

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

Financial Statements  
and  
Independent Auditors' Reports

June 30, 2023

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# Bruce D. Norling, CPA, P.C

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

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, 2023, the statement of revenues, expenses and changes in net position, and cash flows for the year ended June 30, 2023, 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, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 on pages 4-12 and required supplementary information on page 31-35 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.

### ***Supplementary 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 net cost of service on page 16 and the supplementary information presented on pages 31 through 35, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the

basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule 1: Statement of Costs and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

***Bruce D. Norling, CPA, P.C.***

Sudbury, Massachusetts  
September 25, 2023

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Management Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2023**

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, 2023. 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 fiscal year FY2023 with no deficit or surplus, despite the continued effects of the Covid-19 Pandemic with reduced revenues and increased costs of operation.
2. MART maintained the approach of utilizing the remaining American Rescue Plan Act of 2021 (ARPA) funds in FY2023, while only utilizing a portion of the remaining Coronavirus Aid Relief and Economic Security (CARES) funds in FY2023. The remaining CARES funds are planned to be utilized for future needs in FY2024 and possibly FY2025. This will allow for more flexibility as the CARES funds have less restrictive use requirements. In FY2023, the ARPA grant funds utilized totaled \$4,890,683 and the CARES grant funds utilized totaled \$1,268,833 for Operating Expenses in lieu of using regular federal Section 5307 funds. This continues to place MART in a favorable funding position, as the federal Section 5307 funds can be carried over to future years and used to cover potential future operational and capital requirements.

In FY2023, MART moved from implementation to utilization of the enhanced Intelligent Transportation Systems technology. This has started an analysis process of the efficiency of MART’s Fixed Route and Demand Response systems that will lead to improved performance from a systemwide perspective. In conjunction with the Intelligent System, MART is moving its ITMS transit software to the cloud so it can be enhanced by utilizing a higher performing scheduling engine in FY2024. These efforts are made to keep costs down while improving the quality of services offered to the ridership.

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Management Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2023**

**Overview of Financial Statements:**

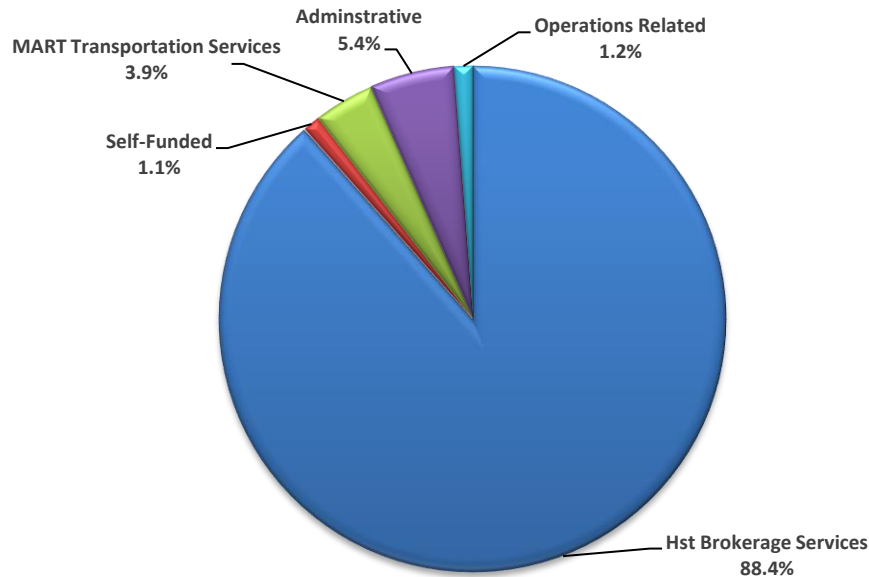
The Authority was established on August 7, 1978, by the cities of Fitchburg, Leominster, and Gardner, pursuant to Section 3 of Chapter 161B of the General Laws of the Commonwealth of Massachusetts to provide transit services to the communities of Fitchburg, Leominster and Gardner beginning July 30, 1979. Currently, the Authority is comprised of 25 communities listed in Note A of the financial statements. At the March 9, 2023 MART Advisory Board Meeting, it was voted on and accepted by the Advisory Board that the Town of Townsend will join MART as a member community, with services to commence in FY2024.

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

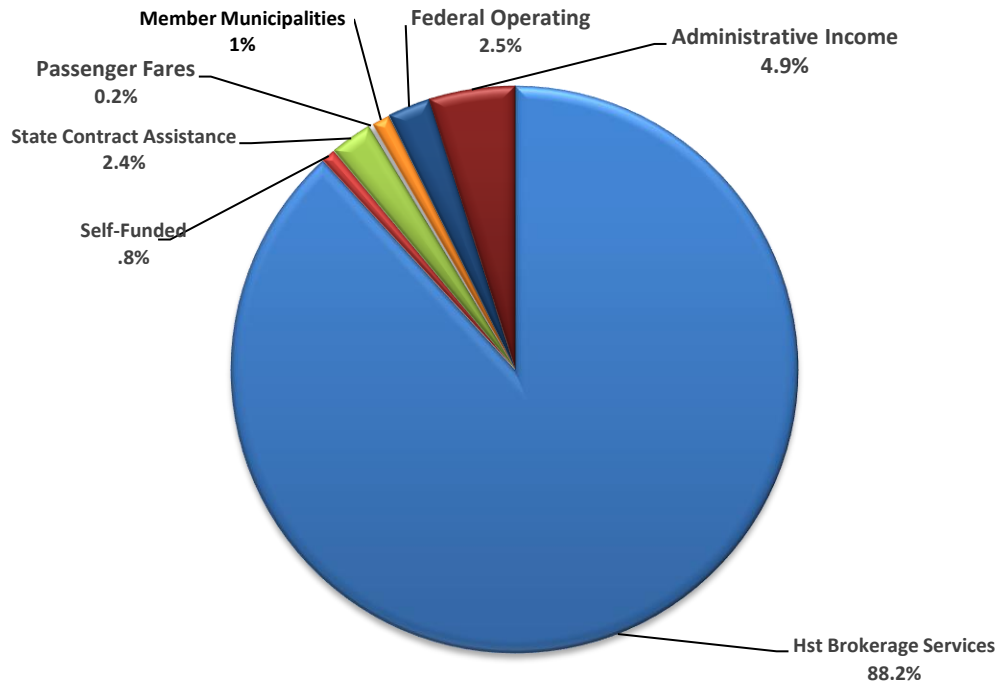
As seen in the following charts, a large percentage of services the Authority provides is through its brokerage operation, a self (fully) funded program which requires no funds outside of the program funds expended by the Executive Office of Health and Human Service through its Human Service Transportation (HST) Office 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, 2023**

**FY2023 Expenses Including Brokerage Services**  
**\$264,249,795**



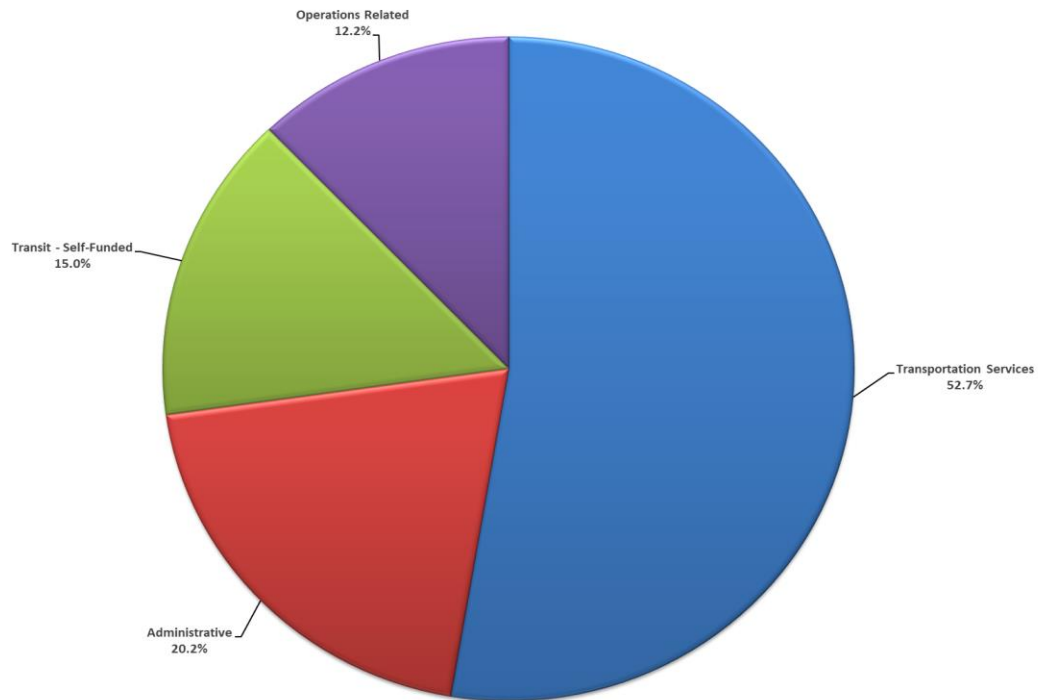
**FY2023 Revenues Including Brokerage Services**  
**\$264,249,795**



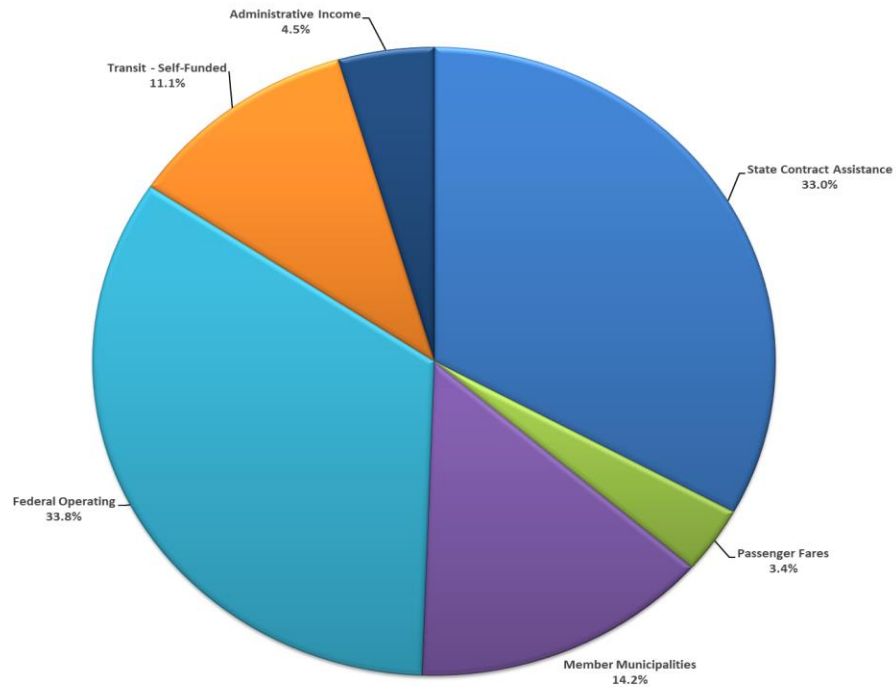
These charts reflect the net cost of service as presented on page 16.

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Management Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2023**

FY2023 Expenses excluding Brokerage Services \$19,539,498



FY2023 Revenues excluding Brokerage Services \$19,217,566



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, 2023**

**Government Financial Analysis**

The table below provides a summary of the Authority's net position for 2023 and 2022.

|                            | 2023 Business -<br><u>type Activities</u> | 2022 Business -<br><u>type Activities</u> |
|----------------------------|-------------------------------------------|-------------------------------------------|
| <u>Assets</u>              |                                           |                                           |
| Current assets             | \$ 50,856,661                             | \$ 35,561,684                             |
| Capital assets             | <u>52,610,244</u>                         | <u>52,196,138</u>                         |
| Total assets               | <u>103,466,905</u>                        | <u>87,757,822</u>                         |
| <u>Liabilities</u>         |                                           |                                           |
| Long-term liabilities      | 103,338                                   | 156,671                                   |
| Other liabilities          | <u>62,930,408</u>                         | <u>46,144,182</u>                         |
| Total liabilities          | <u>63,033,746</u>                         | <u>46,300,853</u>                         |
| <u>Net Position</u>        |                                           |                                           |
| Invested in capital assets | 52,453,573                                | 51,986,134                                |
| Net of related debt        |                                           |                                           |
| Unrestricted deficit       | <u>(12,020,414)</u>                       | <u>(10,529,165)</u>                       |
| Total net position         | <u>\$ 40,433,159</u>                      | <u>\$ 41,456,969</u>                      |

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the Authority's assets exceeded liabilities by \$40,433,159.

Capital assets reported on the government-wide statements represent the largest portion of the Authority's net assets. As of June 30, 2023, capital assets represented 51% 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 at June 30, 2023, were \$52,453,573. 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, 2023 and 2022**

**Change in Net Position:**

The table below shows the change in net position for fiscal years 2023 and 2022.

|                                            | 2023                 | 2022                 | Change                |
|--------------------------------------------|----------------------|----------------------|-----------------------|
| Operating Revenues                         |                      |                      |                       |
| Transportation Revenue-HST Brokerage       | \$ 233,049,706       | \$ 169,472,357       | \$ 63,577,349         |
| Transportation Revenue-Self-Funded         | 2,130,828            | 2,010,213            | 120,615               |
| Transportation Revenue-Urban/Rural Service | 657,066              | 653,027              | 4,039                 |
| Total Operating Revenues                   | <u>235,837,600</u>   | <u>172,135,597</u>   | <u>63,702,003</u>     |
| Non-Operating Revenues                     |                      |                      |                       |
| Federal                                    | -                    | 95,460               | (95,460)              |
| Commonwealth of Massachusetts              | 6,333,528            | 6,236,717            | 96,811                |
| Member Municipalities                      | 2,728,128            | 2,661,589            | 66,539                |
| Interest Income                            | 100,685              | 9,415                | 91,270                |
| HST Management Fee                         | 11,982,525           | 10,949,403           | 1,033,122             |
| Other Income, Net                          | 7,267,329            | 5,580,700            | 1,686,629             |
| Total Non-Operating Revenues               | <u>28,412,195</u>    | <u>25,533,284</u>    | <u>2,878,911</u>      |
| Total Revenues                             | <u>264,249,795</u>   | <u>197,668,881</u>   | <u>66,580,914</u>     |
| Operating Expenses                         |                      |                      |                       |
| Transportation Expense-HST Brokerage       | 233,090,461          | 168,668,670          | 64,421,791            |
| Transportation Expense-Self-Funded         | 2,935,661            | 2,678,258            | 257,403               |
| Transportation Expense-Urban/Rural Service | 10,295,582           | 9,864,125            | 431,457               |
| Administrative                             | 16,712,653           | 14,985,681           | 1,726,972             |
| Depreciation and Amortization              | 5,263,222            | 4,780,439            | 482,783               |
| Total Operating Expenses                   | <u>268,297,579</u>   | <u>200,977,173</u>   | <u>67,320,406</u>     |
| Non-Operating Expenses                     |                      |                      |                       |
| Interest Expense                           | 555,961              | 77,412               | 478,549               |
|                                            | <u>555,961</u>       | <u>77,412</u>        | <u>478,549</u>        |
| Total Expenses                             | <u>268,853,540</u>   | <u>201,054,585</u>   | <u>67,798,955</u>     |
| Loss Before Capital Grants                 | (4,603,745)          | (3,385,704)          | (1,218,041)           |
| Capital Grants                             | <u>3,579,935</u>     | <u>6,521,515</u>     | <u>(2,941,580)</u>    |
| Change in Net Position                     | (1,023,810)          | 3,135,811            | (4,159,621)           |
| Net Position - Beginning of Year           | <u>41,456,969</u>    | <u>38,321,158</u>    | <u>3,135,811</u>      |
| Net Position - End of Year                 | <u>\$ 40,433,159</u> | <u>\$ 41,456,969</u> | <u>\$ (1,023,810)</u> |

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Management Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2023**

**Capital Assets:**

Capital asset activity for the year ended June 30, 2023, was as follows:

|                                                 | <u>Beginning<br/>Balances</u> | <u>Additions</u>   | <u>Disposals / Transfers</u> | <u>Ending<br/>Balances</u> |
|-------------------------------------------------|-------------------------------|--------------------|------------------------------|----------------------------|
| Land and Land Improvements                      | <u>\$ 4,342,839</u>           | <u>\$ -</u>        | <u>\$ -</u>                  | <u>\$ 4,342,839</u>        |
| Depreciable Properties:                         |                               |                    |                              |                            |
| Building/Improvements Fitchburg Parking         | 12,339,712                    | -                  | -                            | 12,339,712                 |
| Building/Improvements Fitchburg Intermodal      | 5,999,151                     | 1,129,251          | -                            | 7,128,402                  |
| Building/Improvements Leominster Parking Lot    | 12,548,655                    | -                  | -                            | 12,548,655                 |
| Building/Improvements Leominster Storage        | 6,814,341                     | 7,816              | -                            | 6,822,157                  |
| Building/Improvements Fitchburg Maintenance     | 12,507,295                    | 333,834            | -                            | 12,841,129                 |
| Building/Improvements 840 N Main St Maintenance | 622,928                       | 1,328,787          | -                            | 1,951,715                  |
| Building/Improvements Gardner Maintenance       | 8,411,649                     | 57,757             | -                            | 8,469,406                  |
| Improvements Fitchburg Rail                     | 972,146                       | -                  | -                            | 972,146                    |
| Improvements Wachusett Rail                     | 1,071,374                     | 48,681             | -                            | 1,120,055                  |
| Building/Improvements Athol Maintenance         | 180,739                       | 606,607            | -                            | 787,346                    |
| Building/Improvements Ayer Parking              | 6,129,729                     | 978,973            | -                            | 7,108,702                  |
| Other Fixed Assets                              | 2,305,077                     | -                  | -                            | 2,305,077                  |
| Systems Development                             | 5,726,320                     | 925,853            | -                            | 6,652,173                  |
| Transportation Equipment                        | 22,698,495                    | 1,469,281          | (873,038)                    | 23,294,738                 |
|                                                 | <u>98,327,611</u>             | <u>6,886,840</u>   | <u>(873,038)</u>             | <u>104,341,413</u>         |
| Less Accumulated Depreciation For:              |                               |                    |                              |                            |
| Building/Improvements Fitchburg Parking         | (6,614,953)                   | (420,307)          | -                            | (7,035,260)                |
| Building/Improvements Fitchburg Intermodal      | (4,587,882)                   | (381,033)          | -                            | (4,968,915)                |
| Building/Improvements Leominster Parking Lot    | (5,653,390)                   | (319,076)          | -                            | (5,972,466)                |
| Building/Improvements Leominster Storage        | (3,176,562)                   | (239,384)          | -                            | (3,415,946)                |
| Building/Improvements Fitchburg Maintenance     | (8,901,837)                   | (415,884)          | -                            | (9,317,721)                |
| Building/Improvements 840 N Main St Maintenance | (5,424)                       | (116,431)          | -                            | (121,855)                  |
| Building/Improvements Gardner Maintenance       | (3,632,724)                   | (338,738)          | -                            | (3,971,462)                |
| Improvements Fitchburg Rail                     | (972,146)                     | -                  | -                            | (972,146)                  |
| Improvements Wachusett Rail                     | (218,220)                     | (44,480)           | -                            | (262,700)                  |
| Building/Improvements Athol Maintenance         | (75,909)                      | (47,864)           | -                            | (123,773)                  |
| Building/Improvements Ayer Parking              | (501,442)                     | (241,275)          | -                            | (742,717)                  |
| Other Fixed Assets                              | (2,090,425)                   | (49,085)           | -                            | (2,139,510)                |
| Systems Development                             | (4,199,726)                   | (618,602)          | -                            | (4,818,328)                |
| Transportation Equipment                        | (14,305,817)                  | (2,031,063)        | 851,226                      | (15,485,654)               |
|                                                 | <u>(54,936,457)</u>           | <u>(5,263,222)</u> | <u>851,226</u>               | <u>(59,348,453)</u>        |
| Net Depreciable Property                        | 43,391,154                    | 1,623,618          | (21,812)                     | 44,992,960                 |
| Construction In Progress                        | 4,380,098                     | (1,127,781)        | -                            | 3,252,317                  |
| Fixed Assets in Process                         | 82,047                        | (59,919)           | -                            | 22,128                     |
| Net Capital Assets                              | <u>\$ 52,196,138</u>          | <u>\$ 435,918</u>  | <u>\$ (21,812)</u>           | <u>\$ 52,610,244</u>       |

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Management Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2023**

In FY2023 the Authority used \$250,000 of Section 5307 and RTACAP funds from MassDOT for IT support equipment, including completion of the installation of a new Automated Fare Collection system.

In FY2023 MART completed the roof replacement and began replacing the concourse curtain wall at the Fitchburg Intermodal facility, which will be completed in FY2024. This was funded through a combination of \$1,201,521 in 5307 and RTACAP funds.

MART completed the Electrification Feasibility Study for the Headquarters Facility at Water Street through a contract with Weston & Sampson Engineers using \$75,000 in grant funds awarded under the Massachusetts Leading By Example program through the Department of Energy Resources.

In FY2023 MART commenced the Rebranding Project utilizing 5307 funds. The project goals are to effectively rebrand MART in its entirety, by wrapping of buses and vans with new designs, a new website promoting more effective communication and access to service information, as well as installation of Bus Stop signs to promote more effective boarding and alighting of ridership and a redesign of schedules.

In addition to the above, using a combination of 5307 and RTACAP funds totaling \$247,216, MART upgraded its secure access at the Intermodal Complex at 100-160 Main Street in Fitchburg by standardizing door keys and adding a badge access control system.

**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. Continued loss of revenues due to the impacts on travel caused by the Covid-19 pandemic in the following categories: reduced parking, loss of farebox revenue, suspension of private/public partnerships and reduced activity in several self-funded programs, which is estimated to be more than \$1,200,000 for FY2023. In addition, we have continued to experience an increase in the utilization of our Subscription Service self-funded program ~~that do~~ which does not have an equivalent revenue base (monthly fares) to support the service. With the approval of the Advisory Board, MART has made plans in FY2024 to adjust the pricing of this service, along with a review of how the service should be best performed and managed going forward.
- b. MART received in FY2023 a portion of the increased state assistance which in total calculated to \$6,333,529 which was distributed at the existing percentage allocation levels to each RTA. The FY2022 calculated total was \$6,236,717. The increase resulted in an additional amount of \$96,812 in state funding.
- c. MART Administration believes the Authority will be able to meet its transit commitments in FY2024 and will continue to control Administrative and Operational Costs through the efforts to improve overall efficiencies.

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Management Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2023**

**Funding of the Authority:**

- Expenses for all Transit services, less self-funded and the brokerage program were \$15 million, and were funded by the following:

|                             | % of Expense | % of Funding |
|-----------------------------|--------------|--------------|
| Authority generated revenue | 9%           | 9%           |
| Federal operating funds     | 38%          | 38%          |
| Local contributions         | 16%          | 16%          |
| Commonwealth assistance     | 37%          | 37%          |
| State Grant                 | 0%           | 0%           |

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Statement of Net Position**  
**June 30, 2023**

**Assets**

|                                                             |                              |
|-------------------------------------------------------------|------------------------------|
| Current Assets                                              |                              |
| Cash and Cash Equivalents                                   | \$ 19,797,707                |
| Receivables for Operating Assistance                        |                              |
| U.S. Department of Transportation                           | 1,268,831                    |
| Commonwealth of Massachusetts and Cities and Towns          |                              |
| Constituting the Authority                                  | 3,965,609                    |
| Receivables for Capital Grants                              |                              |
| U.S. Department of Transportation                           | 288,235                      |
| Commonwealth of Massachusetts                               | 510,350                      |
| Accounts Receivable                                         | 23,984,464                   |
| Other Current Assets                                        | 1,041,465                    |
| Total Current Assets                                        | <u>50,856,661</u>            |
| Capital Assets                                              |                              |
| Non Depreciable Capital Assets                              | 8,589,430                    |
| Depreciable Capital Assets, Net of Accumulated Depreciation | <u>44,020,814</u>            |
| Net Capital Assets                                          | <u>52,610,244</u>            |
| Total Assets                                                | <u><u>\$ 103,466,905</u></u> |

**Liabilities and Net Position**

|                                                 |                              |
|-------------------------------------------------|------------------------------|
| Current Liabilities                             |                              |
| Accounts Payable                                | \$ 42,539,953                |
| Accrued Expenses                                | 519,556                      |
| Deferred Revenue                                | 57,566                       |
| Revenue Anticipation Notes Payable              | 19,000,000                   |
| Current Portion of Long Term Debt               | 53,333                       |
| Accrued Interest                                | 760,000                      |
| Total Current Liabilities                       | <u>62,930,408</u>            |
| Long Term Liabilities                           |                              |
| Long Term Debt Net of Current Portion           | <u>\$103,338</u>             |
| Total Liabilities                               | <u>63,033,746</u>            |
| Net Position                                    |                              |
| Invested in Capital Assets, Net of Related Debt | 52,453,573                   |
| Unrestricted Deficit                            | <u>(12,020,414)</u>          |
| Total Net Position                              | <u>40,433,159</u>            |
| Total Liabilities and Net Position              | <u><u>\$ 103,466,905</u></u> |

See accompanying notes to the Financial Statements.

**MONTACHUSETT REGIONAL TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**  
**STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                                     |                      |
|-----------------------------------------------------|----------------------|
| Operating Revenues                                  |                      |
| Transportation Revenue - HST Brokerage              | \$ 233,049,707       |
| Transportation Revenue - Self-Funded                | 2,130,829            |
| Transportation Revenue - Urban/Rural Service        | <u>657,067</u>       |
| Total Operating Revenues                            | <u>235,837,603</u>   |
| Operating Expenses                                  |                      |
| Transportation Expense - HST Brokerage              | 233,090,461          |
| Transportation Expense - Self-Funded                | 2,935,661            |
| Transportation Expense - Urban/Rural Service        | 10,295,582           |
| Administrative (Including Brokerage Administrative) | 16,712,653           |
| Depreciation and Amortization                       | <u>5,263,222</u>     |
| Total Operating Expenses                            | <u>268,297,579</u>   |
| Operating Loss                                      | (32,459,976)         |
| Non-Operating Revenues (Expenses)                   |                      |
| Federal                                             | -                    |
| Commonwealth of Massachusetts                       | 6,333,529            |
| Member Municipalities                               | 2,728,128            |
| Interest Expense                                    | (555,961)            |
| Interest Income                                     | 100,685              |
| HST Management Fee                                  | 11,982,525           |
| Other Income, Net                                   | <u>7,267,325</u>     |
| Total Non-Operating Revenues                        | <u>27,856,231</u>    |
| Loss Before Capital Grants                          | (4,603,745)          |
| Capital Grants                                      | <u>3,579,935</u>     |
| Change in Net Position                              | (1,023,810)          |
| Net Position - Beginning of the Year                | <u>41,456,969</u>    |
| Net Position - End of the Year                      | <u>\$ 40,433,159</u> |

**2023**

See accompanying notes to the Financial Statements.

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|                                                                |                 |
|----------------------------------------------------------------|-----------------|
| Cash received from passenger fares and contract reimbursements | 230,783,862     |
| Cash paid to vendors                                           | (230,149,614)   |
| Cash paid to employees for services                            | (6,263,573)     |
| Cash paid for other administrative costs                       | \$ (10,449,068) |

|                                        |              |
|----------------------------------------|--------------|
| NET CASH USED FOR OPERATING ACTIVITIES | (16,078,393) |
|----------------------------------------|--------------|

**CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES**

|                                                                    |              |
|--------------------------------------------------------------------|--------------|
| 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 | (32,961)     |
| Interest Income                                                    | 100,685      |
| Proceeds from Operating Grants                                     | 8,174,159    |
| Proceeds from HST Management fee                                   | 11,982,525   |
| Proceeds from Line of Credit                                       | -            |
| Payment on Line of Credit                                          | -            |
| Other Income                                                       | 7,267,328    |

|                                                       |            |
|-------------------------------------------------------|------------|
| NET CASH PROVIDED BY NON CAPITAL FINANCING ACTIVITIES | 27,491,736 |
|-------------------------------------------------------|------------|

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

|                                     |             |
|-------------------------------------|-------------|
| Principal Payments on Notes Payable | (53,333)    |
| Proceeds from Capital Grants        | 5,122,613   |
| Purchase of Capital Assets          | (5,765,366) |

|                                                            |           |
|------------------------------------------------------------|-----------|
| NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES | (696,086) |
|------------------------------------------------------------|-----------|

|                                                 |            |
|-------------------------------------------------|------------|
| NET DECREASE IN CASH AND SHORT-TERM INVESTMENTS | 10,717,257 |
|-------------------------------------------------|------------|

|                                           |           |
|-------------------------------------------|-----------|
| BEGINNING CASH AND SHORT-TERM INVESTMENTS | 9,080,450 |
|-------------------------------------------|-----------|

|                                  |               |
|----------------------------------|---------------|
| ENDING CASH AND CASH EQUIVALENTS | \$ 19,797,707 |
|----------------------------------|---------------|

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

|                                                           |                 |
|-----------------------------------------------------------|-----------------|
| Operating Loss                                            | \$ (32,459,966) |
| Depreciation and amortization                             | 5,263,222       |
| Changes in Assets and Liabilities:                        |                 |
| (Increase) / Decrease in Receivables                      | (5,284,563)     |
| (Increase) / Decrease in Other Assets                     | 51,656          |
| Increase / (Decrease) in Payables                         | 16,166,352      |
| Increase / (Decrease) in Accrued Expenses and Liabilities | (142,790)       |
| Net Cash Used for Operating Activities                    | \$ (16,406,089) |
| Supplemental disclosures of noncash transactions          |                 |
| Fully depreciated assets written off                      | \$ 879,346      |

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, 2023**

|                                                      | <b>Urbanized<br/>Area Service</b> | <b>Rural<br/>Area Service</b> | <b>Other<br/>Services</b> | <b>HST Brokerage<br/>Services</b> | <b>Total<br/>Area Service</b> |
|------------------------------------------------------|-----------------------------------|-------------------------------|---------------------------|-----------------------------------|-------------------------------|
| Operating Costs                                      |                                   |                               |                           |                                   |                               |
| RTA Administration Costs<br>(excluding depreciation) | \$ 5,366,817                      | \$ 350,710                    | \$ -                      | \$ 11,048,459                     | \$ 16,765,986                 |
| Purchased Services                                   |                                   |                               |                           |                                   |                               |
| Fixed Route                                          | 5,213,236                         | 258,993                       | -                         | -                                 | 5,472,229                     |
| Demand Reponse                                       | 4,426,813                         | 431,307                       | 1,525,790                 | 20,378                            | 6,404,288                     |
| Brokerage Services                                   | -                                 | -                             | -                         | 233,641,460                       | 233,641,460                   |
| Self-Funded Services                                 | -                                 | -                             | 1,409,871                 | -                                 | 1,409,871                     |
| Debt Service                                         | 518,468                           | 37,493                        | -                         | -                                 | 555,961                       |
| Total Operating Costs                                | 15,525,334                        | 1,078,503                     | 2,935,661                 | 244,710,297                       | 264,249,795                   |
| Federal Operating Assistance                         |                                   |                               |                           |                                   |                               |
| FTA Operating & Administrative                       | -                                 | -                             | -                         | -                                 | -                             |
| Other Federal                                        | 6,065,360                         | 432,388                       | -                         | -                                 | 6,497,748                     |
| Total Federal Assistance                             | 6,065,360                         | 432,388                       | -                         | -                                 | 6,497,748                     |
| Revenues                                             |                                   |                               |                           |                                   |                               |
| Transit Operating                                    | 621,576                           | 35,490                        | -                         | -                                 | 657,066                       |
| Brokerage Service                                    | -                                 | -                             | -                         | 245,032,229                       | 245,032,229                   |
| Self-Funded Services                                 | -                                 | -                             | 2,130,828                 | -                                 | 2,130,828                     |
| Other Revenues                                       |                                   |                               |                           |                                   |                               |
| Advertising                                          | 28,783                            | 2,080                         | -                         | -                                 | 30,863                        |
| Interest Income                                      | 93,895                            | 6,789                         | -                         | -                                 | 100,684                       |
| Miscellaneous                                        | 701,715                           | 37,006                        | -                         | -                                 | 738,721                       |
| Total Revenues                                       | 1,445,969                         | 81,365                        | 2,130,828                 | 245,032,229                       | 248,690,391                   |
| Net Cost of Service                                  | 8,014,005                         | 564,750                       | 804,833                   | (321,932)                         | 9,061,656                     |
| Net Cost of Service Funding                          |                                   |                               |                           |                                   |                               |
| Local Assessments                                    | 2,550,392                         | 177,736                       | -                         | -                                 | 2,728,128                     |
| State Contract Assistance                            | 5,912,068                         | 421,460                       | -                         | -                                 | 6,333,528                     |
| Unreimbursed surplus                                 | \$ 448,455                        | \$ 34,446                     | \$ (804,833)              | \$ 321,932                        | \$ -                          |
| State Contract Assistance                            | \$ 5,912,068                      | \$ 421,460                    | \$ -                      | \$ -                              | \$ 6,333,528                  |
| Less: Payment made by MassDOT<br>prior to June 30    | 5,912,068                         | 421,460                       | -                         | -                                 | 6,333,528                     |
| Balance Requested from the State                     | \$ -                              | \$ -                          | \$ -                      | \$ -                              | \$ -                          |

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, 2023**

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 25 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                      |
| Townsend         | 2023                      |

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, 2023**

Note A – The Authority and Operators (Continued)

The Authority operates public transit fixed route bus service and complimentary ADA demand response paratransit van services as an alternative for disabled individuals that are unable to utilize fixed-route buses. All fixed route buses and ADA paratransit vans are lift-equipped for wheelchairs. MART's public transit services are provided through a contracted third-party private operator. The Authority reimburses the private contractors for all FTA allowable expenses which are reasonable and necessary for the efficient operation of the service.

MART engages four operating companies which perform the fixed route and demand response direct transportation services for MART. The four operating companies share a common ownership and are all managed under an umbrella management agreement with Management of Transportation Services, Inc.

The Authority paid a management fee of \$459,445 for the year ended June 30, 2023.

The four operating companies: 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 1<sup>st</sup>, 2019, with a four-year contracting period which ended on June 30, 2023. During FY2023, MART procured the services of an operating company to manage our transportation services for a five-year period from July 1, 2023 (FY 24) through June 30, 2028 (FY28).

The Authority's paratransit services which operate transportation 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 services for elderly and disabled individuals. In the communities of Fitchburg, Leominster and Ashby, COA services are operated by Dial-A-MART Services, Inc. Gardner COA are operated by Management of Transportation Services of Gardner (MTG). COA transportation services for Athol, Barre, and Royalston are operated by Management of Transportation Services of Gardner - Athol Division. The Authority 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.

In addition to the transit services detailed above, the Authority 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) for dual enrolled MassHealth and Medicare eligible individuals served by Commonwealth Care Alliance, Inc., United Health Care, and Tufts-Network Health, LLC, all brokerage services are self-funded.

The brokerage services manage transportation services for various human service agencies which are collectively funded under the Commonwealth of Massachusetts' Executive Office of Health and Human Services (EOHHS).

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)

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, 2023**

Note A – The Authority and Operators (Continued)

As noted in the FY2022 Audit, the above referenced brokerage services were most recently awarded to the Authority for successfully responding to a RFR procurement issued by EOHHS for the agencies listed above. With the selection of the Authority as the broker for Regions 1 and 2 (depicted in Figure 1 below) and the successful contract negotiation with EOHHS, the Authority commenced brokerage services on July 1, 2021- the beginning of the FY22 contracting year and has continued into the recently ended FY23. The initial contracting period is for five (5) years (FY22 through FY26). The awarded procurement also allows for two additional five (5) year contracts to be negotiated between the Authority and EOHHS.

Both the first and second year of operation under the new brokerage contract has resulted in significant increases in staffing and technology upgrades required by the substantially expanded service areas managed by the Authority. As indicated in the previous FY22 audit, significant changes to the performance standards for the brokerage contract and compliance requirements for numerous contract metrics were specified by EOHHS. For the management of the brokered transportation programs, the Authority receives an annual management fee for all operating expenses, as well as the opportunity to achieve contract incentives for meeting established metrics.

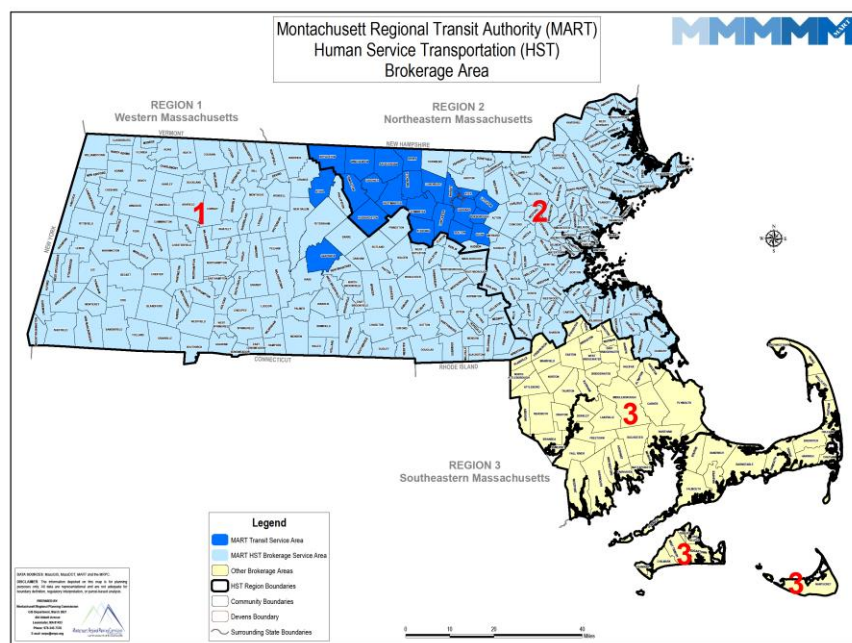


Figure 1

Transportation services for the brokerage operations continue to be provided through private for-profit and non-profit subcontractors contracted directly to the Authority. Subcontractors are required to bid for all transportation services needed by the consumers of the various 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, 2023**

Note A – The Authority and Operators (Continued)

There were 390 brokerage program providers for the fiscal year ended June 30, 2023. 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<br>No.                | Adoption<br>Required in<br>Fiscal Year |
|---------------------------------|----------------------------------------|
| 91                              | 2023                                   |
| <i>Conduit Debt Obligations</i> |                                        |

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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 expenses, 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 are recorded at historical cost. Capital Assets with a cost in excess of \$3,000 will be capitalized. 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, 2023.

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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, 2023, the Massachusetts Municipal Depository Trust (MMDT) bank balance of federally uninsured deposits totaled \$1,199,041.98. 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, 2023, 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 nearly \$5 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 FY2023 was \$6,333,529. In addition, the various cities and towns constituting the Authority contributed assistance in the form of local assessments in the amount of \$2,728,128 for FY2023.

The receivable for operating assistance includes \$1,323,103 from Cities and Towns constituting the Authority for previous years which are generally paid through local assessment "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, 2023**

**Note E – Capital Assets**

Capital asset activity for the year ended June 30, 2023, was as follows:

|                                              | Balance<br><u>7/1/2022</u> | <u>Additions/Transfers</u> | <u>Disposals</u>   | Balance<br><u>7/1/2023</u> |
|----------------------------------------------|----------------------------|----------------------------|--------------------|----------------------------|
| Capital assets, not being depreciated:       |                            |                            |                    |                            |
| Land                                         | \$ 4,342,839               | \$ -                       | \$ -               | \$ 4,342,839               |
| Construction in progress                     | 5,352,244                  | (1,127,781)                | -                  | 4,224,463                  |
| Fixed Assets in process                      | <u>82,047</u>              | <u>(59,919)</u>            | <u>-</u>           | <u>22,128</u>              |
| Total capital assets not being depreciated:  | <u>9,777,130</u>           | <u>(1,187,700)</u>         | <u>-</u>           | <u>8,589,430</u>           |
| Capital assets, being depreciated:           |                            |                            |                    |                            |
| Buildings                                    | 66,625,573                 | 4,491,706                  | -                  | 71,117,279                 |
| Transportation Equipment                     | 22,698,495                 | 1,469,281                  | (873,038)          | 23,294,738                 |
| System Development                           | 5,726,320                  | 925,853                    | -                  | 6,652,173                  |
| Other Fixed Assets                           | <u>2,305,077</u>           | <u>-</u>                   | <u>-</u>           | <u>2,305,077</u>           |
| Total capital assets, being depreciated      | 97,355,465                 | 6,886,840                  | (873,038)          | 103,369,267                |
| Total accumulated depreciation               | <u>54,936,457</u>          | <u>5,263,222</u>           | <u>(851,226)</u>   | <u>59,348,453</u>          |
| Total capital assets, being depreciated, net | <u>42,419,008</u>          | <u>1,623,618</u>           | <u>(21,812)</u>    | <u>44,020,814</u>          |
| Net Capital Assets                           | <u>\$ 52,196,138</u>       | <u>\$ 435,918</u>          | <u>\$ (21,812)</u> | <u>\$ 52,610,244</u>       |

**Note F – Revenue Anticipation Notes**

The Revenue Anticipation Note (RAN) outstanding on June 30, 2023, consisted of one note totaling \$19,000,000. This note bore an interest rate of 2.776% net interest cost (NIC). This note is due to be paid on July 30, 2023. Interest expense related to the RAN note amounted to \$760,000 in FY2023 and was offset by a premium upon issuance of \$232,560. At the same time the FY2023 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, 2023**

**Note G - Long Term Debt**

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

|                                                           | Interest<br>Rate | Original<br>Amount | Maturity<br>Date | Balance<br>6/30/22 | Reductions        | Total<br>Balance<br>6/30/23 | Current<br>Portion | Long-Term<br>Portion |
|-----------------------------------------------------------|------------------|--------------------|------------------|--------------------|-------------------|-----------------------------|--------------------|----------------------|
| Note Payable -<br>Fitchburg<br>Redevelopment<br>Authority | 0%               | \$1,050,000        | June-2026        | <u>\$210,004</u>   | <u>(\$53,333)</u> | <u>\$156,671</u>            | <u>(\$53,333)</u>  | <u>\$103,338</u>     |
| Total                                                     |                  |                    |                  | <u>\$210,004</u>   | <u>(\$53,333)</u> | <u>\$156,671</u>            | <u>(\$53,333)</u>  | <u>\$103,338</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> |
|----------------------------|------------------|-----------------|
| 2024                       | \$53,333         | \$ -            |
| 2025                       | 53,333           | -               |
| 2026                       | 50,005           | -               |
| Total                      | <u>\$156,671</u> | <u>\$ -</u>     |

**Note H - Notes Payable**

Effective June 30, 2023, 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, 2023.

**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, 2023.

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, 2023**

Note I – Contingencies - continued

As disclosed previously in the FY19, FY20, FY21 and FY2022 financial statements, the Authority defended itself successfully in civil actions and binding arbitration pursued by TLT (the General Contractor) against MART for the North Leominster Parking Garage project. MART, having prevailed in the arbitration, 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 FY2023, the Authority contributed 10% of each employee’s base pay for a total contribution of \$556,186.

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 FY2023, the Authority collected ticket revenues of \$37,419 and remitted \$39,118 to MBTA.

801 CMR 53.03(2) Disclosure (Unaudited)

The Administrator, date of hire of February 3, 1993, received a salary for the tax year ending December 31, 2022, of \$155,827. 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 a salary for the tax year ending December 31, 2022, of \$99,738. 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 a salary for the tax year ending December 31, 2022, of \$138,399. 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, 2023**

Note L – Subsequent Events

In July 2023, 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, 2023, the date the financial statements were available to be issued.

While the COVID-19 pandemic that developed rapidly in FY2020 through FY2022 which significantly impacted the Authority's operations have faded to a great degree, transit ridership is still being impacted. Additionally, workforce participation continues to be a significant issue for both the Operating Companies in the recruitment of drivers, as well as the Authority's administrative operations, primarily in the brokerage operation. The reduced workforce for the operation companies continues to impact the cost of providing services and the operating results of the overall organization.

The Authority is continuing to maintain tight controls on spending, as well as actively reviewing and modifying transit services to ensure it maintains cost-effective and efficient services across all service lines.

The Authority did not have any other non-recognized or recognized subsequent events after June 30, 2023, the date of the statement of financial position. Subsequent events have been evaluated through September 25, 2023, 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, 2023**

**Note M – List of Brokerage Vendors**

|                                                    |                                                |
|----------------------------------------------------|------------------------------------------------|
| Aaron Transport LLC, Springfield                   | Benata Inc, Billerica                          |
| Abees Transportation, Marlborough                  | Jeanne Bono, Tewksbury                         |
| Absolutransit, Gardner                             | Boston Express Carriers LLC, Billerica         |
| Achias Transportation Inc, Leominster              | Brewster Ambulance Service Inc, Weymouth       |
| Action Ambulance Service Inc, Wilmington           | Bostonhealth&Recoveryservicesinc, Leominster   |
| Access Care Ride Inc, Leominster                   | Brook Limo Transportation Inc, Lowell          |
| Aleksander Dhima Db, Worcester                     | Bridgewell Inc, Lynnfield                      |
| Advisor Limo Inc, Ashland                          | Bay State Transportation Co, Lynn              |
| Andover Family Medical Trans Inc, Andover          | Blackstone Valley Livery LLC, Uxbridge         |
| Agawam Transportation Inc, Agawam                  | Best Ride Inc, Dedham                          |
| A & G Transportation Services Inc, Revere          | Nancy Butler, Milford                          |
| Airmys Tranship LLC, Fitchburg                     | By Trans Corp, Wilmington                      |
| Allroad Transportation Corp, Stoughton             | Cataldo Ambulance Service Inc, Somerville      |
| Alternative Transportation Systems LLC, Arlington  | County Ambulance Inc, Pittsfield               |
| Allroad Transit Corporation, Stoughton             | Camme Transportation Inc, Burlington           |
| Open Sky Community Services Inc, Worcester         | Cape Ann Transportation, Gloucester            |
| All Year Inc, Billerica                            | Caring Choice Transportation Inc, Peabody      |
| American Medical Response Of Mass Inc, Atlanta     | 5 Star Transportation LLC, Dracut              |
| Arch Mmd Logistics LLC, Dorchester                 | Caribbean Transportation Inc, Worcester        |
| American Training Inc, Andover                     | Castelly'S Transportation LLC, Ashland         |
| American Way Transportation Inc, Waltham           | Comfort Care Resource Group, Woburn            |
| Anb Transportation Inc, Dedham                     | Ccr Transportation LLC, Worcester              |
| Annex Transit LLC, Lowell                          | Ccare Transit LLC, Chicopee                    |
| All Ride Transportation Inc, Haverhill             | Community Ems Inc, Atlanta                     |
| Arko Transportation Services, Lynn                 | Centerpoint Delivery Inc, Fitchburg            |
| Arm Kesh Inc, Arlington                            | Charles Chege, Dunstable                       |
| Armstrong Ambulance Service Inc, Arlington         | Community Heathlink Inc, Worcester             |
| Aseda Transport Inc, North Chelmsford              | Crown Homes Healthcare &, Saugus               |
| All-Savants Transportation LLC, Quincy             | City Quest Transportation LLC, Gardner         |
| Atlantic Trans Inc, Sharon                         | City Voyager Corporation, Ashland              |
| Austin Transportation LLC, Dorchester              | Cool Ride Transportation LLC, Leominster       |
| Avi Transportation LLC, Waltham                    | Clar LLC, Lowell                               |
| Av Prime LLC, Feeding Hills                        | Nu Path Inc, Woburn                            |
| Awesome Transportation International Inc, Winthrop | Costal Medical Transportation LLC, Hyannis     |
| Bahati Transportation LLC, Methuen                 | Donna P Connerty, Gloucester                   |
| Band Of Heroes & Emt LLC, Lawrence                 | Convenient Homecare Services Inc, Waltham      |
| Banka General Staffing LLC, Ayer                   | Michael Corrado, Malden                        |
| Bass River Day Activity Program Inc, Beverly       | Community Transportation, Indian Orchard       |
| Bat Enterprises LLC, Beverly                       | Lori A Cotter, Millville                       |
| Best Care Transportation Inc, Waltham              | Covenant Transportation Inc, Newton            |
| Beauport Ambulance Service Inc, Gloucester         | Comfort Way Inc, Stoughton                     |
| Becca Transport LLC, Leominster                    | Credence Transport Services LLC, Methuen       |
| Believe Transportation Corp, Worcester             | Care Remedy Inc, Reading                       |
| Christine Berg, Scituate                           | Crossway Transit LLC, N Andover                |
| Alexander Antonian Db, Natick                      | County Rainbow Taxi Inc, Pittsfield            |
| Bethel Staffing LLC, Worcester                     | Care Transportation Service Inc, North Grafton |
| Beyond Transportation LLC, Tewksbury               | Ctls Enterprises Inc, Greenfield               |
| Blue Hills Limousine LLC, Leominster               | Citytrans Inc, Worcester                       |
| Binfin Coach And Cab LLC, Leominster               | Mary L D'Ambra, Hanover                        |
| Boston Mass Transportation Inc, Newton Upper Falls | Damico John M, Beverly                         |

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**For the Year Ended June 30, 2023**

**Note M – List of Brokerage Vendors Continued**

|                                                          |                                                    |
|----------------------------------------------------------|----------------------------------------------------|
| Dasa Transportation Inc, Norton                          | Gacal Enterprise LLC, Worcester                    |
| Joan E Davenport, Beverly                                | Green Cab Company Inc, Somerville                  |
| DoubletransportationLLC, Marblehead                      | Gem Logistics Inc, Worcester                       |
| Dean General Services LLC, Lowell                        | Gifted Hands Transportation Inc, Lowell            |
| Kristina M Dean, Uxbridge                                | G&F Transport Inc, Pittsfield                      |
| Deborah Gartside, Malden                                 | Nancy Giuffre, Winthrop                            |
| Antonia Defilippis, Danvers                              | Deborah L Giuffre, Pepperell                       |
| Desire Safety Transportation LLC, Dedham                 | Global Clean Life Transportation Inc, Woburn       |
| Diruzza Carla, Revere                                    | Gloria Transportation Inc, Stoughton               |
| Dominion Healthcare LLC, Stoughton                       | Greater North Transportation Inc, N. Chelmsford    |
| Donahue Limousine Service Inc, Leominster                | Go LLC, Dalton                                     |
| The Drivers Transportation LLC, Fitchburg                | Goodness Transportation LLC, Lawrence              |
| Dracut Transportation Service, Dracut                    | Go Time Transportation, Tewksbury                  |
| Ds Express Transportation Co., Chicopee                  | Gq Mass Inc, Westford                              |
| D & T Transportation, Worcester                          | Green Valley Inc, Billerica                        |
| Divine Community Transportation Inc, Northborough        | Greatway Care LLC, Lawrence                        |
| Eagle Spirit Transportation Inc, Worcester               | Habilitation Assistance Corp, Plymouth             |
| Eascare LLC, Weymouth                                    | Haleem Services Inc, Marlboro                      |
| Eliot Community Human Servicesinc, Lexington             | Haytrans LLC, Revere                               |
| Emmanuel Home Care Svc LLC, Lowell                       | Hb Livery Service Inc, Winthrop                    |
| Elm Transportation Inc, Lowell                           | Hch Services Inc, Waltham                          |
| Elite Trans LLC, Tewksbury                               | Helios Ride Inc, Worcester                         |
| East Middlesex Arc Inc, Wakefield                        | Humble Hands Health Care Svc LLC, Methuen          |
| Employment Options Inc, Marlborough                      | Hlje Transportation LLC, Peabody                   |
| E & A Transportation, LLC, Chestnut Hill                 | Horace Mann Educational Assoc, Franklin            |
| Epoch Health Care LLC, Norwood                           | Giselle L Holland, Randolph                        |
| E-Pod Transportation LLP, North Adams                    | Hpa Service LLC, East Bridgewater                  |
| Essex Group Transportation Inc, Rowley                   | Viability Inc, Northampton Ma                      |
| Easton Auto Service Inc, Easton                          | Hulmes Transportation Serv Ltd, Belchertown        |
| Extracare Transport, Holden                              | Anne Hulverson, Hull                               |
| Express Medical Transportation Inc, Stoughton            | Robert Hurley, Burlington                          |
| E-Z Transportation LLC, Chelmsford                       | Integrity Medical Transportation Corp, Lawrence    |
| Fabbykay Inc, Waltham                                    | Infinity Transport LLC, Gardner                    |
| Favored Home Care Inc, Lynn                              | Instant Transportation LLC, Worcester              |
| Fallon Emergency Medical ServiceLLC, Quincy              | Ireland And Company LLC, Lynn                      |
| Faith Transportation, West Springfield                   | In Time Med Transport LLC, Malden                  |
| Fitchburg Transportation LLC, Fitchburg                  | Janny Transportation Service Inc, Worcester        |
| Five Stars Transportation Inc, Natick                    | J Family Inc, Waltham                              |
| Flow Transportation ServicesLLC, Leominster              | Jfk Transportation Inc, Natick                     |
| Focal Points Healthcare LLC, Haverhill                   | J&Jcaretransportationcorp, Springfield             |
| Medical Transportation Inc, Waltham                      | J K Services Inc, Wrentham                         |
| Dawn M Freeman, Peabody                                  | Joan Linton, Littleton                             |
| Frances Health Services LLC, Woburn                      | Robert A Johns, Rutland                            |
| Francois Transportation Inc, Tewksbury                   | Jomo Transportation LLC, Lowell                    |
| Friendly Ride Transportation Inc, Feeding Hills          | Jk Sunshine Transportation Services LLC, Fitchburg |
| Mary E Fuller, Hinsdale                                  | Justice Services Inc, Billerica                    |
| Gaamha Inc, Gardner                                      | Jyl Transportation Inc, Spencer                    |
| Gentle Arms Daily Transportation Company LLC, Chelmsford | K & C Transportation Inc, Lawrence                 |
| Ganda Services Inc, Burlington                           | Kibi Transport Corp, Swansea                       |
| Gabriel Transportation, Amherst                          | Kiessling Transit Inc, Franklin                    |

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**For the Year Ended June 30, 2023**

**Note M – List of Brokerage Vendors Continued**

|                                                             |                                                  |
|-------------------------------------------------------------|--------------------------------------------------|
| Kingdom Transportation, Lunenburg                           | Neeethu Sosa Preetam Korah, Upton                |
| Kiten Inc, Billerica                                        | New Beginnings Transportation LLC, Westfield     |
| K&K Transportation LLC, Lawrence                            | Pamela Newton, Fitchburg                         |
| Kenmore Transit Inc, Swampscott                             | Numbers Transit LLC, Worcester                   |
| Konastone Services Inc, Dracut                              | Northern Destinations Inc, Lynnfield             |
| Richard G Kotosky, Westborough                              | Nowtransit Inc, Watertown                        |
| K'Spersonal Transportation Inc, Oxford                      | Northeast Regional Ambulance Ser, Middleton      |
| Kush Transportation Inc, Methuen                            | Northeast Arc Inc, Danvers                       |
| L.B. Transportation, Waltham                                | Nissi Transportation Services LLC, Amesbury      |
| Lifedots Transportation LLC, Lowell                         | New England Health Transportation Inc, Haverhill |
| Lee Ann Lee, Methuen                                        | Boris Trestin DbA, Stoughton                     |
| Lifeworks Inc, Westwood                                     | Ocar Transportation LLC, Peabody                 |
| Elemol LLC DbA Lowell Transportation, Tewksbury             | Outlook Transportation, Leominster               |
| L & M Transportation LLC, Lawrence                          | Omama Services Inc, Worcester                    |
| Lodge T LLC, Swampscott                                     | Omar Transport LLC, North Reading                |
| Longonot Transportation Inc, Springfield                    | Oceanside Medical Transportation, Beverly        |
| Lotus Transportation, Waltham                               | Opportunity Works Inc, Newburyport               |
| Lumi Transports LLC, Lowell                                 | Bernard Z Orenstein, Peabody                     |
| Luxus Inc, Sharon                                           | Oshe Transport LLC, Worcester                    |
| Marlboro Hudson Ambulance & Wheelchair Service Inc, Atlanta | Pam Transportation LLC, North Easton             |
| Malka Inc, Randolph                                         | Pema Transportation Company LLC, Worcester       |
| Marks Transportation LLC, Milford                           | Pfm Services LLC, Lynn                           |
| Mass Express Transportation Inc, West Springfield           | Phephi Services Inc, Woburn                      |
| Joan Mccaffrey, Acton                                       | Phils Transportation Inc, Wales                  |
| Mcj Transportation Inc, Brockton                            | Purple Lady LLC, East Bridgewater                |
| Med Star Ambulance Inc, Boston                              | Perfection Inc, Brighton                         |
| Mercedes Cab Company, North Turo                            | Laura Price, South Grafton                       |
| M&F Health Services And Support LLC, Worcester              | Pridestar Ems Inc, Lowell                        |
| Mass General Brigham Home Care Inc, Cambridge               | Present Line LLC, Chicopee                       |
| Rebecca Pava, Pittsfield                                    | Prime Trnsportation Inc, Clinton                 |
| Mj Transportation Inc, Southwick                            | Philip E Proia, Bellingham                       |
| M And J Transportation Service Inc, Dorchester              | Prospects Transportation LLC, Worcester          |
| Mighty Livery Transportation LLC, Fairhaven                 | Prime Solution Group Inc, Brookline              |
| Minute Man Arc For, Concord                                 | Prestige Livery Transportation LLP, Dracut       |
| Mobile Transportation Etc LLC, Quincy                       | Prevalent Transport Inc, Chicopee                |
| Mass Proud LLC, Revere                                      | Prestige Ride LLC, Dudley                        |
| Mrc Transportation LLC, Bridgewater                         | Pv Groupinc, Westwood                            |
| Merrimack Transit LLC, Woburn                               | Quality Transportation Inc, Lawrence             |
| Massfinest Inc, Billerica                                   | Rafa Transportation LLC, West Springfield        |
| Mass Trans LLC, Tewksbury                                   | Rck Transportation Inc, Everett                  |
| Mtrans, W. Roxbury                                          | Royal Care Transportation Inc, Framingham        |
| Michael Transportation Service Corp, Marblehead             | Reliable LLC, North Chelmsford                   |
| Mavins LLC, West Springfield                                | Rem Services Trans LLC, Bedford                  |
| Maxride Inc, Woburn                                         | Reliamed Transportation Inc, Shrewsbury          |
| Maximus Trans Services Inc, Waltham                         | Reliable Transportation Inc, Westford            |
| Mystic Transport LLC, Worcester                             | Venture Community Service Inc, Sturbridge        |
| National Ambulance LLC, Springfield                         | Ride On Time Inc, Lynn                           |
| North Adams Ambulance Services Inc, North Adams             | Rigby'S Journey Inc, Lawrence                    |
| Need A Lift Medivan Inc, Leominster                         | Carol J Ringer, Lynnfield                        |
| Natron Enterprises Inc, Framingham                          | Rio Hondo Transport LLC, Lawrence                |

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**For the Year Ended June 30, 2023**

**Note M – List of Brokerage Vendors Continued**

|                                                            |                                                     |
|------------------------------------------------------------|-----------------------------------------------------|
| Rideright Transportation Inc, Revere                       | Tri-City Services Inc, Peabody                      |
| Real Care Senior Services LLC, Lowell                      | Teamwork Transportation Inc, Walpole                |
| Ronald Magembe DbA, Woburn                                 | Margaret Thomas, Hyde Park                          |
| Rm Transportation Inc, Swampscott                          | Thrive Transportation LLC, Concord                  |
| Royal Ride Inc, Wakefield                                  | Timeless Transportation Company LLC, Dracut         |
| Noel M Roy, Leominster                                     | Tamba-Kromah Ventures LLC, West Lynn                |
| Reliable Trans, Worcester                                  | Teambuild Inc DbA, Methuen                          |
| Riverside Industries Inc, Easthampton                      | Transitions Medical Transportatoin Inc, Fitchburg   |
| Sts Special Transportation, Newton                         | Tommys Taxi Inc, Framingham                         |
| Safe Transportation Inc, Stoughton                         | Total Praise Services LLC, Peabody                  |
| Sanko Inc, Stoughton                                       | Town Car Limousine Inc, Stoneham                    |
| Salter Transportation Inc, Newbury                         | Mass Tran Corp, Danvers                             |
| Sami Health Care Services Inc, Marlborough                 | Trinity Transport LLC, Worcester                    |
| Samtag Resource Inc, Worcester                             | Tru-Ryde Transit LLC, West Springfield              |
| Savannah Transportation LLC, Worcester                     | Travelcom Inc, Upton                                |
| Save Dd LLC, Haverhill                                     | Travelers Transit Inc, Woonsocket                   |
| Simone M Sciafani, Peabody                                 | Vegas Transportation LLC, Lawrence                  |
| Safe Hands Inc, Lowell                                     | Vhs Transportation Co Inc, South Easton             |
| Safe Ride Transportation Inc, Malden                       | Vital Enterprises Inc, Atlanta                      |
| Shining Care LLC, Boston                                   | V&KtransLLC, Malden                                 |
| Siblings Transportation Inc, Lawrence                      | Vlad S Transportation Inc, W. Springfield           |
| Six Star Transportation Inc, Watertown                     | VotransportationLLC, Boston                         |
| S And K Transportation Inc, Brockton                       | Voyage Transportation LLC, Quincy                   |
| Slg Run LLC, Holbrook                                      | Way Transportation LLC, Milford                     |
| Solika Transit Inc, Springfield                            | Rwendo Transportation Inc, North Chelmsford         |
| Smart Transportation Inc, Quincy                           | West Medical Transportation Inc, Stoughton          |
| Smiles Health Services Inc, Worcester                      | West Express LLC, Lynn                              |
| Smood Transportation Inc, Lynn                             | Wells Medical Transport, Fitchburg                  |
| Soldier On Inc, Pittsfield                                 | Worcester Medical Trans LLC, Worcester              |
| Springfield Partners For Community Action Inc, Springfield | Worcester County Transportation LLC, Worcester      |
| Space Time Transportation LLC, Melrose                     | Woods Ambulance Inc, Gardner                        |
| Surad Transportation Inc, Boston                           | Worcester Transportation Corp, West Springfield     |
| Serenity LLC, Saugus                                       | Wow Transportation Inc, Quincy                      |
| Serene Transportation Inc, South Hadley                    | World Class Limousine LLC, Andover                  |
| South Shore Community, Plymouth                            | Yaris Inc DbA, Lynn                                 |
| St Agnes Transport, Worcester                              | Yellow Cab Company, Springfield                     |
| Star Line Transportation LLC, West Springfield             | Your Ride Inc, Worcester                            |
| Soughtafter Transportation Inc, Andover                    | Youth On The Move Inc, Springfield                  |
| Star International Charity Foundation Inc, Worcester       | Yerevan Group Inc, Wakefield                        |
| Steven C Levin, Warwick                                    | Peter Kimemia DbA Zoe Transportation, Cherry Valley |
| Stralinks Inc, Worcester                                   |                                                     |
| Stateline Dsd LLC, West Springfield                        |                                                     |
| Success Corpotation, Newton                                |                                                     |
| Superb Enterprises Inc, Lowell                             |                                                     |
| Support Management Inc, Dedham                             |                                                     |
| Surrimassini Inc, Peabody                                  |                                                     |
| Center Of Hope Foundation Inc, Southbridge                 |                                                     |
| Safeway Luxury Transportation LLC, Worcester               |                                                     |
| Tatis Transportation LLC, Lynn                             |                                                     |
| Veronica K Taylor, Pittsfield                              |                                                     |

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Self-Funded Cost of Service**  
**For the Year Ended June 30, 2023**

|                                                 |                       | Cost of Service           |                      |                         |                      |
|-------------------------------------------------|-----------------------|---------------------------|----------------------|-------------------------|----------------------|
|                                                 | Revenue               | Transportation<br>Service | Administrative       | Net Interest<br>Expense | Net<br>Income/(Loss) |
| <b>SELF-FUNDED - TRANSIT</b>                    |                       |                           |                      |                         |                      |
| Gardner VNA Service                             | \$ 202,113            | \$ 116,015                | \$ -                 | \$ -                    | \$ 86,098            |
| Suscription Service                             | 275,860               | 1,525,790                 | -                    | -                       | (1,249,929)          |
| Operating Co - HST Service                      | 1,652,855             | 1,293,856                 | -                    | -                       | 358,999              |
| <b>TOTAL SELF-FUNDED - TRANSIT</b>              | <b>2,130,828</b>      | <b>2,935,661</b>          | <b>-</b>             | <b>-</b>                | <b>(804,832)</b>     |
| <b>SELF-FUNDED - BROKERAGE</b>                  |                       |                           |                      |                         |                      |
| Mass Health Services                            | 110,464,717           | 111,074,227               | 5,264,591            | -                       | (5,874,101)          |
| Mass Health Ico Services                        | 522,127               | 820,948                   | 38,670               | -                       | (337,491)            |
| Mass Health ECC Services                        | 16,755,180            | 16,767,880                | 794,384              | -                       | (807,084)            |
| Department of Developmental Services            | 18,238,656            | 17,526,822                | 830,844              | -                       | (119,010)            |
| Department of Public Health Services            | 797,404               | 797,424                   | 37,565               | -                       | (37,585)             |
| Department of Developmental Services Dayhab     | 83,483,236            | 82,699,344                | 3,919,993            | -                       | (3,136,101)          |
| Department of Developmental Services Dayhab Ico | 236,775               | 281,327                   | 13,258               | -                       | (57,810)             |
| Department of Mental Health Services            | 2,138,487             | 2,138,683                 | 101,646              | -                       | (101,842)            |
| Mass Rehab Services                             | 946,265               | 946,828                   | 45,299               | -                       | (45,862)             |
| Incentitives / Liquidated Damages               | 1,085,680             | 16,600                    | 1,105                | -                       | 1,067,975            |
| Miscellaneous                                   | 34,034                | -                         | -                    | -                       | 34,034               |
| Dial-a-Mart                                     | (1,652,855)           | 20,378                    | 1,105                | -                       | (1,674,338)          |
| Non-Grant Funded Capital Assets                 | -                     | 571,387                   | -                    | -                       | (571,387)            |
| Administration                                  | 11,982,525            | -                         | -                    | -                       | 11,982,525           |
| <b>TOTAL SELF-FUNDED - BROKERAGE</b>            | <b>245,032,231</b>    | <b>233,661,848</b>        | <b>11,048,460</b>    | <b>-</b>                | <b>321,923</b>       |
| <b>TOTAL SELF-FUNDED</b>                        | <b>\$ 247,163,059</b> | <b>\$ 236,597,509</b>     | <b>\$ 11,048,460</b> | <b>\$ -</b>             | <b>\$ (482,909)</b>  |

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Allocation of Net Cost of Service**  
**For the Year Ended June 30, 2023**

|             | Fixed Motor<br>Bus Route | Paratransit  | Council<br>on Aging | Total        | General and<br>Administrative | Federal/Other<br>Assistance | Other<br>Income | Cost of<br>Service | Self-<br>Funded | HST<br>Brokerage | State<br>Assistance | Local<br>Assessment |
|-------------|--------------------------|--------------|---------------------|--------------|-------------------------------|-----------------------------|-----------------|--------------------|-----------------|------------------|---------------------|---------------------|
| Fitchburg   | \$ 2,021,624             | \$ 826,967   | \$ 848,275          | \$ 3,696,866 | \$ 2,582,212                  | \$ (2,561,718)              | \$ (357,757)    | \$ 3,359,603       | \$ 330,858      | \$ (126,072)     | \$ (2,496,975)      | \$ (1,053,014)      |
| Leominster  | 1,612,516                | 781,665      | 538,988             | 2,933,169    | 1,835,837                     | (1,945,815)                 | (271,323)       | 2,551,868          | 250,923         | (95,761)         | (1,896,639)         | (799,841)           |
| Gardner     | 631,475                  | 127,118      | 145,442             | 904,035      | 587,582                       | (615,057)                   | (69,935)        | 806,625            | 64,677          | (30,269)         | (599,512)           | (252,824)           |
| Ashburnham  | -                        | 315          | 47,231              | 47,546       | 27,280                        | (31,085)                    | (2,974)         | 40,767             | 2,750           | (1,530)          | (30,299)            | (12,778)            |
| Ayer        | 1,649                    | 17,051       | 91,805              | 110,505      | 139,256                       | (91,936)                    | (37,255)        | 120,570            | 34,454          | (4,524)          | (89,612)            | (37,791)            |
| Lancaster   | 44,298                   | 25,354       | 53,203              | 122,855      | 71,812                        | (80,553)                    | (8,471)         | 105,643            | 7,834           | (3,964)          | (78,518)            | (33,112)            |
| Shirley     | 272                      | 9,131        | 77,316              | 86,719       | 60,329                        | (61,270)                    | (5,425)         | 80,353             | 5,017           | (3,015)          | (59,722)            | (25,185)            |
| Sterling    | 73,592                   | -            | 143,998             | 217,590      | 133,570                       | (145,751)                   | (14,261)        | 191,148            | 13,189          | (7,173)          | (142,068)           | (59,912)            |
| Hubbardston | -                        | 8            | 25,145              | 25,153       | 14,152                        | (16,339)                    | (1,539)         | 21,427             | 1,423           | (804)            | (15,925)            | (6,716)             |
| Littleton   | -                        | 18,756       | 79,168              | 97,924       | 55,446                        | (63,705)                    | (6,118)         | 83,547             | 5,658           | (3,135)          | (62,095)            | (26,187)            |
| Royalston   | -                        | 262          | 2,062               | 2,324        | 1,262                         | (1,490)                     | (141)           | 1,955              | 130             | (73)             | (1,453)             | (613)               |
| Templeton   | 92,456                   | 8,589        | 37,683              | 138,728      | 91,488                        | (95,175)                    | (10,222)        | 124,819            | 9,453           | (4,684)          | (92,770)            | (39,122)            |
| Ashby       | -                        | 10,764       | 28,269              | 39,033       | 21,378                        | (25,066)                    | (2,471)         | 32,874             | 2,285           | (1,234)          | (24,433)            | (10,304)            |
| Winchendon  | 36,722                   | 17,079       | 36,784              | 90,585       | 52,628                        | (59,197)                    | (6,382)         | 77,634             | 5,902           | (2,913)          | (57,700)            | (24,333)            |
| Westminster | 41,264                   | 26,055       | 41,903              | 109,222      | 66,620                        | (72,667)                    | (7,874)         | 95,301             | 7,282           | (3,576)          | (70,831)            | (29,871)            |
| Hardwick    | -                        | -            | 51,263              | 51,263       | 29,100                        | (33,397)                    | (3,166)         | 43,800             | 2,928           | (1,644)          | (32,554)            | (13,728)            |
| Lunenburg   | 102,258                  | 102,336      | 74,486              | 279,080      | 163,469                       | (182,780)                   | (20,060)        | 239,709            | 18,552          | (8,995)          | (178,160)           | (75,133)            |
| Harvard     | 2,398                    | 61,888       | 39,087              | 103,373      | 57,438                        | (66,487)                    | (7,129)         | 87,195             | 6,593           | (3,272)          | (64,806)            | (27,330)            |
| Bolton      | -                        | -            | 27,992              | 27,992       | 15,498                        | (18,085)                    | (1,686)         | 23,719             | 1,559           | (890)            | (17,629)            | (7,434)             |
| Boxborough  | -                        | -            | 35,876              | 35,876       | 20,040                        | (23,248)                    | (2,180)         | 30,488             | 2,016           | (1,144)          | (22,660)            | (9,556)             |
| Stow        | -                        | -            | 57,181              | 57,181       | -                             | -                           | -               | 57,181             | -               | (2,146)          | -                   | (57,181)            |
| Athol       | 233,493                  | 90,289       | 96,670              | 420,452      | 259,346                       | (280,521)                   | (31,384)        | 367,893            | 29,024          | (13,805)         | (273,431)           | (115,310)           |
| Barre       | -                        | 4,845        | 36,202              | 41,047       | 22,500                        | (26,405)                    | (2,514)         | 34,628             | 2,325           | (1,299)          | (25,737)            | (10,853)            |
| Totals      | \$ 4,894,017             | \$ 2,128,472 | \$ 2,616,029        | \$ 9,638,518 | \$ 6,308,243                  | \$ (6,497,747)              | \$ (870,267)    | \$ 8,578,747       | \$ 804,832      | \$ (321,922)     | \$ (6,333,529)      | \$ (2,728,128)      |

**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, 2023**

| ADMINISTRATIVE                               | REGIONAL<br>TRANSIT<br>AUTHORITY | HST<br>BROKERAGE<br>PROGRAMS | TOTAL         |
|----------------------------------------------|----------------------------------|------------------------------|---------------|
| Insurance - General Liability Ex/Umbr        | \$ 83,590                        | \$ 602,739                   | \$ 686,329    |
| Insurance - Operating Property               | 95,332                           | -                            | 95,332        |
| Insurance - Parking Property                 | -                                | -                            | -             |
| Insurance - Other Vehicles                   | 525,109                          | 19,521                       | 544,630       |
| Insurance - Bus                              | 164,386                          | -                            | 164,386       |
| Payroll - Administrative                     | 1,346,477                        | 4,211,418                    | 5,557,895     |
| Payroll - Temporary Staff                    | 10,515                           | 720,539                      | 731,054       |
| Payroll - Uncompensated Absences             | (4,888)                          | 26,468                       | 21,580        |
| Payroll - Fica/Medicare Tax                  | 95,304                           | 308,232                      | 403,536       |
| Payroll - Unemployment Tax                   | 2,258                            | 9,594                        | 11,852        |
| Payroll - Health Insurance                   | 163,753                          | 548,040                      | 711,793       |
| Payroll - Life/Disability Insurance          | 12,265                           | 40,217                       | 52,482        |
| Payroll - Workers Comp Insurance             | 2,042                            | 6,741                        | 8,783         |
| Payroll - Retirement 401K                    | 163,862                          | 392,324                      | 556,186       |
| Advertising - Marketing / Legal / Consultant | 96,469                           | 37,820                       | 134,289       |
| Printing                                     | 18,896                           | 585                          | 19,481        |
| Consultant - Technical/MRPC                  | -                                | -                            | -             |
| Consultant - Other                           | 15,000                           | -                            | 15,000        |
| Security                                     | 363,162                          | -                            | 363,162       |
| Legal Counsel                                | 77,485                           | 58,677                       | 136,162       |
| Auditor                                      | 19,200                           | 19,801                       | 39,001        |
| Office Supplies                              | 51,477                           | 52,970                       | 104,447       |
| Equipment/Maintenance                        | 46,817                           | 11,769                       | 58,586        |
| Equipment Lease Expense                      | 2,546                            | 5,037                        | 7,583         |
| Purchase Services                            | 198,834                          | 1,878,912                    | 2,077,746     |
| IT Software                                  | 119,842                          | 86,344                       | 206,186       |
| Travel                                       | 3,984                            | 2,858                        | 6,842         |
| Meetings                                     | 13,415                           | 16,021                       | 29,436        |
| Rent Expense                                 | 15,189                           | 404,321                      | 419,510       |
| Consultants - Computer Service Contracts     | 210,922                          | 1,129,050                    | 1,339,972     |
| Consultants - Operational / CATA             | -                                | -                            | -             |
| Miscellaneous Expense                        | (11,918)                         | 2,827                        | (9,091)       |
| Telephone                                    | 305,301                          | 625,857                      | 931,158       |
| Telephone - Maintenance                      | 31,070                           | -                            | 31,070        |
| Reserve Fund / Bad Debt Expense              | -                                | (332,599)                    | (332,599)     |
| Maintenance - Water St. Facility             | 234,645                          | -                            | 234,645       |
| Maintenance - ITC Facility                   | 146,956                          | 35,152                       | 182,108       |
| Maintenance - Gardner Facility               | 76,762                           | -                            | 76,762        |
| Maintenance - N. Main Facility               | 143,890                          | 21,373                       | 165,263       |
| Maintenance - Athol Facility                 | 26,287                           | -                            | 26,287        |
| Utilities - Water St. Facility               | 111,777                          | 15,847                       | 127,624       |
| Utilities - ITC Facility                     | 121,635                          | 75,371                       | 197,006       |
| Utilities - Gardner Facility                 | 63,354                           | -                            | 63,354        |
| Utilities - N. Main Facility                 | 70,562                           | 14,633                       | 85,195        |
| Utilities - Athol Facility                   | 19,014                           | -                            | 19,014        |
| Total Administrative                         | \$ 5,252,578                     | \$11,048,459                 | \$ 16,301,037 |
| GENERAL AND INTEREST                         |                                  |                              |               |
| Debt Service / Bank fees                     | \$ 28,680                        | \$ -                         | \$ 28,680     |
| Interest Expense                             | 527,279                          | -                            | 527,279       |
| Ticket Agency Service                        | 39,117                           | -                            | 39,117        |
| Commuter Rail Service                        | 425,822                          | -                            | 425,822       |
| Total General And Interest                   | \$ 1,020,898                     | \$ -                         | \$ 1,020,898  |
| Total Administrative, General and Interest   | \$ 6,273,476                     | \$11,048,459                 | \$ 17,321,935 |

See Independent Auditors' Report.

|                                                                                                                                                                                                                                 | Federal<br>CFDA<br>Number | Pass Through Entity<br>Identifying Number | Federal<br>Expenditures |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------------|-------------------------|
| U.S. Department of Transportation (FTA)<br>Federal Transit Cluster                                                                                                                                                              |                           |                                           |                         |
| Capital - Section 5309 Bus and Bus Facility                                                                                                                                                                                     |                           |                                           |                         |
| Subtotal CFDA 20.500                                                                                                                                                                                                            |                           |                                           | \$0                     |
| Operating Assistance - Section 5307 Urban Area Formula (CARES Act)                                                                                                                                                              | 20.507                    | MA-2020-011-00                            | \$1,268,833             |
| Operating Assistance - Section 5307 Urbanized Area Formula (ARPA)                                                                                                                                                               | 20.507                    | MA-2021-038-00                            | \$5,364,895             |
| Capital - Section 5307 Urban Area Formula<br>Wachusett Station support equipment<br>Related non-capital expenditures                                                                                                            | 20.507                    | MA-2017-008-00                            | \$0                     |
| Capital - Section 5307 Urban Area Formula (CARES Act)<br>COVID related capital                                                                                                                                                  | 20.507                    | MA-2020-011-00                            | \$542,969               |
| Capital - Section 5307 CRRSAA moved from Operating<br>Renovate admin facility, parking redesign/const, rehab admin office,<br>upgrade/replace equipment, etc                                                                    | 20.507                    | MA-2021-026-01                            | \$450,689               |
| Capital - Section 5307 Urban Area Formula<br>Replace cutaways and support vehicle, AVL and APC equipment,automated<br>fare collection system,rehab admin and maintenance facility<br>Related non-capital expenditures           | 20.507                    | MA-2021-042-00                            | \$430,893               |
| Capital - Section 5307 Urbanized Area Formula Grants (2013 & forward)<br>Replace 5 vehicles, purchase support equipment, purchase additiona features<br>of fare collection syste and small rehab projects in various facilities | 20.507                    | MA-2022-029-00                            | \$1,213,485             |
| Subtotal CFDA 20.507                                                                                                                                                                                                            |                           |                                           | \$9,271,764             |
| Capital - Section 5339 Bus and Bus Facilities<br>Equipment on buses                                                                                                                                                             | 20.526                    | MA-2019-013-00                            | \$4,947                 |
| Capital - Section 5339 Bus and Bus Facilities<br>Buses                                                                                                                                                                          | 20.526                    | MA-2020-028-00                            | \$5,244                 |
| Subtotal CFDA 20.526                                                                                                                                                                                                            |                           |                                           | \$10,191                |
| Research Project - Section 5312 Research, develop, demo/deploy.,<br>and evaluation project                                                                                                                                      | 20.530                    | MA-2021-028-00                            | \$172,463               |
| Subtotal CFDA 20.526                                                                                                                                                                                                            |                           |                                           | \$172,463               |
| <b>TOTAL FEDERAL TRANSIT CLUSTER</b>                                                                                                                                                                                            |                           |                                           | <b>\$9,454,418</b>      |
| <b>Total Expenditures of Federal Awards</b>                                                                                                                                                                                     |                           |                                           | <b>\$9,454,418</b>      |
| See accompanying notes to schedule of expenditures of federal awards.                                                                                                                                                           |                           |                                           |                         |

**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, 2023**

**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, 2023. 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.

# Bruce D. Norling, CPA, P.C.

## INDEPENDENT AUDITOR'S 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 business-type activities of Montachusett Regional Transit Authority (the Authority), as of and for the year ended June 30, 2023, 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 25, 2023.

### **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.*

Sudbury, Massachusetts  
September 25, 2023

# Bruce D. Norling, CPA, P.C.

## INDEPENDENT AUDITOR'S 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, 2023. 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, 2023.

#### ***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***

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

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.***

Sudbury, Massachusetts  
September 25, 2023

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**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**