

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)

Financial Statements
and
Independent Auditors' Reports

June 30, 2022

Table of Contents

Independent Auditors' Report.....	1
Management Discussion and Analysis	4
Statement of Net Position	13
Statement of Revenues, Expenses and Changes in Net Position	14
Statement of Cash Flows	15
Schedule of Net Cost of Service	16
Notes to the Financial Statements.....	17
List of Brokerage Vendors.....	27
Supplementary Information	
Self-Funded Cost of Service	31
Allocation of Net Cost of Service	32
Schedule of Administrative, General and Interest Expenses	33
Schedule of Expenditures of Federal Awards	34
Notes to Schedule of Expenditures of Federal Awards.....	35
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	36
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	38
Schedule of Findings and Questioned Costs.....	40

Bruce D. Norling, CPA, P.C

INDEPENDENT AUDITORS' REPORT

To the Advisory Board of
Montachusett Regional Transit Authority
Fitchburg, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Montachusett Regional Transit Authority (the Authority), a component unit of the Massachusetts Department of Transportation, which comprise the statement of net position at June 30, 2022, the statement of revenues, expenses and changes in net position, and cash flows for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinions.

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 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.

Auditor's 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 opinions. 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 generally accepted 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 generally accepted 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 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 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 and budgetary comparison information 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented on page 34 for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of net cost of service on page 16 and the supplementary information presented on pages 31 through 33 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Bruce D. Norling, CPA, P.C.

Sudbury, Massachusetts
September 26, 2022

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Management Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Following is the Management Discussion and Analysis (“MD&A”) of the financial statements of the Montachusett Regional Transit Authority (“the Authority”), located at 1427R Water Street, Fitchburg, Massachusetts as presented. This MD&A is prepared by the Administrator, Bruno Fisher. The management discussion and analysis of the Authority’s financial performance provides an overall review of the Authority’s financial activities for the year ended June 30, 2022. The intent of this discussion and analysis is to look at the Authority’s financial performance. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Authority’s financial performance.

Financial Highlights:

1. MART ended the FY2022 with no deficit or surplus, despite the continued effects of the Covid-19 Pandemic.
2. MART continued to maintain all of its core transportation services during FY2022, even while the Covid-19 virus disrupted the overall transportation needs and the economy.
3. MART received the two new grants IN FY2022 that had been announced in FY2021. These new grants will be utilized in FY2023, and beyond, to cover the loss of revenues and increased costs associated with and experienced during the time frame of the pandemic. These new grants will allow MART to be financially stable over the next two years. The two Grants are as follows: the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) for \$2.3 million which will be utilized for capital needs and the American Rescue Plan Act of 2021 (ARPA) for approximately \$9.6 million which will be utilized for operating needs.
4. MART modified its approach from using Coronavirus Aid, Relief, and Economic Security (CARES) funds in FY2022 to utilizing ARPA funds in FY2022, which will allow the CARES funds to be used for a variety of needs, as the CARES funds have less restrictive use requirements. In FY2022 the ARPA grant funds utilized totaled \$4,727,431 for Operating Expenses in lieu of using regular federal Section 5307 funds. This continues to place MART in a favorable position, as the federal Section 5307 funds can be carried over to future years and used to cover any potential future operational and capital requirements.
5. In FY2022 MART finalized Phase 1 of the implementation of the enhanced Intelligent Transportation Systems technology. Phase 2 began in late FY2022 with the implementation of Ticket Vending Machines (TVM’s) and the implementation of a smart device APP for ridership to easily purchase passes and tickets with their cell phones. In addition, we completed the installation of the Automatic Passenger Counters for all fixed route vehicles. This system includes a bus tracking and on-time performance monitoring system. This will allow for significant data analysis for route improvement and real-time information for MART Ridership in FY2023.
6. The Authority was able to continue to obtain a favorable interest rate of 2.776% (NIC) in July 2022 compared to other RTA’s that experienced rates close to 5% (NIC) for borrowing on its Revenue Anticipation Note (RAN). The new interest rate of 2.776% (NIC) compared to prior years interest rate of 0.271% (NIC) will cause the Authority to budget a reduction plan to the RAN overall in its future budgets to avoid the Authority from having to make changes to services in the future. The RAN note had a balance of \$19,000,000 at FY2022 year-end. There was no increase in the FY2022 RAN, and there is no planned increase in RAN borrowing for FY2023.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Management Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Overview of Financial Statements:

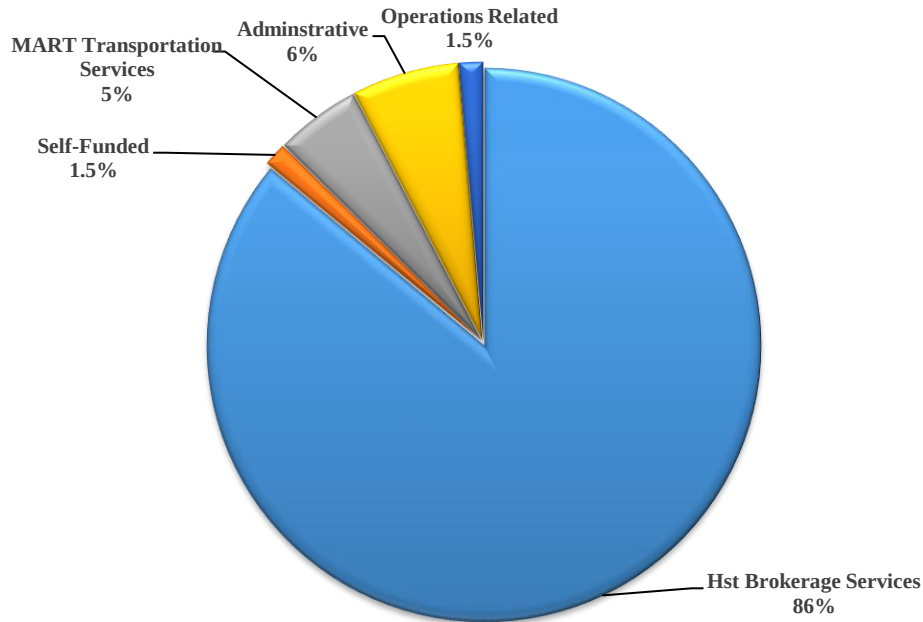
The Authority was established on August 7, 1978, by the cities of Fitchburg, Leominster, and Gardner, pursuant to Section 3 of Chapter 161B of the General Laws of the Commonwealth of Massachusetts to provide transit services to the communities of Fitchburg, Leominster and Gardner beginning July 30, 1979. Currently, the Authority is comprised of 24 communities listed in Note A of the financial statements. At the May 17, 2022, MART Advisory Board Meeting, it was voted on and accepted by the Board that the Town of Phillipston will join the MART communities as a member, with services to commence in FY2023.

The financial statements are general purpose, and the notes thereto are considered an integral part. This report also includes supplementary information, including breakdowns of revenues and expenses by service types and an allocation of costs to member communities.

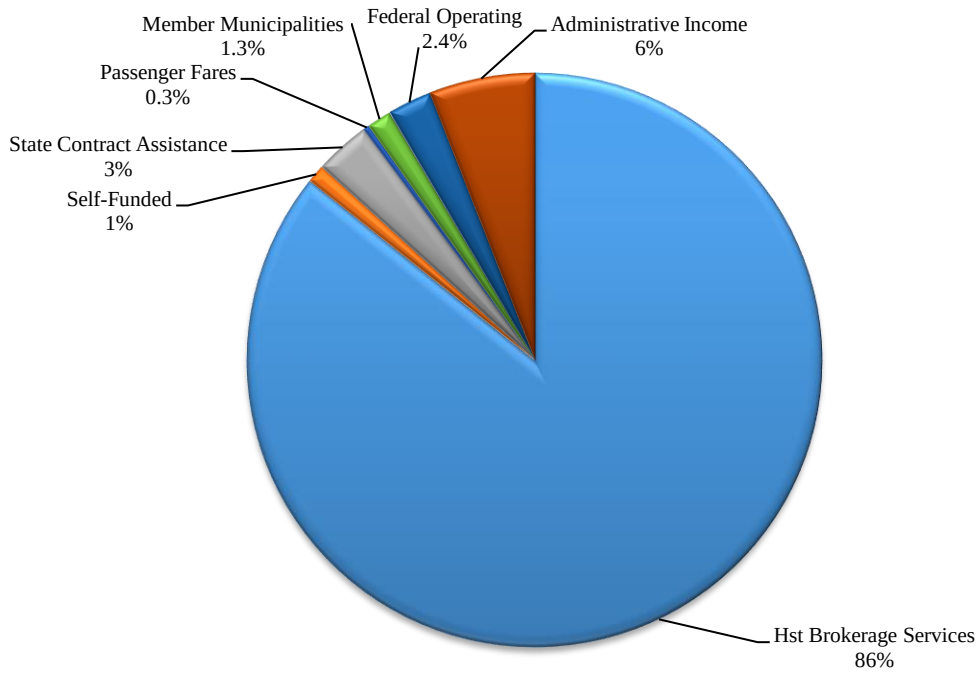
As seen in the following charts, a large percentage of service the Authority provides is through its brokerage services, a self (fully) funded program which requires no funds outside of the program funds paid by the Human Services Transportation Agency (HST) with the understanding that HST continues with its cost savings incentive programs and brokerage management fees.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Management Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

FY2022 Expenses Including Brokerage Services \$197,668,884



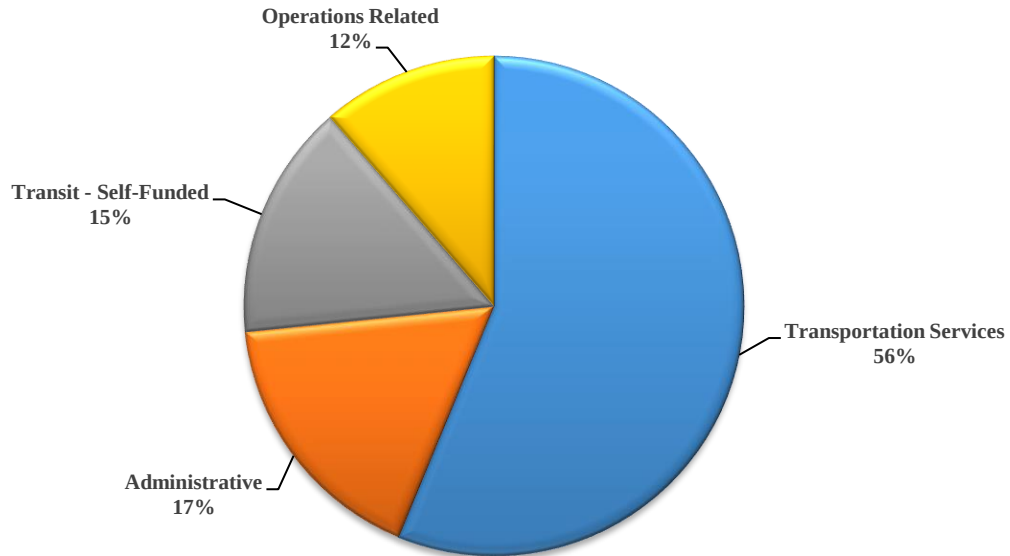
FY2022 Revenues Including Brokerage Services \$197,668,884



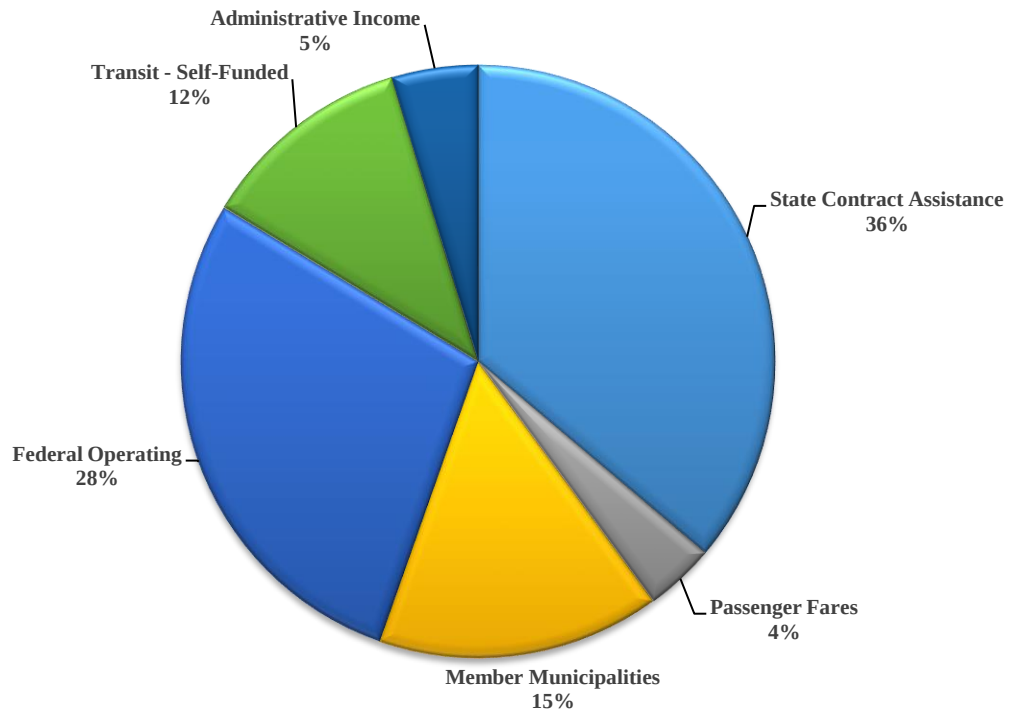
These charts reflect the net cost of service as presented on page 16.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Management Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

FY2022 Expenses excluding Brokerage Services \$17,542,695



FY2022 Revenues excluding Brokerage Services \$17,247,124



These charts reflect the net cost of service as presented on page 16.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Management Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Government Financial Analysis

The table below provides a summary of the Authority's net position for FY2022 and FY2021.

	2022 Business - <u>type Activities</u>	2021 Business - <u>type Activities</u>
<u>Assets</u>		
Current assets	\$ 35,561,684	\$ 27,646,796
Capital assets	<u>52,196,138</u>	<u>49,420,937</u>
Total assets	<u>87,757,822</u>	<u>77,067,733</u>
<u>Liabilities</u>		
Long-term liabilities	156,671	210,004
Other liabilities	<u>46,144,182</u>	<u>38,536,570</u>
Total liabilities	<u>46,300,853</u>	<u>38,746,574</u>
<u>Net Position</u>		
Invested in capital assets, Net of related debt	51,986,134	49,157,600
Unrestricted deficit	<u>(10,529,165)</u>	<u>(10,836,441)</u>
Total net position	<u>\$ 41,456,969</u>	<u>\$ 38,321,159</u>

Over time, net position can serve as a useful indicator of a government's financial position. On June 30, 2022, the Authority's assets exceeded liabilities by \$41,456,969.

Capital assets reported on the government-wide statements represent the largest portion of the Authority's net assets. As of June 30, 2022, capital assets represented 59% of total assets. Capital assets include land, land improvements, buildings and improvements, equipment, vehicles, and infrastructure. Capital assets, net of related debt to acquire the assets on June 30, 2022, were \$51,986,134. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Management Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2022 and 2021

Change in Net Position:

The table below shows the change in net position for fiscal years 2022 and 2021.

	2022	2021	Change
Operating Revenues			
Transportation Revenue-HST Brokerage	\$ 169,472,357	\$ 85,082,164	\$ 84,390,193
Transportation Revenue-Self-Funded	2,010,213	1,398,891	611,322
Transportation Revenue-Urban/Rural Service	653,027	520,321	132,706
Total Operating Revenues	<u>172,135,597</u>	<u>87,001,376</u>	<u>85,134,221</u>
Non-Operating Revenues			
Federal	95,460	-	95,460
Commonwealth of Massachusetts	6,236,717	6,064,554	172,163
Member Municipalities	2,661,589	2,596,672	64,917
Interest Income	9,415	7,332	2,083
HST Management Fee	10,949,403	8,437,162	2,512,241
Other Income, Net	5,580,700	4,545,067	1,035,633
Total Non-Operating Revenues	<u>25,533,284</u>	<u>21,650,787</u>	<u>3,882,497</u>
Total Revenues	<u>197,668,881</u>	<u>108,652,163</u>	<u>89,016,718</u>
Operating Expenses			
Transportation Expense-HST Brokerage	168,668,670	85,210,082	83,458,588
Transportation Expense-Self-Funded	2,678,258	1,939,639	738,619
Transportation Expense-Urban/Rural Service	9,864,125	8,622,309	1,241,816
Administrative	14,985,681	11,776,922	3,208,759
Depreciation and Amortization	4,780,439	3,460,672	1,319,767
Total Operating Expenses	<u>200,977,173</u>	<u>111,009,624</u>	<u>89,967,549</u>
Non-Operating Expenses			
Interest Expense	<u>77,412</u>	<u>189,194</u>	<u>(111,782)</u>
	<u>77,412</u>	<u>189,194</u>	<u>(111,782)</u>
Total Expenses	<u>201,054,585</u>	<u>111,198,818</u>	<u>89,855,767</u>
Loss Before Capital Grants	(3,385,704)	(2,546,655)	(839,049)
Capital Grants	<u>6,521,515</u>	<u>5,510,270</u>	<u>1,011,245</u>
Change in Net Position	3,135,811	2,963,615	172,196
Net Position - Beginning of Year	<u>38,321,158</u>	<u>35,357,543</u>	<u>2,963,615</u>
Net Position - End of Year	<u>\$ 41,456,969</u>	<u>\$ 38,321,158</u>	<u>\$ 3,135,811</u>

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Management Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Capital Assets:

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Disposals / Transfers</u>	<u>Ending Balances</u>
Land and Land Improvements	\$ 4,342,839	\$ -	\$ -	\$ 4,342,839
Depreciable Properties:				
Building/Improvements Fitchburg Parking	12,339,712	-	-	12,339,712
Building/Improvements Fitchburg Intermodal	5,715,071	284,080	-	5,999,151
Building/Improvements Leominster Parking Lot	12,548,655	-	-	12,548,655
Building/Improvements Leominster Storage	6,716,400	97,941	-	6,814,341
Building/Improvements Fitchburg Maintenance	11,861,902	645,393	-	12,507,295
Building/Improvements 840 N Main St Maintenance	-	622,928	-	622,928
Building/Improvements Gardner Maintenance	7,967,602	444,047	-	8,411,649
Improvements Fitchburg Rail	972,146	-	-	972,146
Improvements Wachusett Rail	1,071,374	-	-	1,071,374
Building/Improvements Athol Maintenance	180,739	-	-	180,739
Building/Improvements Ayer Parking	6,129,729	-	-	6,129,729
Other Fixed Assets	2,213,585	91,492	-	2,305,077
Systems Development	5,415,770	310,550	-	5,726,320
Transportation Equipment	23,531,519	2,254,557	(3,087,581)	22,698,495
	<u>96,664,204</u>	<u>4,750,988</u>	<u>(3,087,581)</u>	<u>98,327,611</u>
Less Accumulated Depreciation For:				
Building/Improvements Fitchburg Parking	(6,189,951)	(425,002)	-	(6,614,953)
Building/Improvements Fitchburg Intermodal	(4,277,183)	(310,699)	-	(4,587,882)
Building/Improvements Leominster Parking Lot	(5,333,172)	(320,218)	-	(5,653,390)
Building/Improvements Leominster Storage	(2,947,708)	(228,854)	-	(3,176,562)
Building/Improvements Fitchburg Maintenance	(8,550,626)	(351,211)	-	(8,901,837)
Building/Improvements 840 N Main St Maintenance	-	(5,424)	-	(5,424)
Building/Improvements Gardner Maintenance	(3,337,928)	(294,796)	-	(3,632,724)
Improvements Fitchburg Rail	(972,146)	-	-	(972,146)
Improvements Wachusett Rail	(175,952)	(42,268)	-	(218,220)
Building/Improvements Athol Maintenance	(58,265)	(17,644)	-	(75,909)
Building/Improvements Ayer Parking	(292,859)	(208,583)	-	(501,442)
Other Fixed Assets	(2,044,070)	(46,355)	-	(2,090,425)
Systems Development	(3,690,386)	(509,340)	-	(4,199,726)
Transportation Equipment	(15,373,353)	(2,020,045)	3,087,581	(14,305,817)
	<u>(53,243,599)</u>	<u>(4,780,439)</u>	<u>3,087,581</u>	<u>(54,936,457)</u>
Net Depreciable Property	43,420,605	(29,451)	-	43,391,154
Construction In Progress	1,646,527	2,733,571	-	4,380,098
Fixed Assets in Process	10,966	82,047	(10,966)	82,047
Net Capital Assets	<u>\$ 49,420,937</u>	<u>\$ 2,786,167</u>	<u>\$ (10,966)</u>	<u>\$ 52,196,138</u>

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Management Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

In FY2022 the Authority used \$268,880 of Section 5307 and RTACAP funds for IT support equipment, including new firewall appliances, COA MDTs, access points and other IT infrastructure for the new AFC system. MART also purchased 2 more TVMs and 5 card validators units to be added to the new fare system.

MART procured five para-transit vans (type E2) using \$367,045 in a combination of Small Urban Section 5307, 5339 and MassDOT RTACAP funds. MART was also awarded Section 5310/MAP funds thru MassDOT's Community Transit Grant program which allowed MART to receive five additional Type E2 para-transit vans for a total of ten new vans in FY2022.

In FY2022 MART completed the roof replacement at 840 N. Main Street. Phase 1 of the renovation of N. Main included removing the wall of windows and replacing with solid walls and energy efficient office appropriate windows, as well as installation of the new rooftop Air Handling Units. This was funded through a combination of \$275,830 in CRRSAA/RTACAP funds. Other renovation of the first-floor office space was done with brokerage funding since many brokerage personnel were moved into the renovated space. The floor replacement in the Gardner facility Bus Bays and the fire panel replacement at the Water Street facility projects, which began in FY2021, were completed in FY2022.

In addition to the above, MART rolled out Automatic Passenger Counters with Automated Voice Announcements, which included LED Visuals being completed in 50 fixed route buses and shuttle vehicles. The system went live in January 2022. MART also installed new fareboxes and point of sales (POS) kiosks in these same fixed route vehicles. The new system was launched to the public in June 2022. A mobile app to buy electronic passes and tickets will launch in August 2022 with Ticket Vending Machines and new card validator units also being installed in August 2022.

Additionally, MART designed, released, and awarded two projects for renovation of the Athol Depot Façade and the Intermodal Roof but those projects will not begin until early FY2023.

Budgetary Highlights:

Difference between the budgeted amounts and the actual amounts are as follows:

The Authority ended the fiscal year with no deficit or surplus. The primary drivers of the financial results were:

a. Unplanned loss of revenue due to the Covid-19 pandemic from the following categories: reduced parking, loss of farebox revenue, suspension of private/public partnerships and self-funded programs, which is estimated to be \$935,281 for FY2022. ARPA Grant funds were used to cover this operational revenue loss and associated cost increase.

b. MART received in FY2022 a portion of the increased state assistance which in total calculated to \$6,236,717, the FY2021 calculated total was \$6,064,554 which was distributed at the existing percentage allocation levels to each RTA. The increase resulted in an additional amount of \$172,163 in state funding.

MART Administration believes the Authority will be able to meet its transit commitments in FY2023 through FY2025 with the assumption of a continued resumption of normal transit operations in FY2023 through FY2025. MART will continue to improve efficiencies and manage efficiently during these unprecedented times.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Management Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Funding of the Authority:

- Expenses for all Transit services, less self-funded and the brokerage program were \$13 million, and were funded by the following:

	% of Expense	% of Funding
Authority generated revenue	9%	9%
Federal operating funds	32%	32%
Local contributions	18%	18%
Commonwealth assistance	41%	41%
State Grant	0%	0%

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Statement of Net Position
June 30, 2022

Assets

Current Assets	
Cash and Cash Equivalents	\$ 9,080,450
Receivables for Operating Assistance	
U.S. Department of Transportation	474,211
Commonwealth of Massachusetts and Cities and Towns	
Constituting the Authority	3,872,731
Receivables for Capital Grants	
U.S. Department of Transportation	1,768,135
Commonwealth of Massachusetts	573,141
Accounts Receivable	18,699,895
Other Current Assets	1,093,121
Total Current Assets	<u>35,561,684</u>
Capital Assets	
Non Depreciable Capital Assets	9,777,130
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>42,419,008</u>
Net Capital Assets	<u>52,196,138</u>
Total Assets	<u><u>\$ 87,757,822</u></u>

Liabilities and Net Position

Current Liabilities	
Accounts Payable	\$ 26,419,517
Accrued Expenses	422,682
Deferred Revenue	11,650
Revenue Anticipation Notes Payable	19,000,000
Current Portion of Long Term Debt	53,333
Accrued Interest	237,000
Total Current Liabilities	<u>46,144,182</u>
Long Term Liabilities	
Long Term Debt Net of Current Portion	<u>\$156,671</u>
Total Liabilities	<u>46,300,853</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	51,986,134
Unrestricted Deficit	<u>(10,529,165)</u>
Total Net Position	<u>41,456,969</u>
Total Liabilities and Net Position	<u><u>\$ 87,757,822</u></u>

See accompanying notes to the Financial Statements.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

Operating Revenues	
Transportation Revenue - HST Brokerage	\$ 169,472,357
Transportation Revenue - Self-Funded	2,010,213
Transportation Revenue - Urban/Rural Service	<u>653,027</u>
Total Operating Revenues	<u>172,135,597</u>
Operating Expenses	
Transportation Expense - HST Brokerage	168,668,670
Transportation Expense - Self-Funded	2,678,258
Transportation Expense - Urban/Rural Service	9,864,125
Administrative (Including Brokerage Administrative)	14,985,681
Depreciation and Amortization	<u>4,780,439</u>
Total Operating Expenses	<u>200,977,173</u>
Operating Loss	(28,841,576)
Non-Operating Revenues (Expenses)	
Federal	95,460
Commonwealth of Massachusetts	6,236,717
Member Municipalities	2,661,589
Interest Expense	(77,412)
Interest Income	9,415
HST Management Fee	10,949,403
Other Income, Net	<u>5,580,700</u>
Total Non-Operating Revenues	<u>25,455,872</u>
Loss Before Capital Grants	(3,385,704)
Capital Grants	<u>6,521,515</u>
Change in Net Position	3,135,811
Net Position - Beginning of the Year	<u>38,321,158</u>
Net Position - End of the Year	<u>\$ 41,456,969</u>

See accompanying notes to the Financial Statements.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from passenger fares and contract reimbursements	\$ 163,877,866
Cash paid to vendors	(173,790,234)
Cash paid to employees for services	(5,869,743)
Cash paid for other administrative costs	<u>(9,115,938)</u>
	<u>(24,898,049)</u>

NET CASH USED FOR OPERATING ACTIVITIES

CASH FLOWS FROM NON-CAPITAL FINANCING

Proceeds from Revenue Anticipation Notes	19,000,000
Principal Payments on Revenue Anticipation Notes	(19,000,000)
Interest Payments on Revenue Anticipation Notes and Line of Credit	(8,501)
Interest Income	9,413
Proceeds from Operating Grants	8,666,455
Proceeds from HST Management Fee	10,949,403
Proceeds from Line of Credit	3,000,000
Payment on Line of Credit	(3,000,000)
Other Income	<u>5,580,700</u>

NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES

25,197,470

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal Payments on Notes Payable	(53,333)
Proceeds from Capital Grants	6,139,571
Purchase of Capital Assets	<u>(7,555,640)</u>

NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES

(1,469,402)

NET DECREASE IN CASH AND SHORT-TERM INVESTMENT

(1,169,981)

BEGINNING CASH AND SHORT-TERM INVESTMENTS

10,250,431

ENDING CASH AND CASH EQUIVALENTS

\$ 9,080,450

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED FOR OPERATING ACTIVITIES**

Operating Loss	(28,841,576)
Depreciation and Amortization	4,780,439
Changes in Assets and Liabilities	
(Increase) / Decrease in Receivables	(8,160,074)
(Increase) / Decrease in Other Assets	(311,000)
Increase / (Decrease) in Payables	7,731,819
Increase / (Decrease) in Accrued Expenses and Liabilities	<u>(60,909)</u>
Net Cash Used for Operating Activities	<u>\$ (24,861,301)</u>

Supplemental disclosure of noncash transactions

Fully depreciated assets written off	\$ 1,406,466
--------------------------------------	--------------

See accompanying notes to the Financial Statements.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Schedule of Net Cost of Service
For the Year Ended June 30, 2022

	Urbanized Area Service	Rural Area Service	Other Services	HST Brokerage Services	Total Area Service
Operating Costs					
RTA Administration Costs (excluding depreciation)	\$ 4,600,967	\$ 308,980	\$ -	\$ 10,129,070	\$ 15,039,017
Purchased Services					
Fixed Route	5,053,415	350,982	-	-	5,404,397
Demand Reponse	4,143,509	329,175	1,433,760	14,402	5,920,846
Brokerage Services	-	-	-	169,982,717	169,982,717
Self-Funded Services	-	-	1,244,498	-	1,244,498
Debt Service	72,044	5,365	-	-	77,409
Total Operating Costs	13,869,935	994,502	2,678,258	180,126,189	197,668,884
Federal Operating Assistance					
FTA Operating & Administrative	88,900	6,560	-	-	95,460
Other Federal	4,455,535	328,782	-	-	4,784,317
Total Federal Assistance	4,544,435	335,342	-	-	4,879,777
Revenues					
Transit Operating	620,196	32,831	-	-	653,027
Brokerage Service	-	-	-	180,421,760	180,421,760
Self-Funded Services	-	-	2,010,213	-	2,010,213
Other Revenues					
Advertising	52,043	3,876	-	-	55,919
Interest Income	8,762	651	-	-	9,413
Miscellaneous	700,309	40,160	-	-	740,469
Total Revenues	1,381,310	77,518	2,010,213	180,421,760	183,890,801
Net Cost of Service	7,944,190	581,642	668,045	(295,571)	8,898,306
Net Cost of Service Funding					
Local Assessments	2,482,050	179,539	-	-	2,661,589
State Contract Assistance	5,808,127	428,590	-	-	6,236,717
Unreimbursed surplus	\$ 345,987	\$ 26,487	\$ (668,045)	\$ 295,571	\$ -
State Contract Assistance	\$ 5,808,127	\$ 428,590	\$ -	\$ -	\$ 6,236,717
Less: Payment made by MassDOT prior to June 30	5,808,127	375,326	-	-	6,183,453
Balance Requested from the State	\$ -	\$ 53,264	\$ -	\$ -	\$ 53,264

See Independent Auditors' Report.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note A – The Authority and Operators

The Montachusett Regional Transit Authority (“the Authority”) is a component unit of Massachusetts Department of Transportation which in turn is a component unit of the Commonwealth of Massachusetts (“the Commonwealth”) and as such the Authority’s financial information is included in the Comprehensive Annual Financial Report of the Commonwealth.

The Authority was established on August 7, 1978, by the cities of Fitchburg, Leominster, and Gardner pursuant to Section 3 of Chapter 161B of the General Laws of the Commonwealth of Massachusetts (“Enabling Legislation”) to provide transit services to the communities of Fitchburg, Leominster, and Gardner beginning July 30, 1979.

The following 24 cities and towns comprise the membership of the Authority:

<u>Community</u>	<u>Date of Membership</u>
Fitchburg	1978
Leominster	1978
Gardner	1978
Ashburnham	1980
Ayer	1981
Lancaster	1981
Shirley	1981
Sterling	1982
Hubbardston	1983
Littleton	1984
Royalston	1984
Templeton	1985
Ashby	1985
Winchendon	1985
Westminster	1986
Hardwick	1988
Lunenburg	1989
Harvard	2000
Bolton	2006
Boxborough	2006
Stow	2007
Athol	2013
Barre	2021
Phillipston	2022

The Authority is governed by an Advisory Board consisting of members from each municipality with each member having one vote plus additional votes allocated based on that municipality’s assessment in proportion to the assessment of all member municipalities.

The operation of the Authority’s fixed route transportation serving the general public is provided under the terms of an agreement whereby contracted private contractors operate mass transit service along such routes and according to such schedules as defined by the Authority. This service is supplemented by Americans with Disabilities Act

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note A – The Authority and Operators (Continued)

(ADA) transportation using vans lift-equipped for wheelchairs as an alternative for the disabled who are unable to utilize fixed-route buses. The Authority's buses are lift-equipped for wheelchairs. The Authority agrees to reimburse the private contractors for all FTA allowable expenses which are reasonable and necessary for the efficient operation of the service.

MART engages three operating companies that perform the direct transportation services for MART, which includes Fixed Route and Demand Response. These operating companies are all managed under an umbrella management agreement with Management of Transportation Services. The three transportation companies share a common ownership.

The Authority paid a management fee of \$446,123 for the year ended June 30, 2022.

Management of Transportation Services Inc. ("MTS"), Management of Transportation Services of Gardner, Inc. ("MTG"), Management of Transportation Services of Gardner, Athol Division and Dial-A-MART Services, Inc. ("DAMS"), were selected through a competitive process in FY2019.

The current contract commenced on July 1st, 2019, and is for a four-year period which ends on June 30, 2023. During FY2023, MART will be procuring the services of an operating company or companies to manage our transportation services for a five-year period FY 24 through FY28 (July 1, 2023, through June 30, 2028).

The operations of the Authority's para-transit services intended to provide services for elderly and handicapped individuals is provided by local Councils on Aging ("COA"), in accordance with an understanding whereby the COA's operate specialized non-fixed route service for elderly/disabled persons. In the communities of Fitchburg, Leominster and Ashby, this service is operated by Dial-A-MART Services, Inc. Management of Transportation Services of Gardner (MTG) performs this service for the city of Gardner. Management of Transportation Services of Gardner - Athol Division performs this service for Athol, Barre, and Royalston. The Authority also reimburses member communities for reasonable and necessary transit related expenses for the efficient operation of the COA para-transit service. The local COA's are departments of the municipalities having membership in the Authority and their expenses are billed by and reimbursed to the member municipalities.

MART manages an extensive transportation brokerage program for the state's Human Service Transportation Office (referred to as HST), as well as two Integrated Care Organizations (referred to as ICO's) which are self-funded and consist of the brokerage of transportation for various human service agencies collectively funded and administered under the Commonwealth of Massachusetts' Executive Office of Health and Human Services (EOHHS) and HST Office.

The human service agencies under the brokerage managed by MART include:

MassHealth (state Medicaid program),

Department of Public Health's Early Intervention program (DPH);

Department of Developmental Services (DDS);

Department of Mental Health (DMH);

Massachusetts Rehabilitation Commission (MRC) and;

Massachusetts Commission for the Blind (MCB)

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note A – The Authority and Operators (Continued)

As noted previously in the FY2021 Audit, the Authority successfully responded to the RFR issued by EOHHS for brokerage services to the HST office and agencies listed above. MART was selected by the HST Office and EOHHS as the broker for the newly defined HST Regions 1 and 2, illustrated in Figure 1 below. MART successfully negotiated a contract with EOHHS, which was executed in January 2021, and which commenced on July 1, 2021- the beginning of FY2022.

The first year of operation under the new brokerage contract has resulted in significant increases in staffing and technology upgrades required by the substantially expanded areas being managed by the Authority, as well as substantive changes to the performance standards for the broker(s) and compliance requirements for contract metrics. For the management of the brokered transportation programs, the Authority receives an annual management fee for all operating expenses.

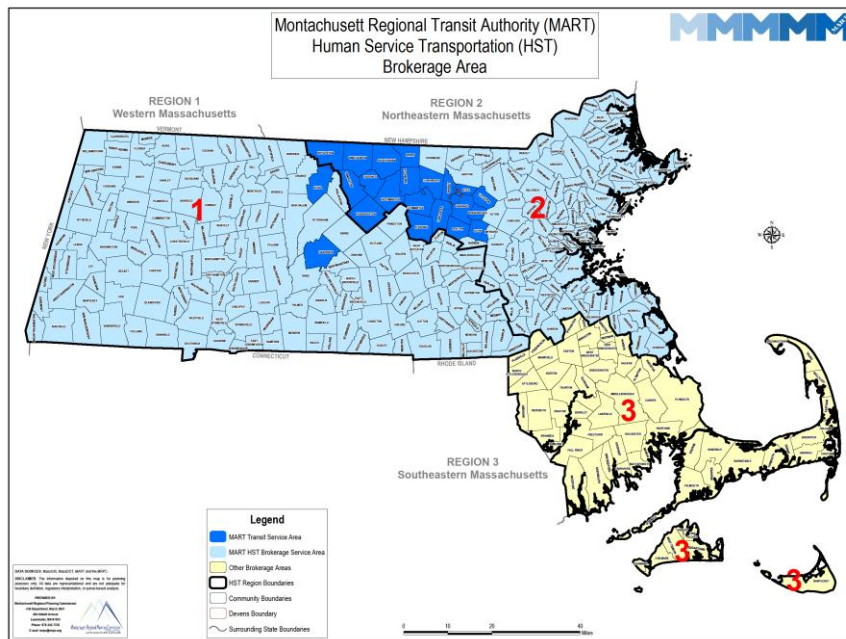


Figure 1

MART also directly manages two Integrated Care Organization (ICO) programs for dual enrolled MassHealth and Medicare eligible individuals served by Commonwealth Care Alliance, Inc. and Tufts-Network Health, LLC for which the Authority receives a management fee to cover MART's related operating expenses.

Transportation services for the brokerage operations continue to be provided through private for-profit and non-profit subcontractors contracted directly with the Authority. Subcontractors are required to bid for all transportation services needed by consumers of the agencies. Once the bidding and selection process have been completed, consumers are assigned to the appropriate subcontractor for transportation and the Authority reimburses the subcontractors based on their contracted rates. The Authority provides administrative functions including trip reservation and scheduling, coordination of shared rides, quality assurance and complaint resolution, monitoring inspections for quality and cost control, safety instruction and backup services in case of emergency or special requirements. General and administrative expenses are allocated to each program.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note A – The Authority and Operators (Continued)

There were 363 brokerage program providers for the fiscal year ended June 30, 2022. The provider list is included in this report.

Note B- Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles.

The Authority reports its financial position and results of operations as a proprietary type of fund, as it is organized to be self-supporting through fees charged to external parties for goods and services. The financial statements are reported using the economic resources measurement focus and full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of cash flows. Grants are recognized as revenues as soon as qualifying expenditures have been incurred and all eligibility requirements have been met.

The statement of net position presents all of the Authority's assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

- *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributed to the acquisition, construction, or improvement of those assets.
- *Restricted net position* results when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through enabling legislation.
- *Unrestricted net position* consists of net assets which do not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as needed.

Adoption of New Accounting Pronouncements

The GASB has issued the following statements, which require adoption subsequent to June 30, 2022, and may be applicable to the Authority. The Authority has not yet adopted these statements, and the implication on the Authority's fiscal practices and financial reports is being evaluated.

Statement No.		Adoption Required in Fiscal Year
91	Conduit Debt Obligations	2023

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note B- Summary of Significant Accounting Policies (Continued)

Operating vs. Non-operating Revenue and Expense

Operating revenues and expenses are distinguished 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 advertising revenue. Revenue is recognized at the time service is delivered. Operating expenses include the cost of transit services and maintenance provided by third party vendors, administrative expense and insurance. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Capital Grants

The Authority receives capital grants from the United States Department of Transportation and the Commonwealth to be used for various purposes connected with the planning, modernization, and expansion of transportation service. Pursuant to GASB Statement No. 33, *"Accounting and Financial Reporting for Non-exchange Transactions,"* these grants are reflected in the accompanying statement of revenues, expenses, and changes in net position as Capital Grants.

Cash and Short-Term Investments

For the purpose of the statement of cash flows, the Authority considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents or short-term investments. Investments of the Authority consist of short-term investments in the Massachusetts Municipal Depository Trust (MMDT), which is an external investment pool that is overseen by the Massachusetts State Treasurer. MMDT is recorded at its net asset value per share of NAV which is equal to \$1.00 per share.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Capital assets consist of land, construction in progress, buildings and improvements, equipment, and vehicles and are recorded at historical cost. A change from prior years is the move for Capital Assets with a cost in excess of \$3,000 to be capitalized. This is due to the increased cost of basic items and that the cost of normal maintenance and repairs do not add value to the asset or materially extend asset lives. Capital assets, other than land and construction in progress, are depreciated using the straight-line method over their useful lives. These lives range from five to forty years for buildings and improvements, five to twelve years for vehicles, and three to ten years for equipment. Construction in progress is transferred to building and improvements at the time the capital asset is placed in service for its intended use.

Restricted Assets

Restricted assets are restricted for the acquisition of capital assets under the terms defined in the various capital grants received by the Authority. In substantially all cases, the Authority draws down the grant funds after the vendor has been paid. Accordingly, there are no restricted assets on June 30, 2022.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2022

Operating vs. Non-operating Revenue and Expense (Continued)

Other Current Assets

Other current assets consist primarily of prepaid insurance, materials and fuel, and other prepaid expenses.

Note C – Investment Policy

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Authority's policy to mitigate these risks is to invest its funds in deposits with solvent financial institutions.

The Authority carries deposits that are insured by FDIC insurance, as well as federally uninsured deposits. As of June 30, 2022, the Massachusetts Municipal Depository Trust (MMDT) bank balance of federally uninsured deposits totaled \$53,254.30. The MMDT deposits are subject to the full faith and credit of the Commonwealth of Massachusetts. These deposits are invested in government securities only.

Credit Risk

The composition and amount of the Authority's cash, cash equivalents and short-term investments fluctuates during the fiscal year. The primary reason for the fluctuation involves the timing of proceeds of borrowings, collections of federal, state, and local aid, and capital outlays made.

The Authority has defined deposit and investment policies that limit the Authority's allowable deposits or investments and address the specific types of risk to which the entity is exposed.

Note D – Grants

At June 30, 2022, under Sections 5307, 5309, 5339 and CARES Act 5307 of the Federal Transit Administration ("FTA"), as amended, the U.S. Department of Transportation has current active capital grants to the Authority aggregating a remaining balance of approximately \$4.2 million. The federal government normally funds up to 80% of capital projects. However, the Authority has at times been awarded federal grant funding up to 100% for approved capital improvement projects. The remaining non-federal share may be financed through state capital grants, local capital funds, the issuance of long-term debt, and toll development credits.

The Authority has a contract with the Commonwealth for operating assistance as provided for in the enabling legislation. The contract provides that the Commonwealth will pay the Authority a portion of its net cost of service. The amount of this contract assistance for FY2022 was \$6,236,717. In addition, the various cities and towns constituting the Authority contributed assistance in the amount of \$2,661,589 for FY2022.

The receivable for operating assistance includes \$1,252,878 from Cities and Towns constituting the Authority for previous years which are generally paid through local assessments "Cherry Sheets". Whether these amounts will eventually be funded is undeterminable. The Authority has not reserved any amount as uncollectible related to these receivables.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance <u>7/1/2021</u>	<u>Additions/Transfers</u>	<u>Disposals</u>	Balance <u>7/1/2022</u>
Capital assets, not being depreciated:				
Land	\$ 4,342,839	\$ -	\$ -	\$ 4,342,839
Construction in progress	2,618,673	2,733,571	-	5,352,244
Fixed Assets in process	<u>10,966</u>	<u>82,047</u>	<u>(10,966)</u>	<u>82,047</u>
Total capital assets not being depreciated:	<u>6,972,478</u>	<u>2,815,618</u>	<u>(10,966)</u>	<u>9,777,130</u>
Capital assets, being depreciated:				
Buildings	64,531,184	2,094,389	-	66,625,573
Transportation Equipment	23,531,519	2,254,557	(3,087,581)	22,698,495
System Development	5,415,770	310,550	-	5,726,320
Other Fixed Assets	<u>2,213,585</u>	<u>91,492</u>	<u>-</u>	<u>2,305,077</u>
Total capital assets, being depreciated	95,692,058	4,750,988	(3,087,581)	97,355,465
Total accumulated depreciation	<u>53,243,599</u>	<u>4,780,439</u>	<u>(3,087,581)</u>	<u>54,936,457</u>
Total capital assets, being depreciated, net	<u>42,448,459</u>	<u>(29,451)</u>	<u>-</u>	<u>42,419,008</u>
Net Capital Assets	<u>\$ 49,420,937</u>	<u>\$ 2,786,167</u>	<u>\$ (10,966)</u>	<u>\$ 52,196,138</u>

Note F – Revenue Anticipation Notes

The Authority is subsidized by the Commonwealth for its annual "Net Cost of Service" as defined in the legislation. These subsidies are now funded in the year in which the costs are incurred. The Authority may issue revenue anticipation notes to cover cash flow deficiencies until funding is received with approval from MassDOT.

The Revenue Anticipation Note (RAN) outstanding on June 30, 2022, consisted of one note totaling \$19,000,000. This note bore an interest rate of 0.271% net interest cost (NIC). This note is due to be paid on July 30, 2022. Interest expense related to the RAN note amounted to \$237,500 in FY2022 and was offset by a premium upon issuance of \$186,010. At the same time the FY2022 RAN note will be paid off, a new RAN note will be issued for \$19,000,000, demonstrating no increase to the RAN borrowing.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note G - Long Term Debt

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Interest Rate	Original Amount	Maturity Date	Balance 6/30/21	Reductions	Total Balance 6/30/22	Current Portion	Long-Term Portion
Note Payable - Fitchburg Redevelopment Authority	0%	\$1,050,000	June-2026	<u>\$263,337</u>	<u>(\$53,333)</u>	<u>\$210,004</u>	<u>(\$53,333)</u>	<u>\$156,671</u>
Total				<u>\$263,337</u>	<u>(\$53,333)</u>	<u>\$210,004</u>	<u>(\$53,333)</u>	<u>\$156,671</u>

Maturities of Long Term Debt for next five years and thereafter are as follows:

<u>Years ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$53,333	\$ -
2024	53,333	-
2025	53,333	-
2026	<u>50,005</u>	-
Total	<u>\$210,004</u>	<u>\$ -</u>

Note H - Notes Payable

Effective June 30, 2022, the Authority has a demand commercial line of credit (LOC) available up to a maximum borrowing of \$8 million. There was no outstanding balance as of June 30, 2022.

Note I - Contingencies

North Leominster Arbitration

The Authority has received capital and operating financial assistance from federal and state agencies in the form of grants. Expenditure of the funds under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability of the Authority. There are no known disallowances at or for the year ended June 30, 2022.

The Authority is also a party to legal claims that arise during the normal course of business. Management and the Authority's legal counsel are currently aware of the legal claim described below:

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note I – Contingencies - continued

As disclosed previously in the FY19, FY20 and FY2021 financial statements, the Authority defended itself successfully in the civil actions and binding arbitration pursued by TLT (the General Contractor) against MART for the North Leominster Parking Garage project. MART was awarded \$153,382.65 against TLT and correspondingly, demand was made to TLT for the final award amount. Concurrently, the Authority continues to pursue a demand made to Western Surety Company / CNA Surety Corporation – the surety bond company for TLT on the North Leominster project, in the amount of \$1,398,473.80 for the final award, attorney's fees and costs, professional fees and delay costs. The Authority is also seeking interest on the outstanding award from the arbitration. MART has brought action against CNA / Western Surety under the Performance Bond, as well as under Massachusetts General Laws Chapters 176D and 93A. The Authority continues to be represented by legal counsel on this matter.

Note J - Retirement Benefits

Effective July 1, 2015, the Authority established a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code for the benefit of all employees. Employees are permitted to contribute amounts to the plan on a pretax basis, and the Authority pays a discretionary amount for each employee, regardless of whether the employee contributes to the Plan. In FY2022, the Authority contributed 10% of each employee's base pay for a total contribution of \$484,322. The Authority abandoned and closed the old 401(a) of the Internal Revenue Code as planned in FY2022. No contributions were made to this plan since FY2016.

Note K – Related Party Transactions

The Authority engages in transactions with other component units of Massachusetts Department of Transportation in the normal course of business. These transactions relate to operating as well as capital activities.

The Authority also serves as ticket agency for MBTA at the Fitchburg Intermodal Station. In FY2022, the Authority collected ticket revenues of \$48,929 and remitted \$48,048 to MBTA.

Montachusett Regional Planning Commission (MRPC) – the Authority paid MRPC \$0 in FY2022 for contractual services that MRPC employees provided to the Authority.

801 CMR 53.03(2) Disclosure (Unaudited)

The Administrator, date of hire of February 3, 1993, received base compensation for tax year ending December 31, 2021, of \$157,816. The Administrator receives health insurance coverage and contributes 30% of the cost of the premium.

The Assistant Administrator, date of hire of November 9, 2020, received compensation for tax year ending December 31, 2021, of \$102,211. The Assistant Administrator receives health insurance coverage and contributes 30% of the cost of the premium.

The Chief Financial Officer, date of hire of March 16, 2015, received compensation for tax year ending December 31, 2021, of \$142,264. The Chief Financial Officer receives health insurance coverage and contributes 30% of the cost of the premium.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note L – Subsequent Events

In July 2022, the Authority paid its existing revenue anticipation note of \$19,000,000 and issued a new note for \$19,000,000.

Management has evaluated subsequent events through September 26, 2022, the date the financial statements were available to be issued.

MART continues to manage the impacts of the COVID-19 pandemic that developed rapidly in FY2020 through FY2022, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Authority has taken a number of measures to monitor and mitigate the effects of COVID-19, including safety and health measures for its employees and operating companies, such as having staff work from home, segregate essential staff to separate locations to provide safe working environments, physical barriers to protect bus and van drivers and by securing personal protective equipment and technology to support staff, providers, and clients.

At this stage, the impact on operating results has been significant to the overall organization. To overcome this, MART has reviewed and modified routes to maintain effective costs, as well as having kept tight controls on spending.

The Authority did not have any other non-recognized or recognized subsequent events after June 30, 2022, the date of the statement of financial position. Subsequent events have been evaluated through September 26, 2022, the date the financial statements were available to be issued.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
For the Year Ended June 30, 2022

Note M – List of Brokerage Vendors

A & G Transportation Services Inc, Revere	Brewster Ambulance Service Inc, Weymouth
Aaron Transport LLC, Springfield	Bridgewell Inc, Lynnfield
Abees Transportation, Marlborough	Brook Limo Transportation Inc, Lowell
Absolutransit, Gardner	By Trans Corp, Wilmington
Access Care Ride Inc, Leominster	Camme Transportation Inc, Burlington
Achias Transportation Inc, Leominster	Cape Ann Transportation, Gloucester
Adh Transit Services, Worcester	Car Service, Revere
Advisor Limo Inc, Ashland	Care & Beyond Home Care LLC, Dracut
Agawam Transportation Inc, Agawam	Care Remedy Inc, Reading
Airmys Tranship LLC, Fitchburg	Careplus Transports LLC, Auburn
All Ride Transportation Inc, Haverhill	Caribbean Transportation Inc, Worcester
All Year Inc, Billerica	Caring Choice Transportation Inc, Peabody
Allroad Transit Corporation, Stoughton	Carol J Ringer, Lynnfield
Allroad Transportation Corp, Stoughton	Castelly'S Transportation LLC, Ashland
All-Savants Transportation LLC, Quincy	Cataldo Ambulance Service, Inc, Somerville
Alternative Transportation Systems LLC, Arlington	Ccare Transit LLC, Chicopee
American Medical Response Of Mass Inc, Atlanta	Ccr Transportation LLC, Worcester
American Training Inc, Andover	Center Of Hope Foundation Inc, Southbridge
American Way Transportation Inc, Waltham	Centerpoint Delivery Inc, Fitchburg
Anb Transportation Inc, Dedham	Charles Chege, Dunstable
Andover Family Medical Trans Inc, Andover	City Cab Company Inc, Fitchburg
Anne Hulverson, Hull	City Quest Transportation LLC, Gardner
Annex Transit LLC, Lowell	City Voyager Corporation, Ashland
Antonia Defilippis, Danvers	City Trans Inc, Worcester
Arko Transportation Services, Lynn	Clar LLC, Lowell
Armstrong Ambulance Service Inc., Arlington	Comfort Way Inc, Stoughton
Atlantic Trans Inc, Sharon	Community Ems, Inc, Atlanta
Austin Transportation LLC, Dorchester	Community Heathlink Inc, Worcester
Av Prime LLC, Feeding Hills	Community Transportation, Indian Orchard
Awesome Transportation International Inc, Winthrop	Constance Rowe, Byfield
Bahati Transportation LLC, Methuen	Convenient Homecare Services Inc, Waltham
Band Of Heroes & Emt LLC, Lawrence	Costal Medical Transportation, LLC, Hyannis
Banka General Staffing LLC, Ayer	County Ambulance Inc, Pittsfield
Bass River, Inc., Beverly	Covenant Transportation Inc, Newton
Bat Enterprises LLC, Beverly	Crown Homes Healthcare &, Saugus
Bay State Transportation Co, Lynn	CRT Cabulance, Pittsfield
Beauport Ambulance Service Inc, Gloucester	CTLS Enterprises Inc, Greenfield
Becca Transport LLC, Leominster	D & T Transportation, Worcester
Believe Transportation Corp, Worcester	Danilo Glogovac, Charlestown
Bernard Z Orenstein, Peabody	Dasa Transportation Inc, Norton
Best Ride Inc, Dedham	Dean General Services LLC, Lowell
Best Transportation, Natick	Deborah L Giuffre, Pepperell
Bethel Staffing LLC, Worcester	Desire Safety Transportation LLC, Dedham
Beverly Dron, Medfield	Divine Community Transportation Inc, Northborough
Beyond Transportation LLC, Tewksbury	Dominion Healthcare LLC, Stoughton
Binfin Coach And Cab LLC, Leominster	Donahue Limousine Service Inc, Leominster
Blackstone Valley Livery LLC, Uxbridge	Donna P Connerty, Gloucester
Blue Hills Limousine LLC, Leominster	Double Transportation LLC, Marblehead
Boston Mass Transportation Inc, Newton Upper Falls	Dracut Transportation Service, Dracut
Boston Health & Recovery Services Inc., Leominster	Ds Express Transportation Co., Chicopee

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
For the Year Ended June 30, 2022

Note M – List of Brokerage Vendors Continued

E & A Transportation, LLC, Chestnut Hill	HPA Service LLC, East Bridgewater
Eagle Spirit Transportation Inc, Worcester	Hulmes Transportation Serv Ltd, Belchertown
Eascare LLC, Weymouth	Humble Hands Health Care Svc LLC, Methuen
East Middlesex Arc Inc, Wakefield	In Time Med Transport LLC, Malden
Easton Auto Service Inc, Easton	Infinity Transport LLC, Gardner
Elemol LLC Lowell Transportation, Tewksbury	Instant Transportation LLC, Worcester
Eliot Community Human Services Inc., Lexington	Integrity Medical Transportation Corp, Lawrence
Elite Trans LLC, Tewksbury	Intelimas Corporation, Woburn
Elm Transportation Inc, Lowell	Ireland And Company LLC, Lynn
Emmanuel Home Care Svc LLC, Lowell	J K Services Inc, Wrentham
Employment Options Inc, Marlborough	J&J Care Transportation Corp., Springfield
Epoch Health Care LLC, Norwood	Janet Colleto, Haverhill
E-Pod Transportation Llp, North Adams	Janny Transportation Service Inc, Worcester
Essex Group Transportation Inc, Rowley	JBM Health & Educational Services Inc., Waltham
Express Medical Transportation Inc, Stoughton	Jeanne Bono, Tewksbury
Extracare Transport, Holden	JFK Transportation Inc, Natick
E-Z Transportation LLC, Chelmsford	Joan E Davenport, Beverly
Fabbykay Inc, Waltham	Joan Linton, Littleton
Faith Transportation, West Springfield	Joan Mccaffrey, Acton
Fallon Emergency Medical Service, LLC, Quincy	Jomo Transportation LLC, Lowell
Favored Home Care Inc, Lynn	Justice Services Inc, Billerica
Fitchburg Transportation LLC, Fitchburg	JYL Transportation Inc, Spencer
Five Stars Transportation Inc, Natick	K & C Transportation Inc, Lawrence
Flow Transportation Services LLC, Leominster	K&K Transportation LLC, Lawrence
Focal Points Healthcare LLC, Haverhill	Kenmore Transit Inc, Swampscott
Frances Health Services LLC, Woburn	Kibi Transport Corp, Swansea
Francois Transportation Inc, Tewksbury	Kiessling Transit Inc, Franklin
Friendly Ride Transportation Inc, Feeding Hills	Kingdom Transportation, Uxbridge
Gaamha Inc, Gardner	Kiten Inc, Billerica
Gabriel Transportation, Amherst	Konastone Services Inc, Dracut
Gacal Enterprise LLC, Worcester	K'S Personal Transportation Inc, Oxford
Ganda Services Inc, Burlington	Kush Transportation Inc, Methuen
Gem Logistics Inc, Worcester	L & M Transportation LLC, Lawrence
Gentle Arms Daily Transportation Company LLC, Chelmsford	L.B. Transportation, Waltham
Global Clean Life Transportation Inc, Woburn	Lifedots Transportation LLC, Lowell
Gloria Kush Inc, West Roxbury	Lifeworks Inc, Westwood
Gloria Transportation Inc, Stoughton	Lodge T LLC, Swampscott
Go Time Transportation, Tewksbury	Longonot Transportation Inc, Springfield
Goodness Transportation LLC, Lawrence	Lumi Transports LLC, Lowell
Gq Mass Inc, Westford	Luxus Inc, Sharon
Greater North Transportation Inc, N. Chelmsford	M And J Transportation Service Inc, Dorchester
Greatway Care LLC, Lawrence	M&F Health Services And Support, LLC, Worcester
Green Cab Company Inc, Somerville	M.J. Transportation Inc, Southwick
Green Valley Inc, Billerica	Maack Enterprises Inc, Malden
Habilitation Assistance Corp, Plymouth	Malka Inc, Randolph
Haytrans LLC, Revere	Marie T Bell, Arlington
HB Livery Service Inc, Winthrop	Marks Transportation LLC, Milford
HCH Services Inc, Waltham	Marlboro Hudson Ambulance & Wheelchair Service, Inc, Atlanta
Helios Ride Inc, Worcester	Mary E Fuller, Hinsdale
Horace Mann Educational Assoc, Franklin	Mary L D'Ambra, Hanover

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
For the Year Ended June 30, 2022

Note M – List of Brokerage Vendors Continued

Mass Express Transportation Inc, West Springfield	Phephi Services Inc, Woburn
Mass General Brigham Home Care, Inc, Cambridge	Philip E Proia, Bellingham
Mass Proud LLC, Revere	Phils Transportation Inc, Wales
Mass Tran Corp, Danvers	Premium Care Transportation LLC, Worcester
Mass Trans LLC, Tewksbury	Present Line LLC, Chicopee
Massfinest Inc, Billerica	Prestige Livery Transportation Llp, Dracut
Maximus Trans Services Inc, Waltham	Prestige Ride LLC, Dudley
Maxride Inc, Dracut	Prevalent Transport Inc, Chicopee
Mazare Transportation LLC, Dracut	Pridestar Ems Inc, Lowell
MCJ Transportation Inc, Brockton	Prime Solution Group Inc, Brookline
Med Star Ambulance, Inc, Boston	Prospects Transportation LLC, Worcester
Medical Transportation Inc, Waltham	R & M Ride, Woburn
Merrimack Transit LLC, Saugus	R.E.M. Transportation Services, LLC, Bedford
Metro Transport Services LLC, Revere	Rafa Transportation LLC, West Springfield
Michael Corrado, Malden	RCK Transportation Inc, Everett
Michael Transportation Service Corp, Marblehead	Rebecca Pava, Pittsfield
Michelle Martel, Millis	Reliable LLC, Lawrence
Michelle Renauld, Framingham	Reliable Trans, Worcester
Mighty Livery Transportation LLC, Fairhaven	Reliable Transportation Inc, Westford
Minute Man Arc For, Concord	Reliamed Transportation Inc, Shrewsbury
Mobile Transportation EtcLLC, Quincy	Ride On Time Inc, Lynn
Mrc Transportation LLC, Bridgewater	Rio Hondo Transport LLC, Lawrence
Mtrans, W. Roxbury	Rite-Route, Lynn
Mystic Transport LLC, Worcester	Riverside Industries Inc, Easthampton
Nancy Butler, Milford	Rm Transportation Inc, Swampscott
National Ambulance LLC, Springfield	Robert A. Johns, Rutland
Need A Lift Medivan Inc, Leominster	Robert Hurley, Chelsea
Neeethu Sosa Preetam Korah, Upton	Roland Tremblay, Southbridge
New Beginnings Transportation LLC, Westfield	Royal Care Transportation Inc, Framingham
New England Health Transportation Inc, Haverhill	Royal Ride Inc, Wakefield
Noel M. Roy, Leominster	Rwendo Transportation Inc, North Chelmsford
North Adams Ambulance Services Inc, North Adams	S And K Transportation Inc, Brockton
Northeast Arc Inc, Danvers	Safe Hands Inc, Lowell
Northeast Regional Ambulance Ser, Middleton	Safe Ride Transportation Inc, Malden
Northern Destinations Inc, Lynnfield	Safe Transportation Inc, Braintree
Nowtransit Inc, Watertown	Safeway Luxury Transportation LLC, Worcester
Nu Path Inc, Woburn	Salter Transportation Inc, Newbury
Nursecare Transportation, Methuen	Sami Health Care Services Inc, Marlborough
Obas Enterprise LLC, North Andover	Samtag Resource Inc, Worcester
Ocar Transportation LLC, Peabody	Sanko Inc, Stoughton
Oceanside Medical Transportation, Beverly	Savannah Transportation LLC, Worcester
Omar Transport LLC, North Reading	Save Dd LLC, Haverhill
Open Sky Community Services Inc, Worcester	Serene Transportation Inc, South Hadley
Opportunity Works Inc, Newburyport	Serenity LLC, Wilmington
Oshe Transport LLC, Worcester	Shamrock Livery Inc, Marshfield
Outlook Healthcare Services Llc Outlook Transportation, Leominster	Sheila Karonis, Lynn
Pamela Newton, Fitchburg	Shining Care LLC, Boston
Patrick Hendershott, Malden	Six Star Transportation Inc, Watertown
Perfection Inc, Brighton	SLG Run, LLC, Holbrook
PFM Services LLC, Lynn	Smart Transportation Inc, Quincy

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
For the Year Ended June 30, 2022

Note M – List of Brokerage Vendors Continued

Smiles Health Services Inc, Worcester	Travelers Transit Inc, Blackstone
Smood Transportation Inc, Lynn	Tri-City Services Inc, Peabody
Soldier On Inc, Pittsfield	Trinity Transport LLC, Worcester
Solika Transit Inc, Springfield	Us Comfort Express LLC, Springfield
Soughtafter Transportation Inc, Andover	USA Comfort LLC, West Springfield
South Shore Community, Plymouth	V&K Trans LLC, Malden
Space Time Transportation LLC, Melrose	Vegas Transportation LLC, Methuen
Spartacus Transportation LLC, Dover	Venture Community Service Inc, Sturbridge
Springfield Partners For Community Action Inc, Springfield	Veronica K Taylor, Pittsfield
St Agnes Transport, Worcester	VHS Transportation Co Inc, South Easton
Star International Charity Foundation Inc, Worcester	Viability Inc, Northampton Ma
Star Line Transportation LLC, West Springfield	Victorious Services Inc, Waltham
Steven C Levin, Warwick	Vital Enterprises, Inc, Atlanta
Stralinks Inc, Worcester	Vlad'S Transportation, W. Springfield
Sts Special Transportation, Newton	Vo Transportation LLC, Boston
Success Corporation, Newton	Voyage Transportation LLC, Quincy
Superb Enterprises Inc, Lowell	Way Transportation LLC, Milford
Support Management Inc, Dedham	West Express Transportation, Lynn
Surrimassini Inc, Peabody	West Medical Transportation Inc, Stoughton
Tatis Transportation LLC, Lynn	Woods Ambulance Inc, Gardner
Teamwork Transportation Inc, Walpole	Worcester County Transportation, LLC, Worcester
The Drivers Transportation LLC, Fitchburg	Worcester Medical Trans LLC, Worcester
Thome Legacy Enterprises LLC, Boxborough	Worcester Transportation Corp, West Springfield
Thrive Transportation LLC, Concord	World Class Limousine LLC, Andover
Timeless Transportation Company LLC, Dracut	Wow Transportation Inc, Quincy
TII Medical Transport Inc, Weymouth	Yaris Transportation, Lynn
Tommys Taxi Inc, Framingham	Yellow Cab Company, Springfield
Total Praise Services LLC, Peabody	Yerevan Group Inc, Wakefield
Town Car Limousine Inc, Stoneham	Your Ride Inc, Worcester
Transitions Medical Transportation Inc, Fitchburg	Youth On The Move Inc, Springfield
Transportation On Call, Stoughton	Zoe Transportation, Cherry Valley

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Self-Funded Cost of Service
For the Year Ended June 30, 2022

		Cost of Service			
	Revenue	Transportation Service	Administrative	Net Interest Expense	Net Income/(Loss)
SELF-FUNDED - TRANSIT					
Gardner VNA Service	\$ 189,946	\$ 12,330	\$ -	\$ -	\$ 177,616
Suscription Service	250,223	1,433,760	-	-	(1,183,537)
Operating Co - HST Service	1,570,044	1,232,168	-	-	337,876
TOTAL SELF-FUNDED - TRANSIT	2,010,213	2,678,258	-	-	(668,045)
SELF-FUNDED - BROKERAGE					
Mass Health Services	87,835,699	88,117,258	5,291,426	-	(5,572,985)
Mass Health Ico Services	89,959	119,812	7,090	-	(36,943)
Mass Health ECC Services	2,056,626	2,056,014	123,575	-	(122,963)
Department of Developmental Services	14,854,279	14,146,617	849,829	-	(142,167)
Department of Public Health Services	275,689	275,547	16,207	-	(16,065)
Department of Developmental Services Dayhab	63,001,153	61,696,352	3,705,214	-	(2,400,413)
Department of Developmental Services Dayhab Ico	17,662	41,085	2,026	-	(25,449)
Department of Mental Health Services	1,786,792	1,778,189	106,355	-	(97,752)
Mass Rehab Services	415,794	414,394	25,323	-	(23,923)
Incentitives / Liquidated Damages	614,930	9,000	1,013	-	604,917
Miscellaneous	93,818	-	-	-	93,818
Dial-a-Mart	(1,570,044)	14,402	1,013	-	(1,585,459)
Non-Grant Funded Capital Assets	-	1,328,449	-	-	(1,328,449)
Administration	10,949,403	-	-	-	10,949,403
TOTAL SELF-FUNDED - BROKERAGE	180,421,760	169,997,119	10,129,071	-	295,570
TOTAL SELF-FUNDED	\$ 182,431,973	\$ 172,675,377	\$ 10,129,071	\$ -	\$ (372,475)

See Independent Auditors' Report.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Allocation of Net Cost of Service
For the Year Ended June 30, 2022

	Fixed Motor Bus Route	Paratransit	Council on Aging	Total	General and Administrative	Federal/Other Assistance	Other Income	Cost of Service	Self- Funded	HST Brokerage	State Assistance	Local Assessment
Fitchburg	\$ 2,060,024	\$ 980,516	\$ 754,899	\$ 3,795,439	\$ 2,114,042	\$ (2,031,230)	\$ (349,731)	\$ 3,528,520	\$ 289,943	\$ (122,326)	\$ (2,596,062)	\$ (1,087,503)
Leominster	1,559,051	642,858	511,695	2,713,604	1,425,822	(1,421,746)	(247,914)	2,469,766	205,532	(85,621)	(1,817,098)	(761,190)
Gardner	647,775	125,041	124,446	897,262	486,253	(480,078)	(69,475)	833,962	57,598	(28,912)	(613,576)	(257,030)
Ashburnham	-	231	46,974	47,205	21,706	(24,127)	(2,872)	41,912	2,381	(1,453)	(30,836)	(12,918)
Ayer	-	5,339	77,252	82,591	140,557	(72,263)	(25,355)	125,530	21,020	(4,352)	(92,357)	(38,689)
Lancaster	24,303	22,845	67,931	115,079	54,660	(59,246)	(7,574)	102,919	6,279	(3,568)	(75,721)	(31,720)
Shirley	-	2,741	72,990	75,731	50,301	(44,379)	(4,561)	77,092	3,781	(2,673)	(56,719)	(23,760)
Sterling	-	19,238	126,985	146,223	75,284	(77,678)	(8,892)	134,937	7,372	(4,678)	(99,278)	(41,588)
Hubbardston	-	-	24,446	24,446	11,103	(12,452)	(1,466)	21,631	1,215	(750)	(15,914)	(6,667)
Littleton	-	12,885	48,749	61,634	28,925	(31,700)	(3,791)	55,068	3,143	(1,909)	(40,516)	(16,972)
Royalston	-	55	369	424	185	(213)	(25)	371	21	(13)	(273)	(114)
Templeton	78,737	8,268	42,902	129,907	71,389	(70,144)	(9,301)	121,851	7,711	(4,224)	(89,650)	(37,555)
Ashby	-	5,347	24,876	30,223	13,361	(15,252)	(1,838)	26,494	1,524	(918)	(19,493)	(8,165)
Winchendon	31,847	13,944	26,612	72,403	34,270	(37,120)	(5,071)	64,482	4,204	(2,235)	(47,442)	(19,873)
Westminster	22,871	12,552	24,221	59,644	31,144	(31,608)	(4,273)	54,907	3,543	(1,903)	(40,397)	(16,923)
Hardwick	-	-	50,878	50,878	23,435	(26,019)	(3,096)	45,198	2,567	(1,567)	(33,254)	(13,930)
Lunenburg	104,808	87,029	65,676	257,513	123,993	(132,675)	(18,356)	230,475	15,218	(7,990)	(169,569)	(71,033)
Harvard	-	30,149	38,682	68,831	30,973	(34,815)	(4,511)	60,478	3,740	(2,097)	(44,496)	(18,639)
Bolton	-	-	21,966	21,966	9,897	(11,163)	(1,308)	19,392	1,084	(672)	(14,267)	(5,977)
Boxborough	-	-	38,911	38,911	17,463	(19,753)	(2,308)	34,313	1,913	(1,190)	(25,246)	(10,575)
Stow	-	-	49,000	49,000	-	-	-	49,000	-	(1,699)	-	(49,000)
Athol	327,656	28,087	91,950	447,693	224,585	(233,704)	(32,599)	405,975	27,026	(14,074)	(298,691)	(125,123)
Barre	-	2,528	21,963	24,491	10,963	(12,412)	(1,482)	21,560	1,229	(747)	(15,862)	(6,645)
Totals	\$ 4,857,072	\$ 1,999,653	\$ 2,354,373	\$ 9,211,098	\$ 5,000,311	\$ (4,879,777)	\$ (805,799)	\$ 8,525,833	\$ 668,044	\$ (295,571)	\$ (6,236,717)	\$ (2,661,589)

See Independent Auditors' Report.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Schedule of Administrative, General and Interest Expenses
For the Year Ended June 30, 2022

ADMINISTRATIVE	REGIONAL TRANSIT AUTHORITY	HST BROKERAGE PROGRAMS	TOTAL
Insurance - General Liability Ex/Umbr	\$ 102,336	\$ 498,463	\$ 600,799
Insurance - Operating Property	84,429	-	84,429
Insurance - Parking Property	-	-	-
Insurance - Other Vehicles	627,867	19,979	647,846
Insurance - Bus	164,588	-	164,588
Payroll - Administrative	1,175,788	3,838,605	5,014,393
Payroll - Temporary Staff	13,520	808,331	821,851
Payroll - Uncompensated Absences	6,126	(18,600)	(12,474)
Payroll - Fica/Medicare Tax	85,579	276,023	361,602
Payroll - Unemployment Tax	6,852	22,356	29,208
Payroll - Health Insurance	108,905	537,286	646,191
Payroll - Life/Disability Insurance	10,476	35,939	46,415
Payroll - Workers Comp Insurance	1,054	3,534	4,588
Payroll - Retirement 401K	118,053	366,269	484,322
Advertising - Marketing / Legal / Consultant	72,418	15,591	88,009
Printing	5,127	-	5,127
Consultant - Technical/MRPC	-	-	-
Consultant - Other	47,101	-	47,101
Security	226,225	-	226,225
Legal Counsel	33,410	31,058	64,468
Auditor	23,800	21,101	44,901
Office Supplies	55,732	42,928	98,660
Equipment/Maintenance	80,945	12,106	93,051
Equipment Lease Expense	4,876	8,667	13,543
Purchase Services	91,975	887,874	979,849
IT Software	46,447	111,869	158,316
Travel	1,599	585	2,184
Meetings	4,146	1,184	5,330
Rent Expense	14,562	397,623	412,185
Consultants - Computer Service Contracts	261,358	1,042,849	1,304,207
Consultants - Operational / CATA	-	-	-
Miscellaneous Expense	11,261	33,973	45,234
Telephone	397,655	384,862	782,517
Telephone - Maintenance	25,026	-	25,026
Reserve Fund / Bad Debt Expense	-	536,985	536,985
Maintenance - Water St. Facility	138,582	1,400	139,982
Maintenance - ITC Facility	16,214	73,875	90,089
Maintenance - Gardner Facility	51,922	-	51,922
Maintenance - N. Main Facility	54,581	17,523	72,104
Maintenance - Athol Facility	4,844	-	4,844
Utilities - Water St. Facility	90,190	33,544	123,734
Utilities - ITC Facility	70,561	77,253	147,814
Utilities - Gardner Facility	76,035	-	76,035
Utilities - N. Main Facility	47,250	8,034	55,284
Utilities - Athol Facility	17,848	-	17,848
Total Administrative	\$ 4,477,263	\$10,129,069	\$ 14,606,332
GENERAL AND INTEREST			
Debt Service / Bank fees	\$ 25,420	\$ -	\$ 25,420
Interest Expense	51,989	-	51,989
Ticket Agency Service	48,904	-	48,904
Commuter Rail Service	383,781	-	383,781
Total General And Interest	\$ 510,094	\$ -	\$ 510,094
Total Administrative, General and Interest	\$ 4,987,357	\$10,129,069	\$ 15,116,426

See Independent Auditors' Report.

**MONTACHUSETT REGIONAL TRANSIT AUTHORITY
(A COMPONENT UNIT OF MASSACHUSETTS DEPARTMENT OF TRANSPORTATION)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation (FTA) Federal Transit Cluster			
Capital - Section 5309 Bus and Bus Facility			
Subtotal CFDA 20.500			<u>\$0</u>
Operating Assistance - Section 5307 Urban Area Formula (CARES Act)	20.507	MA-2020-011-00	
Operating Assistance - Section 5307 Urbanized Area Formula (ARPA)	20.507	MA-2021-038-00	\$4,727,431
Capital - Section 5307 (MAP21) Urbanized Area Formula Bus station equipment and rehab	20.507	MA-2016-015-00	\$40,845
Capital - Section 5307 Urban Area Formula Wachusett Station support equipment Related non-capital expenditures	20.507	MA-2017-008-00	\$21,000
Capital - Section 5307 Urban Area Formula (CARES Act) COVID related capital	20.507	MA-2020-011-00	\$142,828
Capital - Section 5307 CRRSAA moved from Operating Renovate admin facility, parking redesign/const, rehab admin office, upgrade/replace equipment, etc	20.507	MA-2021-026-01	\$719,823
Capital - Section 5307 Urban Area Formula Replace cutaways and support vehicle, AVL and APC equipment, autom: fare collection system, rehab admin and maintenance facility Related non-capital expenditures	20.507	MA-2021-042-00	\$931,918
Capital - Section 5307 Urbanized Area Formula Grants (2013 & forward) Replace 5 vehicles, purchase support equipment, purchase additiona fe. of fare collection syste and small rehab projects in various facilities	20.507	MA-2022-029-00	\$783,604
Subtotal CFDA 20.507			<u>\$7,367,449</u>
Capital - Section 5339 Bus and Bus Facilities Equipment on buses	20.526	MA-2019-013-00	\$13,700
Capital - Section 5339 Bus and Bus Facilities Buses	20.526	MA-2020-028-00	\$2,093,066
Capital - Section 5339 Bus and Bus Facilities Replacement/modernized fare collection system	20.526	MA-2021-010-00	\$1,000,000
Subtotal CFDA 20.526			<u>\$3,106,766</u>
TOTAL FEDERAL TRANSIT CLUSTER			\$10,474,215
Total Expenditures of Federal Awards			\$10,474,215

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Montachusett Regional Transit Authority (the Authority) under programs of the federal government for the year ended June 30, 2022. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the net position, changes in net position, or cash flows of the Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATES

The Authority does not charge indirect costs to its federal grants and did not elect to use the 10% de minimis cost rate.

**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
Montachusett Regional Transit Authority
Fitchburg, Massachusetts

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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montachusett Regional Transit Authority (the Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 26, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

Bruce D. Norling, CPA, P.C.

September 26, 2022
Sudbury, Massachusetts

Bruce D. Norling, CPA, P.C.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Advisory Board of
Montachusett Regional Transit Authority
Fitchburg, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Montachusett Regional Transit Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we: Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bruce D. Norling, CPA, P.C.

September 26, 2022
Sudbury, Massachusetts

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Montachusett Regional Transit Authority (the Authority).
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the basic financial statements of the Authority were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the Authority expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings related to major programs that are required to be reported in accordance with 2 CFR 200.516(a).
7. The program tested as a major program consisted of United States Department of Transportation – Federal Transit Cluster (CFDA Nos. 20.507, 20.526).
8. The threshold for distinguishing Type A and B programs was \$750,000. Type A programs are those that exceed \$750,000.
9. The Authority qualified as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT - NONE

C. FINDINGS - MAJOR FEDERAL AWARDS PROGRAMS AUDIT - NONE