal year 2023 mainly due to an increase in demand response expenses of \$585,961 due to increased wages, fuel prices and maintenance costs, an increase in fixed route service of \$164,114, an increase in administrative expenses of \$13,177 due to increased wages and benefits, and a decrease in other operating expenses of \$130,275, which was funded with specific grants from the federal and state government.
- The Authority expended \$3,656,094 on capital assets, all of which was paid for by the federal and state government.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
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Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

- As travel continues to normalize, both fixed route and demand response ridership have exceeded fiscal year 2023 levels by 10.95% and 16.25%, respectively. Both fixed route and demand response have surpassed pre-Covid-19 levels by 8.4% and 8.0%, respectively.
- 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 30 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
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Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

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

Summary of Net Position

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>Change</u>
Total current assets	\$ 7,275,321	\$ 6,914,820	\$ 360,501
Leases receivable, long-term	31,807	-	31,807
Property and equipment, net	13,168,139	10,993,686	2,174,453
Deferred outflows related to pensions	<u>374,383</u>	<u>393,430</u>	<u>(19,047)</u>
Total assets and deferred outflows of resources	<u>20,849,650</u>	<u>18,301,936</u>	<u>2,547,714</u>
Accounts payable and other accrued liabilities	596,312	455,899	140,413
Note payable	5,600,000	5,350,000	250,000
Net pension liability	603,493	720,714	(117,221)
Deferred inflows of resources related to pensions	171,148	176,228	(5,080)
Deferred inflows of resources related to leases	<u>54,882</u>	<u>63,324</u>	<u>(8,442)</u>
Total liabilities and deferred inflows of resources	<u>7,025,835</u>	<u>6,766,165</u>	<u>259,670</u>
Investment in capital assets, net of related debt	13,168,139	10,993,686	2,174,453
Restricted			
Reserve	209,929	204,808	5,121
Working capital held by fixed route and paratransit operators	713,741	713,741	-
Unrestricted	<u>(267,994)</u>	<u>(376,464)</u>	<u>108,470</u>
Total net position	<u>\$ 13,823,815</u>	<u>\$ 11,535,771</u>	<u>\$ 2,288,044</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>6/30/2024</u>	<u>6/30/2023</u>	<u>Change</u>
Restricted net position			
Accumulated reserve established under Massachusetts			
General Laws for extraordinary expenses	\$ 209,929	\$ 204,808	\$ 5,121
Working capital held by fixed route and paratransit operator	<u>713,741</u>	<u>713,741</u>	<u>-</u>
Total	<u>\$ 923,670</u>	<u>\$ 918,549</u>	<u>\$ 5,121</u>

BERKSHIRE REGIONAL TRANSIT AUTHORITY
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Management's Discussion and Analysis

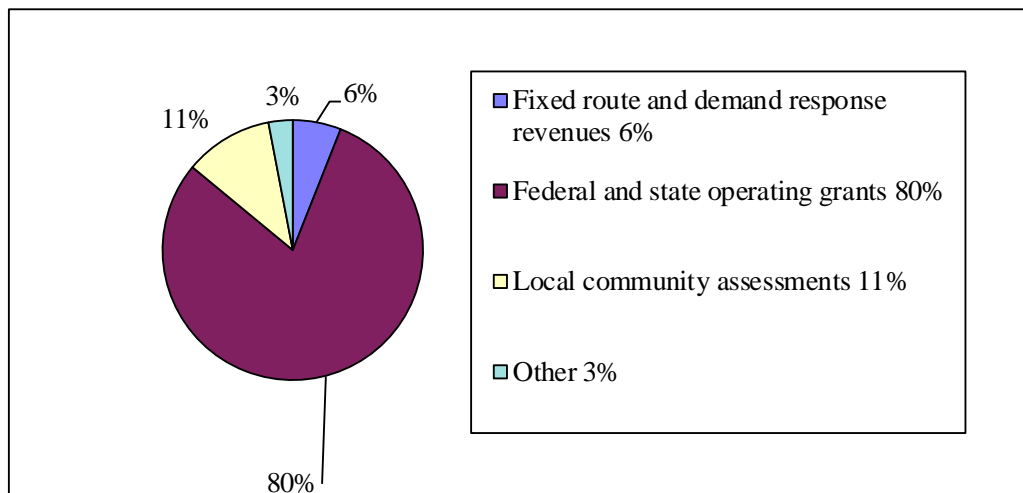
For the Fiscal Year Ended June 30, 2024

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>6/30/2024</u>	<u>6/30/2023</u>	<u>Change</u>
Total operating revenues	\$ 594,391	\$ 614,251	\$ (19,860)
Total operating expenses	<u>9,367,203</u>	<u>8,734,226</u>	<u>632,977</u>
Operating income (loss)	(8,772,812)	(8,119,975)	(652,837)
Total non-operating revenues (expenses)	<u>8,882,288</u>	<u>8,181,340</u>	<u>700,948</u>
Income (loss) before capital contributions and other items	109,476	61,365	48,111
Capital contributions	3,656,094	696,678	2,959,416
Nonreimbursable depreciation	<u>(1,477,526)</u>	<u>(1,429,765)</u>	<u>(47,761)</u>
Change in net position	2,288,044	(671,722)	2,959,766
Net position, beginning	<u>11,535,771</u>	<u>12,207,493</u>	<u>(671,722)</u>
Net position, ending	<u>\$ 13,823,815</u>	<u>\$ 11,535,771</u>	<u>\$ 2,288,044</u>

Total Operating and Non-operating
Revenues of \$9,684,697 by Source

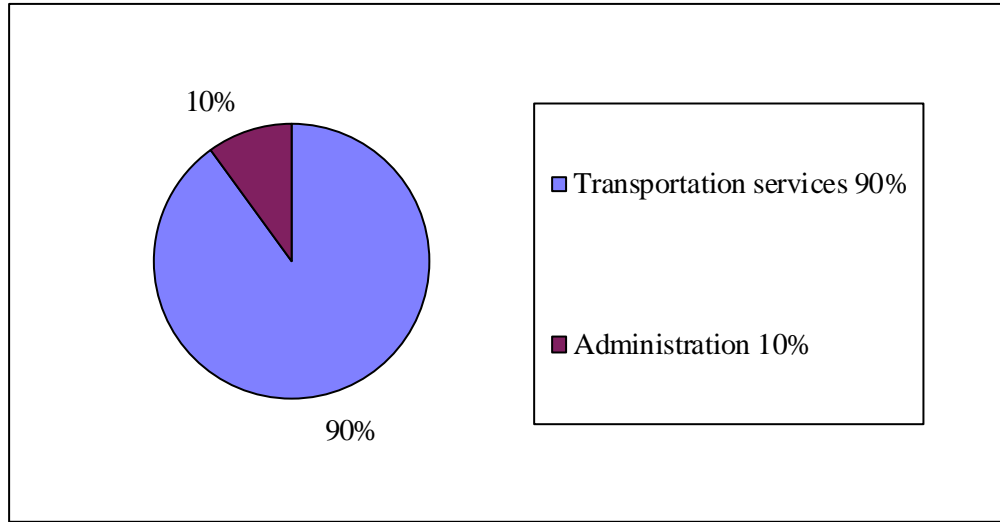


BERKSHIRE REGIONAL TRANSIT AUTHORITY
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Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Total Operating and Non-operating
Expenses of \$9,575,221 by Source



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

- Fixed route service income was under budget by \$84,438 mainly due to fare-free events in December 2023 and June 2024, for which the Authority received state operating assistance. The fixed route service expense was under budget by \$412,277 due to a reduction in management and driver wages and benefits due to staff openings and short-staffing levels.
- Demand response income exceeded the budget by \$1,164. Demand response expense was under budget by \$87,209.
- Administrative salaries, taxes and fringe benefits were under budget by \$67,929 due to lower than expected medical insurance costs and a lower than expected distribution of pension costs.
- Administrative expenses were under budget by \$1,437.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
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Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Capital Asset and Debt Administration

Capital assets

The Authority's net increase in capital assets during the year ending June 30, 2024 was \$2,174,453. The Authority primarily acquires its capital assets under federal and state capital grants. During fiscal year 2024, the Authority acquired revenue vehicles and made improvements to its facilities, which were all covered by capital grants. The details on capital assets totaling \$13,168,139, net of accumulated depreciation, are disclosed in Note 6 of the financial statements.

Revenue Anticipation Notes

At the end of fiscal year 2024, the Authority had a revenue anticipation note payable of \$5,600,000 maturing on July 25, 2024 at a rate of 4.50%. On July 25, 2024, the Authority issued a \$5,600,000 revenue anticipation note maturing on July 25, 2025 at a rate of 4.50%. The Authority repaid the \$5,600,000 note due July 25, 2024. This note provides cash flow until federal and state appropriations and local assessments are received.

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 on operating assistance from the Commonwealth of Massachusetts. The Authority's net cost of service is also funded 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 (1.5 years behind). This contributes in large part to the Authority's borrowing needs.

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
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STATEMENTS OF NET POSITION

June 30,

	2024	2023
Assets and deferred outflows of resources		
Current assets		
Cash and equivalents	\$ 1,372,655	\$ 827,640
Receivables	5,151,441	5,289,729
Prepaid expenses	9,991	17,070
Working capital held by fixed route and paratransit operator	713,741	713,741
Leases receivable	27,493	66,640
Total current assets	7,275,321	6,914,820
Leases receivable, long-term	31,807	-
Property and equipment, net	13,168,139	10,993,686
Total assets	20,475,267	17,908,506
Deferred outflows of resources		
Deferred outflows related to pensions	374,383	393,430
Total assets and deferred outflows of resources	20,849,650	18,301,936
Liabilities and deferred inflows of resources		
Accounts payable	8,517	2,563
Accrued payroll and related liabilities	8,405	7,956
Compensated absences	18,570	16,729
Unearned revenue	325,902	227,175
Accrued interest	234,918	201,476
Note payable	5,600,000	5,350,000
Net pension liability	603,493	720,714
Total liabilities	6,799,805	6,526,613
Deferred inflows of resources		
Deferred inflows related to leases receivable	54,882	63,324
Deferred inflows related to pensions	171,148	176,228
Total liabilities and deferred inflows of resources	7,025,835	6,766,165
Net position		
Invested in capital assets, net of related debt	13,168,139	10,993,686
Restricted		
Reserve	209,929	204,808
Working capital held by fixed route and paratransit operators	713,741	713,741
Unrestricted	(267,994)	(376,464)
Total net position	\$ 13,823,815	\$ 11,535,771

See notes to financial statements.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the Year Ended June 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues			
Fixed route income	\$ 601,302	\$ 516,864	\$ (84,438)
Demand response income	76,363	77,527	1,164
Total operating revenues	677,665	594,391	(83,274)
Operating expenses			
Fixed route service	6,686,188	6,273,911	412,277
Demand response service	2,253,368	2,166,159	87,209
Other operating expenses	214,756	214,756	-
Administrative salaries, taxes and fringe benefits	491,684	423,755	67,929
Administrative expenses	290,059	288,622	1,437
Total operating expenses	9,936,055	9,367,203	568,852
Operating income (loss)	(9,258,390)	(8,772,812)	485,578
Non-operating revenues (expenses)			
Government assistance			
Federal	3,753,924	3,189,895	(564,029)
Massachusetts	4,341,956	4,372,418	30,462
Member communities	1,075,885	1,075,885	-
Other federal and state assistance	214,756	214,756	-
Advertising income	38,611	38,611	-
Rental income	55,208	55,208	-
Other income	25,400	109,415	84,015
Interest income	20,400	34,118	13,718
Interest expense	(267,750)	(208,018)	59,732
Total non-operating revenues (expenses)	9,258,390	8,882,288	(376,102)
Income (loss) before capital contributions and other items	\$ -	109,476	\$ 109,476
Capital contributions		3,656,094	
Nonreimbursable depreciation		(1,477,526)	
Change in net position		2,288,044	
Net position, beginning		11,535,771	
Net position, ending		\$ 13,823,815	

See notes to financial statements.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the Year Ended June 30, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues			
Fixed route income	\$ 507,500	\$ 538,795	\$ 31,295
Demand response income	65,196	75,456	10,260
Total operating revenues	572,696	614,251	41,555
Operating expenses			
Fixed route service	6,909,115	6,109,797	799,318
Demand response service	1,268,584	1,580,198	(311,614)
Other operating expenses	345,031	345,031	-
Administrative salaries, taxes and fringe benefits	461,518	438,171	23,347
Administrative expenses	270,747	261,029	9,718
Total operating expenses	9,254,995	8,734,226	520,769
Operating income (loss)	(8,682,299)	(8,119,975)	562,324
Non-operating revenues (expenses)			
Government assistance			
Federal	3,185,751	1,878,299	(1,307,452)
Federal CARES and ARPA	1,145,854	1,846,309	700,455
Massachusetts	2,932,800	3,024,059	91,259
Member communities	1,049,644	1,049,644	-
Other federal and state assistance	345,031	345,031	-
Advertising income	37,759	37,759	-
Rental income	49,795	49,795	-
Other income	24,100	70,243	46,143
Interest income	13,565	20,942	7,377
Interest expense	(102,000)	(140,741)	(38,741)
Total non-operating revenues (expenses)	8,682,299	8,181,340	(500,959)
Income (loss) before capital contributions and other items	\$ -	61,365	\$ 61,365
Capital contributions		696,678	
Nonreimbursable depreciation		(1,429,765)	
Change in net position		(671,722)	
Net position, beginning		12,207,493	
Net position, ending		\$ 11,535,771	

See notes to financial statements.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
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STATEMENTS OF CASH FLOWS

For the years ended June 30,

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Receipts from customers	\$ 779,517	\$ 670,149
Payments for goods and services	(8,606,871)	(8,132,947)
Payments to employees	<u>(543,289)</u>	<u>(488,427)</u>
Net cash provided (used) by operating activities	<u>(8,370,643)</u>	<u>(7,951,225)</u>
Cash flows from noncapital financing activities:		
Receipts of operating grants	8,805,996	7,327,814
Proceeds from issuing revenue anticipation notes	5,600,000	5,350,000
Repayments of revenue anticipation notes	(5,350,000)	(5,100,000)
Interest paid, net of premiums	<u>(174,576)</u>	<u>12,718</u>
Net cash provided (used) by noncapital financing activities	<u>8,881,420</u>	<u>7,590,532</u>
Cash flows from capital and related financing activities:		
Receipts of capital grants	2,947,606	557,070
Payments for capital acquisitions	<u>(2,947,486)</u>	<u>(430,723)</u>
Net cash provided (used) by capital and related financing activities	<u>120</u>	<u>126,347</u>
Cash flows from investing activities:		
Interest income	<u>34,118</u>	<u>20,942</u>
Net cash provided (used) by investing activities	<u>34,118</u>	<u>20,942</u>
Net increase (decrease) in cash and equivalents	545,015	(213,404)
Cash and equivalents, beginning	<u>827,640</u>	<u>1,041,044</u>
Cash and equivalents, ending	<u>\$ 1,372,655</u>	<u>\$ 827,640</u>
Reconciliation of operating income to net cash used by operating activities:		
Operating loss	\$ (8,772,812)	\$ (8,119,975)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Reimbursable depreciation	4,115	4,115
Advertising income	38,611	37,759
Rental income	55,208	49,795
Other income	109,415	70,243
Change in assets and liabilities:		
(Increase) decrease in receivables	185,126	55,898
(Increase) decrease in prepaid expenses	7,079	8,944
(Increase) decrease in lease receivable	(1,102)	986
Increase (decrease) in accounts payable	5,954	1,641
Increase (decrease) in accrued payroll and related liabilities	2,290	7,100
Increase (decrease) in unearned revenue	98,727	(10,375)
Increase (decrease) in net pension liability	<u>(103,254)</u>	<u>(57,356)</u>
Net cash used by operating activities	<u>\$ (8,370,643)</u>	<u>\$ (7,951,225)</u>
Noncash supplemental disclosures		
Capital assets purchased on behalf of the Authority by the Commonwealth	<u>\$ 708,608</u>	<u>\$ 265,955</u>

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

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, Hancock, Hinsdale, Lanesborough, Lee, Lenox, Monterey, Mt. Washington, New Ashford, New Marlborough, Otis, Peru, Richmond, Savoy, Sheffield, Stockbridge, Washington, West Stockbridge, 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 operation and maintenance of the Authority's transit services is performed by a private sector transportation company (the Operator) under terms and agreements whereby the Operator provides mass transit along such routes and according to such schedules as may be defined by the Authority. The Operator is also responsible for the maintenance of the Authority's transportation property (operations and maintenance facility, rolling stock, and other transportation equipment). In return, the Authority agrees to pay the Operator a management fee and to reimburse the Operator for all costs and expenses which are reasonable and necessary for the efficient operation and maintenance of the transit service (see also Notes 4 and 9).

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.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the Authority, (2) organizations for which the Authority is financially accountable and (3) other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standards Board (GASB) statements have been considered, and no component units were identified to be included in the Authority's financial statements.

The financial statements of the Authority are incorporated into the financial statements of the Commonwealth of Massachusetts as the Authority is a component unit of the Massachusetts Department of Transportation.

Basis of Accounting

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

NOTE 1 - (Continued)

The Authority uses proprietary fund accounting, which follows all 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 for fixed route and demand response transit services.

Operating expenses include the cost of transit services provided by third party vendors, administrative expenses and reimbursable 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.

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, 2024 and 2023, the Authority's reserve balance was \$209,929 and \$204,808, 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. Revenue received in advance is reported as unearned revenue on the statement of net position.

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.

Federal Grants and Contracts

The Federal government under 49 USC Sections 5307, 5311, and other sections, provides for assistance of up to 50% of the Authority's eligible operating costs. In addition, under 49 USC Sections 5307, 5309 and 5310, the Federal government may provide 80% to 100% of the cost of capital acquisitions.

The Authority has also received Federal CARES Act and ARPA funding under Sections 5307 and 5311, which covered 100% of eligible operating expenses.

Local Assessments

The Authority's net cost of service is funded through local assessments to member municipalities (cities and towns constituting the Authority), which may increase by no more than 2.5% annually plus the members' share of any new services.

NOTE 1 - (Continued)

State Contract Assistance

The Authority has a contract with the Commonwealth of Massachusetts (executed through the Massachusetts Department of Transportation), pursuant to MGL 161B, to provide operating assistance for a portion the Authority's net cost of service (operating deficit remaining after federal grants and local assessments have been applied, including payments made for debt service during the period, and excluding non-reimbursable expenses and depreciation).

Funding is determined in the Commonwealth's annual budget and is allocated between the regional transit authorities in the State based on a formula considering such factors as size and operating environment, ridership, and previous State funding levels.

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.

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.

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.

Lease Receivable

The Authority has recorded long-term lease receivables as a result of implementing GASB Statement No. 87, *Leases*. The long-term lease receivables are initially measured at the present value of lease payments to be received during the lease term, reduced by any provision for estimated uncollectible amounts.

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.

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.

NOTE 1 - (Continued)

Compensated Absences

Employees are eligible for vacation leave with pay. The number of vacation weeks are awarded to employees based on years of service and range from two weeks after one year of service to five weeks after 15 years of service. Unused vacation leave may be accumulated and carried over to the next fiscal year up to a maximum of five days.

Paid sick days are provided to each eligible employee for workdays missed due to illness or injury. Upon hire, employees will be vested with five sick days, prorated through the fiscal year end. On July 1st of every year, employees will be awarded ten days of paid sick leave. Unused sick days may be accumulated to a maximum of 90 days. Unused sick time will not be paid upon termination.

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 September 26, 2024, the date which the financial statements were available to be issued.

Concentration of Source of Supply of Labor

The Authority has a contract with Berkshire Transit Management, Inc. (BTM), a wholly-owned subsidiary of Transdev United States (formerly First Transit, Inc.), to perform fixed route and paratransit management, operations, and maintenance services. The current contract expires on June 30, 2025.

Approximately eighty percent (80%) of BTM employees are members of the International Brotherhood of Teamsters, Local 404 (the Union). BTM's current labor agreement expires on June 30, 2027.

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, 2024, were \$1,533,130. Uninsured bank deposits as of June 30, 2024, were \$-0-.

NOTE 3 - RECEIVABLES

Accounts receivable consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Federal		
Operating assistance	\$ 3,189,895	\$ 1,593,058
Operating assistance - Federal CARES and ARPA	-	1,744,462
Capital assistance	<u>98,684</u>	<u>-</u>
Total federal	<u>3,288,579</u>	<u>3,337,520</u>
Massachusetts		
Operating assistance	50,000	8,063
Capital assistance	<u>29,203</u>	<u>29,323</u>
Total Massachusetts	<u>79,203</u>	<u>37,386</u>
Member communities		
Operating assistance for current year expenditures	1,075,885	1,049,644
Operating assistance for prior year expenditures	<u>409,748</u>	<u>382,027</u>
Total member communities	<u>1,485,633</u>	<u>1,431,671</u>
Other receivables	<u>298,026</u>	<u>483,152</u>
Total receivables	<u>\$ 5,151,441</u>	<u>\$ 5,289,729</u>

NOTE 4 - WORKING CAPITAL HELD BY FIXED ROUTE AND PARATRANSIT OPERATOR

Berkshire Transit Management, Inc. (BTM), subsidiary of Transdev United States (formerly First Transit, Inc.), is the fixed route and paratransit operator for the Authority. The assets and liabilities held by BTM are owned by the Authority and consist mainly of cash, inventory, prepaid expenses, and accounts payable and accrued wages. The value of these assets less liabilities held by BTM for each of the years ending June 30, 2024 and 2023 was \$713,741, and is reported as working capital held by the fixed route operator in the Authority's financial statements.

NOTE 5 - LEASES

The Authority, as lessor, has entered into various agreements for advertising and office space with lease terms expiring in 2026.

The Authority has adopted GASB Statement No. 87, *Leases*. In accordance with GASB 87, a lease is a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The Authority determines whether a contract conveys control of the right to use the underlying asset by assessing both of the following: 1) the right to obtain the present service capacity from use of the underlying asset as specified in the contract, and 2) the right to determine the nature and manner of use of the underlying asset as specified in the contract.

NOTE 5 - (Continued)

The Authority, as a lessor, recognizes lease receivables at the present value of lease payments anticipated to be received at or before the commencement of the lease term that relate to future periods. The Authority assesses each lease receivable annually for changes in the terms of the lease, interest rate, impairment of the underlying leased asset, or other factors that may impact the expected lease payments. Lease revenue is recorded systematically over the term of the lease, with a corresponding reduction of the deferred inflow. The Authority calculates the amortization of the discount on each lease receivable in subsequent financial reporting periods, and reports that amount as interest revenue.

As of June 30, 2024 and 2023, the Authority does not have any contracts or agreements as a lessee.

Leases receivable consist of the following:*Advertising (Embedded) Lease Income*

The Authority had entered into an agreement with a third party, which had the exclusive right to sell, install, maintain, and place advertisements on and inside the Authority's buses, for a term of three years which expired in fiscal year 2024. The minimum annual guaranteed advertising income was approximately \$40,000. An initial lease receivable was recorded in the amount of \$113,729. For the year ended June 30, 2024 and 2023, the value of the lease receivable was \$-0- and \$39,147, respectively. The lease had an interest rate of 4.00%. The value of the deferred inflow of resources for the year ended June 30, 2024 and 2023 was \$-0- and \$37,760, respectively. The Authority recognized advertising lease income of \$38,611 and \$37,759 for the fiscal years ended June 30, 2024 and 2023, respectively.

Rental Income

The Authority entered into an agreement with a third party to lease office space within the Authority's Intermodal Center which was set to originally expire in April 2024. During fiscal year 2024, the lease was renewed and will expire in April 2026. Monthly rental income is \$2,800. An initial lease receivable was recorded in the amount of \$87,206. For the year ended June 30, 2024 and 2023, the value of the lease receivable was \$59,300 and \$27,493, respectively. The lease has an interest rate of 4.00%. The value of the deferred inflow of resources for the year ended June 30, 2024 and 2023 was \$54,882 and \$25,564, respectively. The Authority recognized rental income \$33,051 and \$30,676 for the fiscal years ended June 30, 2024 and 2023, respectively.

Leases receivable consist of the following at June 30:

	2024			
	Beginning Balance	Increases	Decreases	Ending Balance
Advertising space	\$ 39,147	\$ -	\$ (39,147)	\$ -
Rental space	27,493	64,479	(32,672)	59,300
Leases receivable	<u>\$ 66,640</u>	<u>\$ 64,479</u>	<u>\$ (71,819)</u>	<u>\$ 59,300</u>

	2023			
	Beginning Balance	Increases	Decreases	Ending Balance
Advertising space	\$ 76,761	\$ -	\$ (37,614)	\$ 39,147
Rental space	59,300	-	(31,807)	27,493
Leases receivable	<u>\$ 136,061</u>	<u>\$ -</u>	<u>\$ (69,421)</u>	<u>\$ 66,640</u>

NOTE 5 - (Continued)

Future minimum lease payments to be received are as follows:

Fiscal Year Ending June 30,	Rental Income	
	Principal Receipts	Interest Receipts
2025	\$ 27,493	\$ 1,793
2026	31,807	507
Total	<u>\$ 59,300</u>	<u>\$ 2,300</u>

Other short-term leases

The Authority has entered into multiple short-term (month-to-month) agreements to lease office space within the Authority's Intermodal Center. Total lease income was \$22,157 and \$19,119 for the fiscal years ended June 30, 2024 and 2023, respectively.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2024			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 61,628	\$ -	\$ -	\$ 61,628
Construction in process	154,279	-	-	154,279
Total capital assets, not being depreciated	<u>215,907</u>	<u>-</u>	<u>-</u>	<u>215,907</u>
Capital assets, being depreciated:				
Buildings	15,271,511	25,000	(20,235)	15,276,276
Revenue equipment	11,192,591	3,460,909	(5,560)	14,647,940
Office equipment and furniture	439,007	59,636	(16,933)	481,710
Service vehicles	315,575	110,549	-	426,124
Total capital assets, being depreciated	<u>27,218,684</u>	<u>3,656,094</u>	<u>(42,728)</u>	<u>30,832,050</u>
Less accumulated depreciation for:				
Buildings	8,236,537	390,097	(20,235)	8,606,399
Revenue equipment	7,562,809	1,049,027	(5,560)	8,606,276
Office equipment and furniture	338,461	38,600	(16,933)	360,128
Service vehicles	303,098	3,917	-	307,015
Total accumulated depreciation	<u>16,440,905</u>	<u>1,481,641</u>	<u>(42,728)</u>	<u>17,879,818</u>
Total capital assets, being depreciated, net	<u>10,777,779</u>	<u>2,174,453</u>	<u>-</u>	<u>12,952,232</u>
Capital assets, net	<u>\$ 10,993,686</u>	<u>\$ 2,174,453</u>	<u>\$ -</u>	<u>\$ 13,168,139</u>

NOTE 6 - (Continued)

	2023			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 61,628	\$ -	\$ -	\$ 61,628
Construction in process	154,279	-	-	154,279
Total capital assets, not being depreciated	<u>215,907</u>	<u>-</u>	<u>-</u>	<u>215,907</u>
Capital assets, being depreciated:				
Buildings	15,252,211	19,300	-	15,271,511
Revenue equipment	11,205,804	677,378	(690,591)	11,192,591
Office equipment and furniture	439,007	-	-	439,007
Service vehicles	315,575	-	-	315,575
Total capital assets, being depreciated	<u>27,212,597</u>	<u>696,678</u>	<u>(690,591)</u>	<u>27,218,684</u>
Less accumulated depreciation for:				
Buildings	7,837,084	399,453	-	8,236,537
Revenue equipment	7,260,332	993,068	(690,591)	7,562,809
Office equipment and furniture	300,780	37,681	-	338,461
Service vehicles	299,420	3,678	-	303,098
Total accumulated depreciation	<u>15,697,616</u>	<u>1,433,880</u>	<u>(690,591)</u>	<u>16,440,905</u>
Total capital assets, being depreciated, net	<u>11,514,981</u>	<u>(737,202)</u>	<u>-</u>	<u>10,777,779</u>
Capital assets, net	<u>\$ 11,730,888</u>	<u>\$ (737,202)</u>	<u>\$ -</u>	<u>\$ 10,993,686</u>

NOTE 7 - NOTES PAYABLE

The Authority is subsidized by local assessments received from its member communities for its annual net cost of service. The Authority is also subsidized by the Federal government. These subsidies are funded subsequent to the year in which the costs are incurred. Therefore, the Authority issues revenue anticipation notes to cover cash flow deficiencies until funding is received.

Revenue anticipation notes payable consisted of the following at June 30:

	2024	2023
4.50% Revenue anticipation note due July 25, 2024	\$ 5,600,000	\$ -
2.68% Revenue anticipation note due July 25, 2023	-	5,350,000
Total	<u>\$ 5,600,000</u>	<u>\$ 5,350,000</u>

On July 25, 2024, the Authority issued a \$5,600,000 revenue anticipation note maturing on July 25, 2025 at a rate of 4.50%. The Authority repaid the \$5,600,000 note due July 25, 2024.

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 8 - NET POSITION

Net position consisted of the following at June 30:

	2024				Total
	Invested in capital assets, net of debt	Restricted Reserve	Restricted Working Capital Held by Operators	Unrestricted	
Net income (loss)	\$ -	\$ -	\$ -	\$ 109,476	\$ 109,476
Reimbursable depreciation	(4,115)	-	-	4,115	-
Nonreimbursable depreciation	(1,477,526)	-	-	-	(1,477,526)
Capital contributions	3,656,094	-	-	-	3,656,094
Increase in reserve for extraordinary expenses	-	5,121	-	(5,121)	-
Increase (decrease) in net position	2,174,453	5,121	-	108,470	2,288,044
Net position, beginning	10,993,686	204,808	713,741	(376,464)	11,535,771
Net position, ending	<u>\$ 13,168,139</u>	<u>\$ 209,929</u>	<u>\$ 713,741</u>	<u>\$ (267,994)</u>	<u>\$ 13,823,815</u>

	2023				Total
	Invested in capital assets, net of debt	Restricted Reserve	Restricted Working Capital Held by Operators	Unrestricted	
Net income (loss)	\$ -	\$ -	\$ -	\$ 61,365	\$ 61,365
Reimbursable depreciation	(4,115)	-	-	4,115	-
Nonreimbursable depreciation	(1,429,765)	-	-	-	(1,429,765)
Capital contributions	696,678	-	-	-	696,678
Increase in reserve for extraordinary expenses	-	4,995	-	(4,995)	-
Increase (decrease) in net position	(737,202)	4,995	-	60,485	(671,722)
Net position, beginning	11,730,888	199,813	713,741	(436,949)	12,207,493
Net position, ending	<u>\$ 10,993,686</u>	<u>\$ 204,808</u>	<u>\$ 713,741</u>	<u>\$ (376,464)</u>	<u>\$ 11,535,771</u>

Restricted net position

A reserve has been established by the Authority, restricted for the purpose of meeting the cost of extraordinary expenses in accordance with MGL Chapter 161B Section 6(q). At June 30, 2024 and 2023, the Authority's restricted reserve balance was \$209,929 and \$204,808, respectively.

NOTE 9 - TRANSPORTATION CONTRACTS

Transportation contracts consisted of the following at June 30, 2024:

- A. Fixed route service is provided by Berkshire Transit Management, Inc., subsidiary of Transdev United States (formerly First Transit, Inc.), to the communities of Adams, Cheshire, Dalton, Great Barrington, Hancock, 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 \$300,749.

NOTE 9 - (Continued)

- B. Berkshire Transit Management, 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 or electronic online payments made through RMPay software. 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 and disabled.

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, 2024 with a measurement date of June 30, 2024.

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 6 active plan members and no inactive plan members as of June 30, 2024 and 2023.

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.

NOTE 10 - (Continued)**Actuarial Assumptions**

The total pension liability in the June 30, 2024 and 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00% and future periods
Salary increases	2.00% annually and for future periods
Investment rate of return	4.00%, net of pension plan investment expense including inflation.
Pre- and post-retirement mortality	Mortality rates were based upon the 2024 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 2024 and 2023 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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	19.00%	4.50%
International equity	0.00%	5.50%
Fixed income	81.00%	2.00%
Real estate	0.00%	4.00%
Cash	0.00%	1.00%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability for 2024 was 4.00% (4.00% for 2023). 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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2023	\$ 1,629,038	\$ 908,324	\$ 720,714
Changes for the year:			
Service cost	75,935	-	75,935
Interest	68,199	-	68,199
Changes in benefit terms	-	-	-
Changes of assumptions	(24,289)	-	(24,289)
Differences between actual and expected experience	57,211	-	57,211
Contributions - employer	-	250,000	(250,000)
Net investment income	-	44,277	(44,277)
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	<u>177,056</u>	<u>294,277</u>	<u>(117,221)</u>
Balances at June 30, 2024	<u>\$ 1,806,094</u>	<u>\$ 1,202,601</u>	<u>\$ 603,493</u>
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2022	\$ 1,443,202	\$ 658,954	\$ 784,248
Changes for the year:			
Service cost	72,477	-	72,477
Interest	60,627	-	60,627
Changes in benefit terms	-	-	-
Changes of assumptions	7,527	-	7,527
Differences between actual and expected experience	45,205	-	45,205
Contributions - employer	-	200,000	(200,000)
Net investment income	-	49,370	(49,370)
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	<u>185,836</u>	<u>249,370</u>	<u>(63,534)</u>
Balances at June 30, 2023	<u>\$ 1,629,038</u>	<u>\$ 908,324</u>	<u>\$ 720,714</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%, 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, 2024	\$ 781,011	\$ 603,493	\$ 348,377

	1% Decrease (3.00%)	Current Discount (4.00%)	1% Increase (5.00%)
Plan net pension liability as of June 30, 2023	\$ 893,118	\$ 720,714	\$ 492,895

Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2024, the Transit Authority recognized pension expense of \$146,746; contribution of \$250,000 paid into the Plan, less the reduction in net pension liability of \$103,254 (pension expense was \$142,644 for the year ended June 30, 2023). At June 30, 2024 and 2023, the Transit Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 201,780	\$ 130,327	\$ 169,865	\$ 152,850
Changes in assumptions	138,448	25,591	171,815	5,234
Net difference between projected and actual earnings on pension plan investments	34,155	15,230	51,750	18,144
Total	<u>\$ 374,383</u>	<u>\$ 171,148</u>	<u>\$ 393,430</u>	<u>\$ 176,228</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:

	2024	2023
Year ended June 30:		
2024	\$ -	\$ 39,784
2025	43,428	39,267
2026	44,894	40,733
2027	27,816	23,655
2028	19,662	15,501
2029	9,737	11,340
Thereafter	57,698	46,922
Total	<u>\$ 203,235</u>	<u>\$ 217,202</u>

Payable to Pension Plan

At June 30, 2024 and 2023, the Authority reported a payable of \$-0- for the outstanding amount of contributions to the pension plan.

NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES

Fiscal year 2025 budget

For the fiscal year 2025, the Authority has approved an operating budget of \$11,739,227, which excludes non-reimbursable 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 AND OTHER COVID RELATED 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:

Federal CARES Act and COVID Related Funding	Performance Period	Total Contract Amount	Funds Spent through Fiscal Year 2023	Remaining Contract Amount
Federal Section 5307	1/20/2020 until spent	\$ 5,678,543	\$ 5,678,543	\$ -
Passed Through Massachusetts Department of Transportation				
Federal Section 5311	1/20/2020 to 9/30/2021	908,620	908,620	-
Federal Section 5311	7/1/2021 to 6/30/2023	<u>101,848</u>	<u>101,848</u>	<u>-</u>
Total		<u>\$ 6,689,011</u>	<u>\$ 6,689,011</u>	<u>\$ -</u>

NOTE 13 - ECONOMIC DEPENDENCE

The Authority receives operating assistance from the federal government and Commonwealth of Massachusetts, as well as assessments charged to local member communities of the Authority.

Federal and state assistance totaled approximately 80% of the total fiscal year 2024 revenues (79% in 2023).

Member community local assessments totaled approximately 11% of the total fiscal year 2024 revenues (12% in 2023).

The Federal and State government pay for approximately all of the Authority’s capital acquisitions each year.

NOTE 14 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

Current Year Implementation

The GASB issued Statement No. 99, *Omnibus 2022*, for implementation in fiscal year 2023 and 2024. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The adoption of this statement had no material impact on the Authority's financial reporting, other than enhancing certain note disclosures.

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*, for implementation in fiscal year 2024. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement had no impact on the Authority's financial reporting.

Future Year Implementation

The GASB issued Statement No. 101, *Compensated Absences*, for implementation in fiscal year 2025. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Authority is evaluating the effect of this statement on its financial reporting.

The GASB issued Statement No. 102, *Certain Risk Disclosures*, for implementation in fiscal year 2025. The objective of this statement is to identify potential risks in governmental environments and develop disclosure requirements associated with information about risks related to a government's vulnerabilities due to certain concentrations or constraints. As a result of this statement, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The Authority is evaluating the effect of this statement on its 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, 2024 and 2023

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<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	\$ 75,935	\$ 72,477	\$ 71,027	\$ 91,955	\$ 101,455	\$ 95,207	\$ 99,853	\$ 99,716	\$ 96,120	\$ 87,751
Interest	68,199	60,627	82,666	77,168	68,958	61,031	58,458	44,571	36,117	48,941
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Changes of assumptions	(24,289)	7,527	5,639	216,168	(1,653)	(5,620)	44,668	2,129	1,716	-
Differences between expected and actual experience	57,211	45,205	(89,923)	(48,364)	78,616	(204)	(17,135)	85,419	31,541	(83,295)
Benefit payment, including refunds of employee contributions	-	-	(414,546)	-	(49,115)	(15,111)	(91,535)	-	-	(212,166)
Net change in total pension liability	177,056	185,836	(345,137)	336,927	198,261	135,303	94,309	231,835	165,494	(158,769)
Total pension liability, beginning	1,629,038	1,443,202	1,788,339	1,451,412	1,253,151	1,117,848	1,023,539	791,704	626,210	784,979
Total pension liability, ending (a)	<u>\$ 1,806,094</u>	<u>\$ 1,629,038</u>	<u>\$ 1,443,202</u>	<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	\$ 250,000	\$ 200,000	\$ 238,664	\$ 160,000	\$ 136,000	\$ 115,001	\$ 108,522	\$ 121,564	\$ 57,800	\$ 60,070
Net investment income	44,277	49,370	(53,378)	45,472	27,989	24,118	26,692	8,062	12,771	9,280
Benefit payments, including refunds of employee contributions	-	-	(414,546)	-	(49,115)	(15,111)	(91,535)	-	-	(212,166)
Administrative expense	-	-	-	-	-	-	-	-	-	(2,593)
Net change in plan fiduciary net position	294,277	249,370	(229,260)	205,472	114,874	124,008	43,679	129,626	70,571	(145,409)
Plan fiduciary net position, beginning	908,324	658,954	888,214	682,742	567,868	443,860	400,181	270,555	199,984	345,393
Plan fiduciary net position, ending (b)	<u>\$ 1,202,601</u>	<u>\$ 908,324</u>	<u>\$ 658,954</u>	<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>\$ 603,493</u>	<u>\$ 720,714</u>	<u>\$ 784,248</u>	<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	66.59%	55.76%	45.66%	49.67%	47.04%	45.32%	39.71%	39.10%	34.17%	31.94%
Covered employee payroll	\$ 434,194	\$ 410,798	\$ 391,095	\$ 390,160	\$ 582,240	\$ 551,610	\$ 548,422	\$ 547,603	\$ 527,190	\$ 442,959
Net pension liability as a percentage of covered employee payroll	138.99%	175.44%	200.53%	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, 2024 and 2023

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 147,479	\$ 157,917	\$ 163,999	\$ 198,664	\$ 171,984	\$ 158,085	\$ 161,694	\$ 156,912	\$ 143,938	\$ 126,859
Contributions in relation to the actuarially determined contribution	<u>250,000</u>	<u>200,000</u>	<u>238,664</u>	<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>\$ (102,521)</u>	<u>\$ (42,083)</u>	<u>\$ (74,665)</u>	<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	\$ 434,194	\$ 410,798	\$ 391,095	\$ 390,160	\$ 582,240	\$ 551,610	\$ 548,422	\$ 547,603	\$ 527,190	\$ 442,959
Contribution as a percentage of covered Employee payroll	57.58%	48.69%	61.02%	41.01%	23.36%	20.85%	19.79%	22.20%	10.96%	13.56%

Notes to Schedule

Actuarially determined contribution rates are calculated as of June 30, 2024.

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, 2024 and for future periods
Salary increases:	2.00% annually as of June 30, 2024 and for future periods
Investment rate of return:	4.00%, net of pension plan investment expense, including inflation

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 AND 5311

SUPPLEMENTARY INFORMATION

For Years Ended June 30,

	2024	2023
Total operating expenses	\$ 9,367,203	\$ 8,734,226
Eliminate GASB adjustment for change in net pension liability	103,254	57,356
Eliminate GASB adjustment for change in leases receivable	1,101	(986)
Interest expense	208,018	140,741
Total eligible expenses	9,679,576	8,931,337
Revenues applied to eligible expenses:		
Fixed route income	516,864	538,795
Demand response income	77,527	75,456
Other assistance	214,756	345,031
Advertising income	38,611	37,759
Rental income	55,208	49,795
Other income	109,415	70,243
Interest income	34,118	20,942
Total revenues applied to eligible expenses	1,046,499	1,138,021
Net operating expenses eligible under Sections 5307 and 5311	8,633,077	7,793,316
Less CARES and COVID related funding received under Sections 5307 and 5311 for 100% of eligible operating expenses	-	1,846,309
Remaining operating expenses eligible under Sections 5307 and 5311 subject to 50% participation in eligible expenses	8,633,077	5,947,007
Federal participation in eligible expenses	x 50%	x 50%
Maximum federal operating assistance allowed	\$ 4,316,539	\$ 2,973,504
Sections 5307 and 5311 operating assistance subject (amount of maximum funding above or less)	\$ 3,189,895	\$ 1,878,299

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
- GASB adjustment for the change in the Authority's long-term leases receivable

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,

	<u>Total Service Area 2024</u>	<u>Total Service Area 2023</u>
Operating costs		
Administrative costs	\$ 712,377	\$ 699,200
Purchased services		
Fixed route service	6,273,911	6,109,797
Demand response service	2,166,159	1,580,198
Other operating expenses	214,756	345,031
Debt service	208,018	140,741
Eliminate GASB adjustment for change in net pension liability	103,254	57,356
Eliminate GASB adjustment for change in leases receivable	1,101	(986)
Total operating costs	<u>9,679,576</u>	<u>8,931,337</u>
Operating assistance and revenues		
Federal and other operating assistance	<u>3,404,651</u>	<u>4,074,524</u>
Revenues		
Local revenues		
Fixed route income	516,864	538,795
Demand response income	77,527	75,456
Advertising income	38,611	37,759
Rental income	55,208	49,795
Other income	109,415	70,243
Interest income	34,118	20,942
Total local revenues	<u>831,743</u>	<u>792,990</u>
Total operating assistance and revenues	<u>4,236,394</u>	<u>4,867,514</u>
Net operating deficit	5,443,182	4,063,823
Increase in reserve for extraordinary expenses	5,121	4,995
Net cost of service	<u>\$ 5,448,303</u>	<u>\$ 4,068,818</u>
Net cost of service funding		
Local assessments	\$ 1,075,885	\$ 1,049,644
State contract assistance	4,372,418	3,019,174
Total funding	<u>\$ 5,448,303</u>	<u>\$ 4,068,818</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
- GASB adjustment for the change in the Authority's long-term leases receivable

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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

BERKSHIRE REGIONAL TRANSIT AUTHORITY

One Columbus Avenue, Suite 201
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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 (*Government Auditing Standards*), the financial statements of the business-type activities, of the Berkshire Regional Transit Authority as of and for the year ended June 30, 2024, 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 September 26, 2024.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

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September 26, 2024